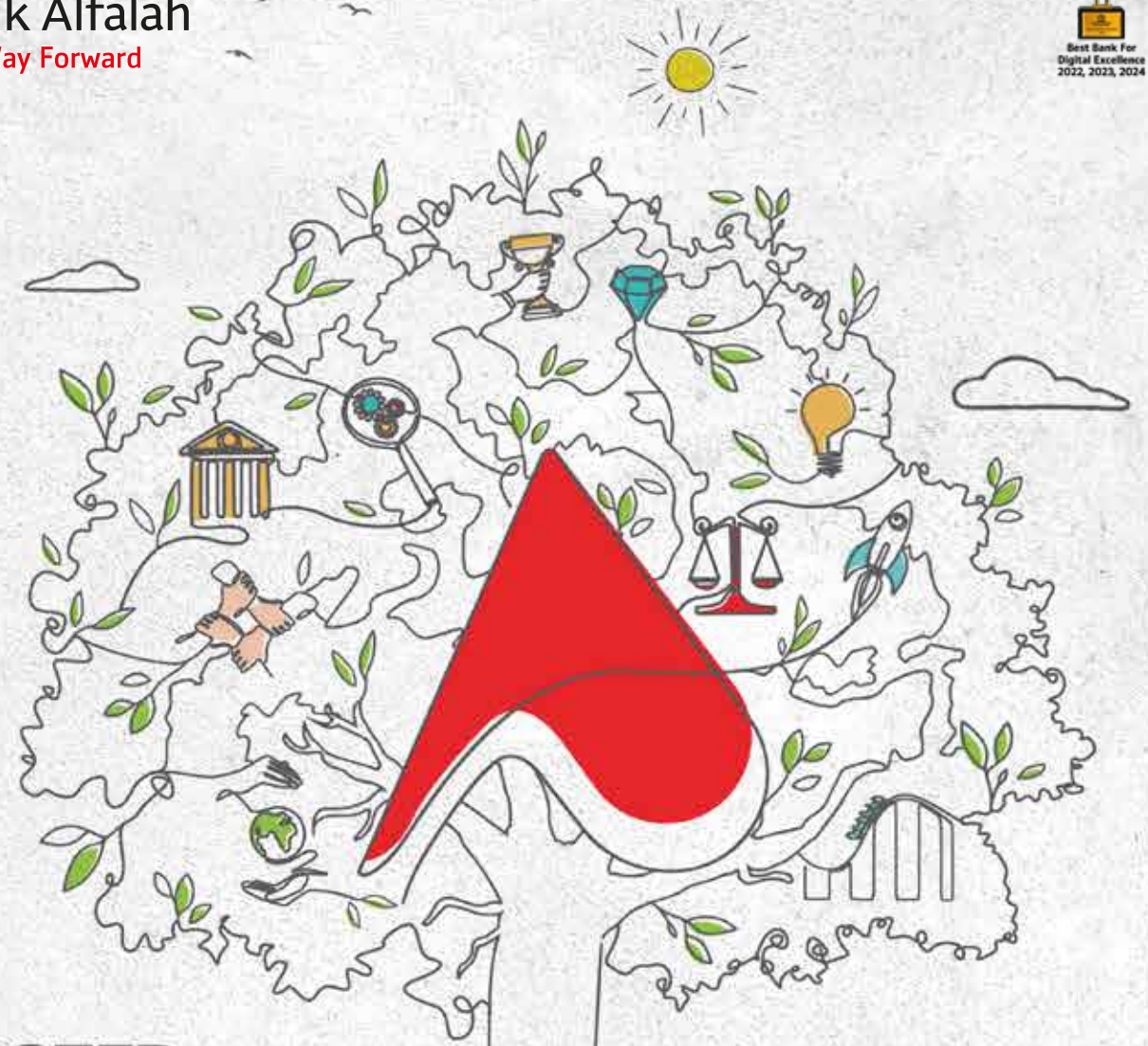
Bank Alfalah

The Way Forward

Best Bank For Digital Excellence 2022, 2023, 2024

Best Bank For Customer Engagement 2024



ROOTED IN VALUES, GROWING WITH PURPOSE.

Annual Report 2024



Bank Alfalah

The Way Forward

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Corporate Reporting

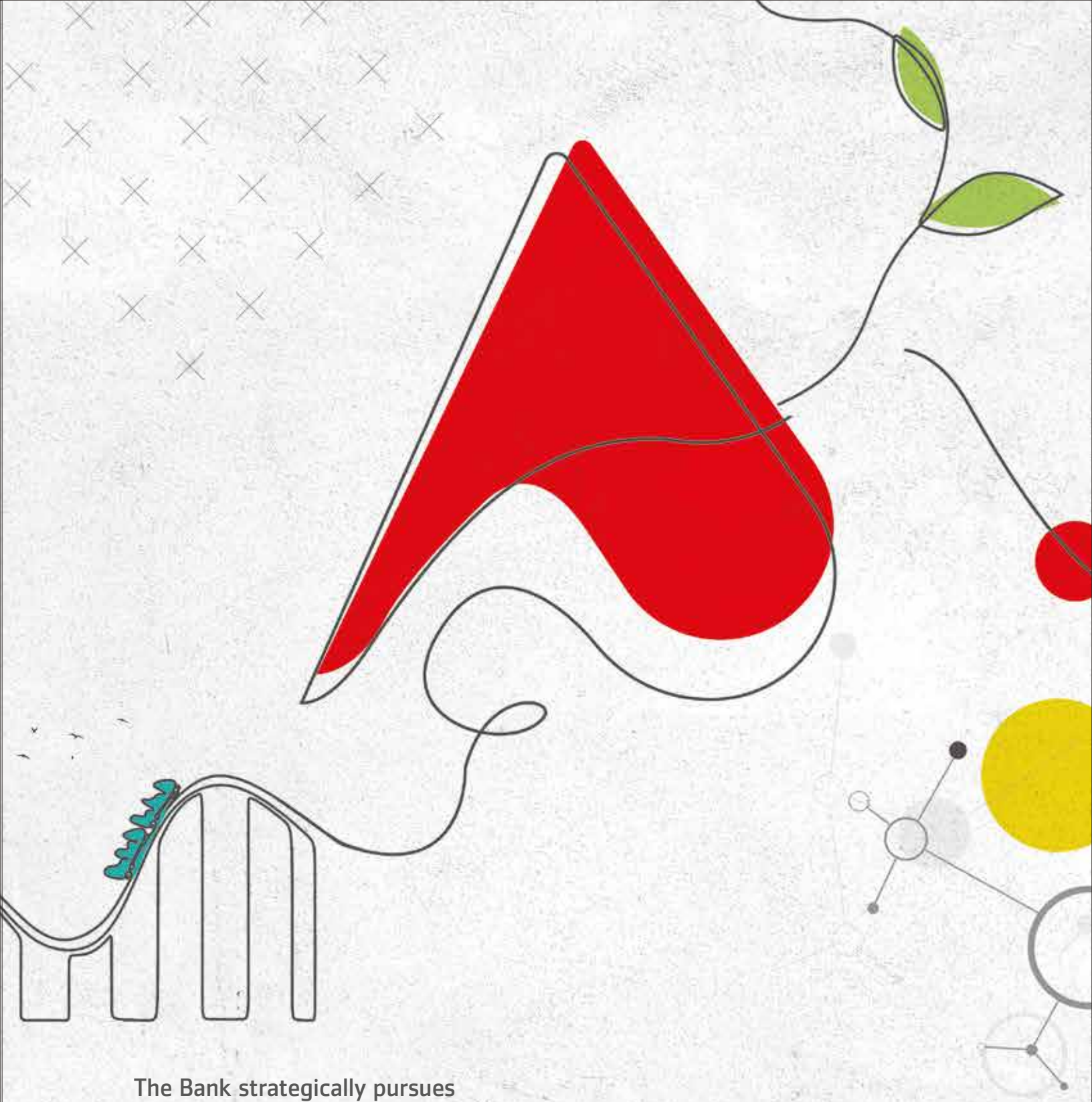
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The Bank's financial statements are available at:
https://www.bankalfalah.com/financial-reports/

The President/CEO's video on the Bank's business performance and strategy is available at:
https://www.bankalfalah.com/financial-reports/ceo-review-2024/

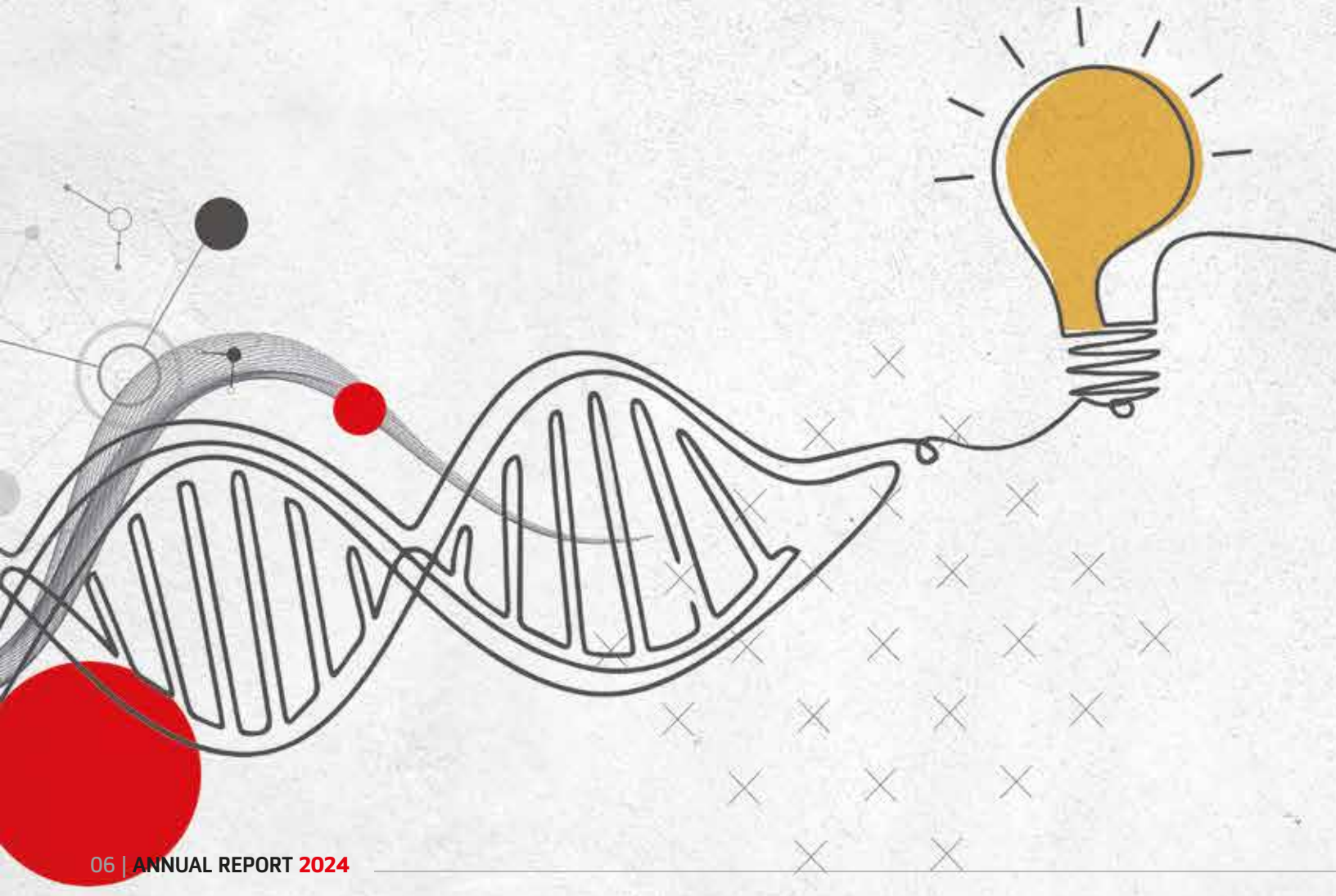
DESIGNED FOR GROWTH

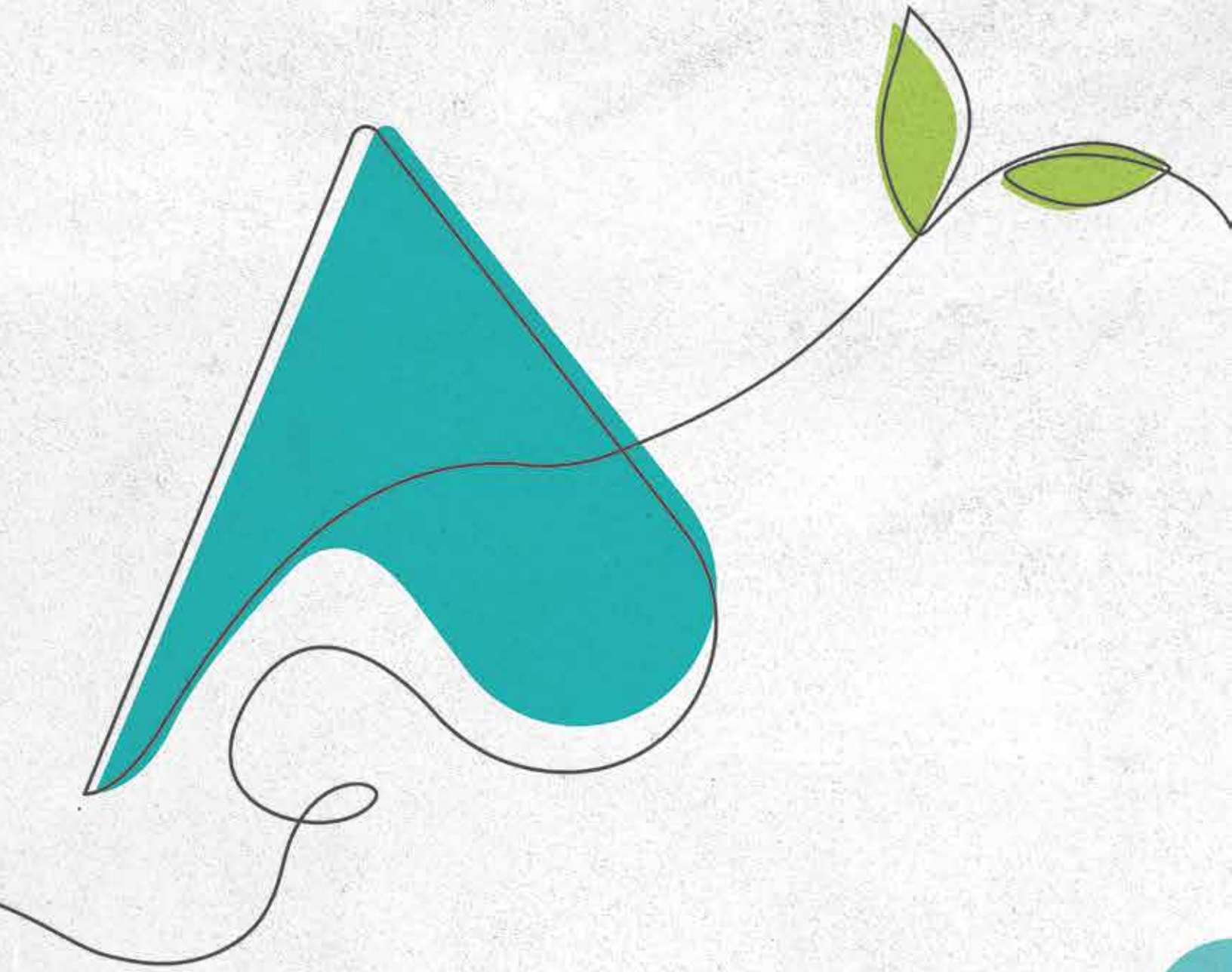




The Bank strategically pursues growth by expanding its reach and embracing progress, empowering individuals and businesses while contributing to economic prosperity.

FRAMEWORK OF INNOVATION





Innovation is the engine of the Bank's growth, driving it to anticipate and meet the evolving needs of its customers and the market.

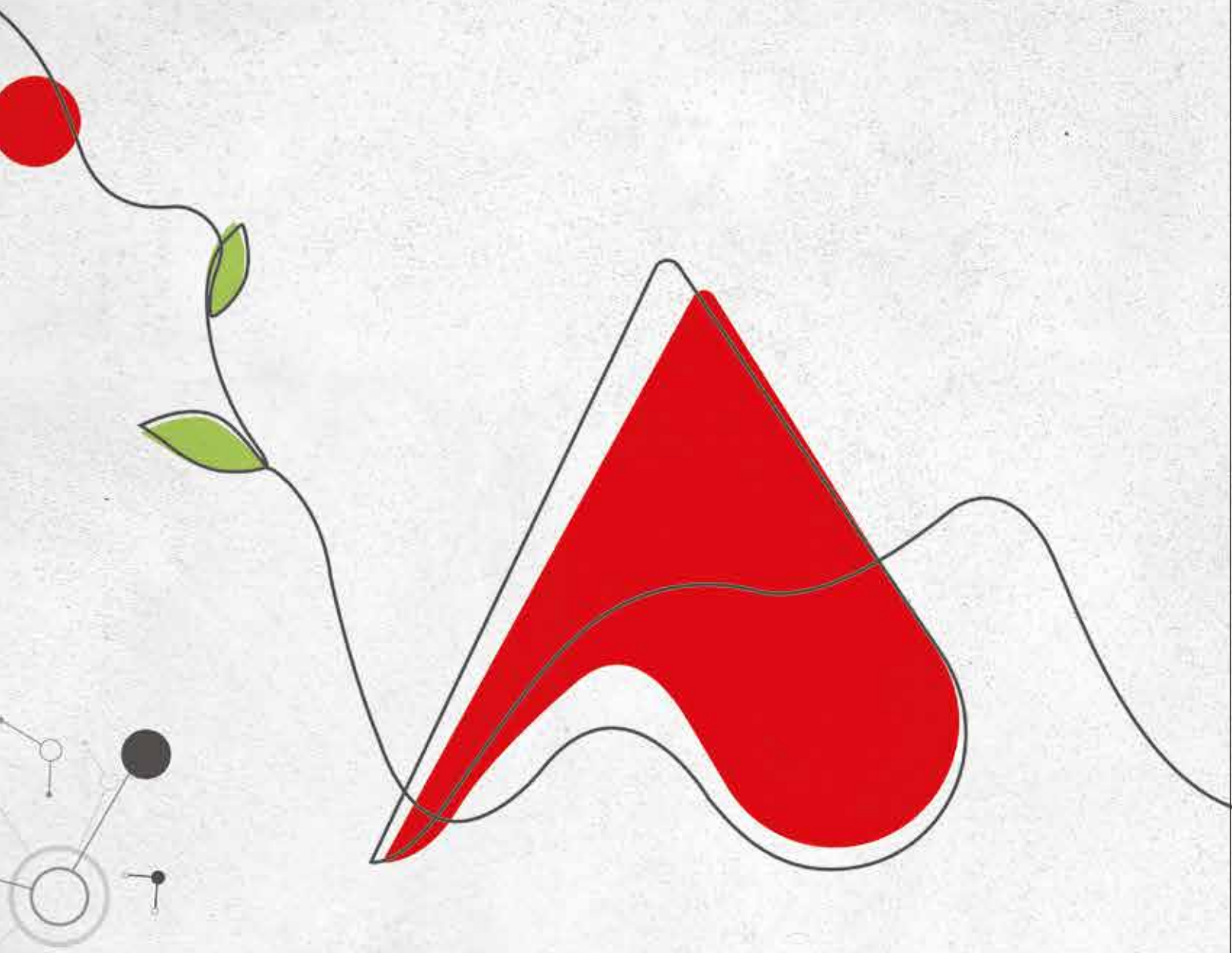
CARE AT OUR CORE

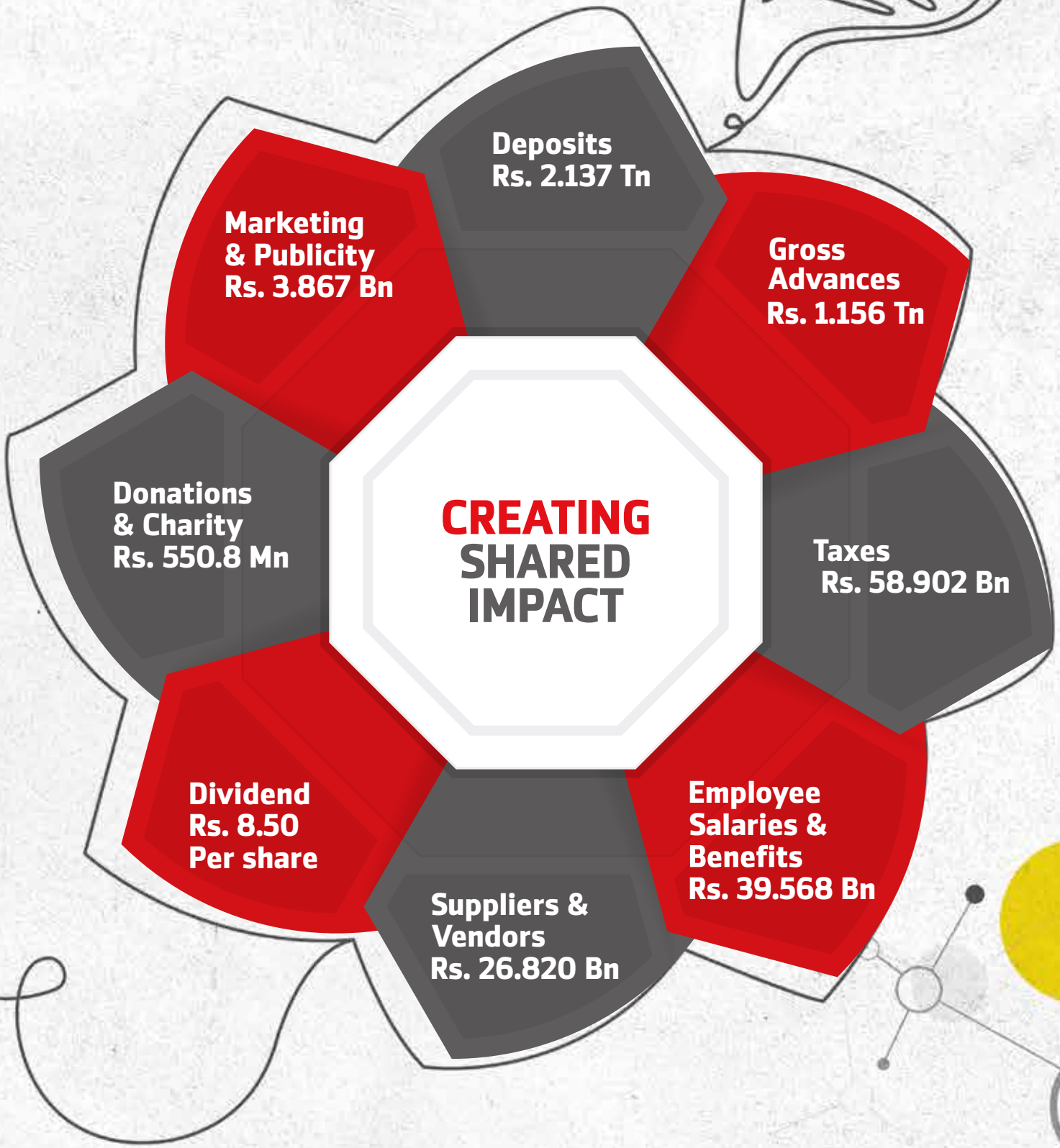


The Bank prioritises the well-being of its employees, customers, and community, striving to create positive social, economic, and environmental value in a sustainable way.



CREATING SHARED IMPACT




Deposits
Rs. 2.137 Tn
Gross
Advances
Rs. 1.156 Tn
Taxes
Rs. 58.902 Bn
Employee
Salaries &
Benefits
Rs. 39.568 Bn
Suppliers &
Vendors
Rs. 26.820 Bn
Dividend
Rs. 8.50
Per share
Donations
& Charity
Rs. 550.8 Mn
Marketing
& Publicity
Rs. 3.867 Bn
CREATING
SHARED
IMPACT

COMPANY INFORMATION

Board of Directors

His Excellency Sheikh Nahayan Mabarak Al Nahayan
Chairman/Director

Abdulla Nasser Hawaileel Al Mansoori
Director

Abdulla Khalil Al Mutawa
Director

Khalid Mana Saeed Al Otaiba
Director

Khalid Qurashi
Director

Dr. Gyorgy Tamas Ladics
Director

Dr. Ayesha Khan
Director

Efstratios Georgios Arapoglou
Director

Atif Aslam Bajwa
President/CEO and Director

Senior Management Team

Atif Aslam Bajwa
President and Chief Executive Officer

Aasim Wajid Jawad
Group Head, Strategy, Transformation and Customer Experience

Anjum Hai
Chief Financial Officer

Faisal Farooq Khan
Chief Human Resource Officer

Faisal Rabbani
Chief Risk Officer

Farooq Ahmed Khan
Group Head, Corporate, Investment Banking and International Business

Haroon Khalid
Group Head, Compliance and Control

Khawaja Muhammad Ahmad
Group Head, Operations and Corporate Services

Mehreen Ahmed
Group Head, Retail Banking

Mohammad Raheel Yousuf
Chief Marketing Officer

Mohib Hasan Khan
Chief Information Officer

Muhammad Akram Sawleh
Company Secretary, and Group Head, Legal and Corporate Affairs

Dr. Muhammad Imran
Group Head, Islamic Banking

Muhammad Yahya Khan
Chief Digital Officer

Pervez Shahbaz Khan
Group Head, Treasury and Capital Markets

Tahir Khurshid
Group Head, Audit and Inspection

Zahid Anjum
Group Head, Special Assets Management

Chief Financial Officer
Anjum Hai

Company Secretary
Muhammad Akram Sawleh

Chief Internal Auditor
Tahir Khurshid

Auditors
A.F. Ferguson & Co.
Chartered Accountants

Registered/Head Office
B. A. Building
I. I. Chundrigar Road
Karachi, Pakistan
bankalfalah.com

Share Registrar
F. D. Registrar Services (Pvt.) Limited
1705, 17th Floor, Saima Trade Tower-A
I. I. Chundrigar Road
Karachi, Pakistan.

Legal Advisor
Mandviwalla & Zafar
Advocates and Legal Consultants

AWARDS AND RECOGNITION



2024

Pakistan Banking Association
- Winner - Best Bank for Digital Excellence: 2024
- Winner - Best Bank for Customer Engagement: 2024

Top 25 Companies Award
Top 25 Listed Companies by the Pakistan Stock Exchange (PSX)

South Asian Federation of Accountants
- Gold – Best Presented Annual Report across South Asia

Annual CFA Pakistan Excellence Awards
- Best Investor Relations for financial institutions for the 11th successive year
- Best Environment, Social and Governance
- Reporting for financial institutions for the 2nd successive year
- Best Digital Banking Services for commercial banks for Fiscal Year 2023
- Transaction of the Year for Fiscal Year 2023.
- Best Conventional Income Fund Manager for Fiscal Year 2024.
- First Runner-Up in the Best Bank Award in the Large Bank category
- First Runner-Up in Best Conventional Equity Fund
- Manager for Fiscal Year 2024.
- First Runner-Up in Best Islamic Equity Fund
- Manager for Fiscal Year 2024
- First Runner-Up in Best Asset Management Company for Fiscal Year 2024

WWF Pakistan
- Bank Alfalah Head Office is awarded as certified 'Green Office Building'

National Forum for Environment & Health
- 21st Annual Environmental Excellence Award efforts for stewardship in sustainable future.

Euromoney
- Best Investment Bank of the Year 2024 in Pakistan

Annual Report Awards
Awarded by the Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP)
- -Best Corporate Report: Second Position in the banking category
- -Sustainability Reporting: Merit Certificate

Shaukat Khanum Memorial Cancer Hospital and Research Centre
- Received Shaukat Khanum Social Responsibility Award for Collaboration and CSR Initiatives

Pakistan Digital Award
- Best Banking Tech of the Year
- Global Digital Award
- Best e-commerce website for AlfaMall

Dragon Awards
- Best cause, charity marketing or public sector campaign

Global Islamic Finance Awards (GIFA)
- Best Islamic Banking Window Operations Award 2024
- Islamic Banker of the Year 2024 – Dr. Muhammad Imran, Group Head of Islamic Banking

The Professional Network in collaboration with UNEP (United Nations Environment Programme) and UNGC (United Nations Global Compact).
- Bank Alfalah Wins at the 10th International Environment, Health & Safety Awards

Pakistan Business Council (PBC) & International Finance Corporation (IFC)
- Winner for Top 10 Employer of Choice Awards for Gender Diversity
- Second Runner-Up Gender2Equity Initiative

The Digital Banker
- Winner – Best Bank for Supply Chain Finance in Pakistan
- Winner – Best Bank for Trade Finances in Pakistan

2023

Pakistan Banking Awards

- Best Digital Bank

Top 25 Companies Award

Top 25 Listed Companies Award by the Pakistan Stock Exchange (PSX)

Annual Report Awards

- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP)
- Best Corporate Report: First Position in the banking category
- Sustainability Reporting: Merit Certificate
- South Asian Federation of Accountants (SAFA) Best Presented Annual Report: Second Joint Position in the Banking category at South Asia level

CFA Society Pakistan Awards

- Winner: Gender Diversity in FI's
- Winner: Best Investor Relations in FI's
- Winner: Best Reporting in Environment, Social and Governance
- Runner up: Best Bank of the Year (Large)
- Runner up: Best Digital Banking Services

Pakistan Digital Awards

- Best Digital Advertiser of the Year
- Best SEO Campaign for Roshan Digital Account
- Best e-commerce website for AlfaMall

Global Diversity, Equity and Inclusion Awards (GDEIB)

- Best Practice Awards:
  - Vision, Strategy and Business Impact (2nd time in a row)
  - DEI Structure and Implementation (4th time in a row)
  - DEI Communications (3rd time in a row)
  - Work-Life Integration, Flexibility and Benefits (5th time in a row)
  - Community, Government Relations and Philanthropy
  - Services & Product Development
  - Marketing and Customer Service

Progressive Awards

- Assessment, Measurement and Research (2nd time in a row)
- Leadership and Accountability
- DEI Learning and Development

Management Association of Pakistan

- First prize in Corporate Excellence (Commercial Banking Sector)

United Nations Global Compact

- Second Prize: Sustainability Efforts

Institute of Chartered Accountants of Pakistan (ICAP)

Second prize for 'Use of Technology in Auditing'

Pakistan Remittance Initiative

- Highest Remittance Growth Bank of Pakistan
- Leading Remittance Mobilizing Bank of Pakistan

Cambridge IFA - Islamic Retail Banking Awards

- Most Innovative Islamic Retail Banking Window in Pakistan
- Excellence Award: Premier Banking in Pakistan

Pakistan Business Council (PBC) & International Finance Corporation (IFC)

- Winner for Top 10 Employer of Choice Awards for Gender Diversity

Pakistan Society of Human Resource Management

Best Place to Work for Women

National Forum for Environment & Health

Recognition for Remarkable Efforts and Initiatives under Corporate Social Responsibility

Mastercard

- Payment Gateway Innovation Award: Recognition for enabling used case for freelancers to receive payments from their customers digitally
- Mastercard MENA East Business Forum: Best Youth Credit Card Proposition Award



2022

Pakistan Banking Awards

- Best Digital Banking
- Best Bank in Housing Finance

Top 25 Companies Award

Top 25 Listed Companies by the Pakistan Stock Exchange (PSX)

Annual Report Awards

- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP) - Best Corporate Report
  - First Joint Position in the banking category
  - Second Joint Position across sectors
- South Asian Federation of Accountants (SAFA) - Best Presented Annual Report
  - Second Joint Position in the Banking category at South Asia level

CFA Society Pakistan Awards

- Runner up - Best Bank of the Year
- Best Investor Relations
- Best Transaction of the Year

Pakistan Digital Awards (PDA)

- Best High Impact Campaign for Savings Account Campaign
- Best Digital Campaign for Home Remittance Campaign
- Best Payment Technology Solution for Alfa Business App
- Best Mobile Banking App for Alfa App

Global Diversity, Equity and Inclusion Awards (GDEIB)

- The Best Place to Work
  - Runner up for the Best Place to in the Financial Services Industry
  - Ranked amongst the top 11 Best Places to work in Pakistan
- Best Practice SC
  - DEI Structure and Implementation
  - DEI Communications
  - Work-Life Integration, Flexibility and Benefits
- Progressive Awards
  - Assessment, Measurement and Research
  - Vision, Strategy and Business Impact

Effie Award for Home Remittance Campaign

- Bronze Effie for Home Remittance Campaign

Global Transaction Innovation Awards 2022

- Best Bank for Trade Finance
- Best Bank for Cash Management

2021

Pakistan Banking Awards

- Institute of Bankers of Pakistan
  - Best Customer Franchise

Annual Report Awards

- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP) - Best Corporate Report
  - Second Position in the Banking Category
- South Asian Federation of Accountants - Best Presented Annual Report
  - Joint Second Runner-up in the Banking Category

CFA Society Pakistan Awards

- Best Investor Relations

Global Diversity, Equity and Inclusion Benchmarks (GDEIB) Awards

- Best Practice
  - DEI Structure and Implementation
  - Work-life Integration, Flexibility and Benefits
  - DEI Communications
- Progressive Awards at GDEIB
  - Vision, Strategy and Business Impact
  - Assessment, Measurement and Research
- Best Place to Work
  - Best Place to Work in Financial Services-Runner Up
  - Ranked amongst the Top 10 Best Places to Work.

Pakistan Digital Awards

- Best Lifestyle Application for Alfa App
- Best Digital Campaign for Roshan Digital Account
- Best Digital Innovation for Alfa App

Global Transaction Banking Innovation Awards

- Best API Initiative of the Year
- Best Bank for Transaction Banking Services

2020

Annual Report Awards

- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP) - Best Corporate Report Award
  - Second Position in the banking category



- South Asian Federation of Accountants Best Presented Annual Report
  - Merit Certificate in the Banking Category

Pakistan Digital Awards
- Best High Impact Campaign (Alfalah Kifayat Account Campaign)
- Best Content Marketing (for its Alfa World Cup Campaign)t

Global Islamic Finance Awards (GIFA)
- Most Innovative Islamic Banking Window
- Best Islamic Savings Product – Alfalah Islamic Recurring Value Deposit

Effie Award for Remittance Account Campaign
- Silver Effie by the Pakistan Advertisers Society for Bank's Remittance Account Campaign

2019

Pakistan Banking Awards
- Best Bank of the year
- Best Customer Franchise

Annual Report Awards
- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP) - Best Corporate Report
  - Third Position in the banking category
- South Asian Federation of Accountants - Best Presented Annual Report
  - Merit Certificate in the banking category

Global Diversity, Equity and Inclusion Benchmarks (GDEIB) Awards
- Best Practice in the following categories:
  - Benefits, Work-life Integration and Flexibility
  - D&I Structure and Implementation

2018

Pakistan Banking Awards
- Best Customer Franchise
- Best Small and Medium enterprise Bank (SME)

Annual Report Awards
- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP) - Best Corporate Report
  - Fourth Position in the banking category

2017

Pakistan Banking Awards
- Best Bank of the year
- Best Customer Franchise

Annual Report Awards
- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP) - Best Corporate Report
  - Fourth Position in the banking category

CFA Society Pakistan Awards
- Best Investor Relations

Others
- Best Website of the Year
- Best Loyalty and Rewards Programme

2016

Pakistan Banking Awards
- Best Customer Franchise

Annual Report Awards
- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP) - Best Corporate Report
  - Fourth Position in the banking category

Others
- Best Consumer Choice
- Best International Finance Magazine
- Best Credit Cards Offerings
- Best Corporate Credit Card

2015

Pakistan Banking Awards
- Best Customer Franchise

Global Islamic Finance Award (GIFA)
- Best Islamic Banking Window
- Best Shariah Authenticity Award
- Islamic Finance Best Research and Development

Others
- Corporate Finance House of the Year – Equity and Advisory
- Most Popular Auto Financing Bank
- Most Popular Bank for Conventional Auto Finance

2014

Global Islamic Finance Award (GIFA)
- Best Islamic Banking Window





INTEGRATED REPORT 2024



About this Annual Integrated Report

Scope, Contents, Boundaries and Cross Referencing with BCR Criteria

The Bank has published its Annual Integrated Report along with audited financial statements for the year ended December 31, 2024.

Scope

Annual Integrated Report is the Bank's primary publication for its stakeholders, potential investors, and the public at large. It encapsulates the communication of all financial and non-financial activities of the Bank in the form of a detailed qualitative, quantitative, and visual presentation.

The report has been drafted to present fairly, the state of affairs of the Bank and discusses topics like the Bank's organisational overview, stakeholders, strategy, outlook, risks, governance, sustainability and performance. Further, it shows prospects in the context of external environment and creation of value to achieve short, medium and long-term objectives.

It is the aim of this report to disseminate a 360-degree view about the Bank to customers, investors, and analysts, in order to foster their trust in the form of higher investment, increased product and service subscription and more business opportunities for the Bank.

The Bank considers materiality approach for disclosing relevant information in this Annual Integrated Report.

Contents

The report incorporates items required by the ICAP and ICMAP Best Corporate Rewards Criteria 2024. The sections covered in the report are listed below along with brief description about their contents:

- **Organisational Overview:** This section discusses the foundations of the Bank at length starting from its vision, mission, values, culture, code-of-conduct, and beliefs as a leading organisation in the country. It further explains, products and services, business model and how it derives value for the society and its customers through synergies and gives back to the society as well through value chain mechanism. Further, the Bank's business model describes the inputs, value addition and outputs generated as a result of its operations. This section also covers how the Bank is making the customers' life easy through innovation.

- **Stakeholders Relationship and Engagement:** This section contains information about stakeholders and how the Bank identifies them. It presents a detailed commentary on the Bank's interaction and connection with customers, employees, shareholders and institutional investors, vendors and service providers, analysts and rating agencies, regulatory bodies, society, and media. The section covers various events and initiatives undertaken by the organisation to strengthen relationships with internal as well as external stakeholders.

- **Strategy, Key Performance Indicators and Resource Allocation:** This section entails the strategic direction which the Bank takes in the form of its short, medium and long term objectives, process for strategy formulation, and the resources it utilises to achieve those objectives. The methods and assumptions used in compiling the Key Performance Indicators, liquidity management and contingency planning, significant plans and decisions are also part of this section. The Bank's resources are its capitals namely Financial, Human, Intellectual, Manufactured, Social/Relationship and Natural.

- **Risks and Opportunities:** This section covers the Bank's risk management framework, risk assessment and risk monitoring / management methodologies. A detailed analysis of the key risks and opportunities, the Bank's ability to mitigate risks and create value from opportunities.

- **Information Technology Governance and Cybersecurity:** This section lays down the IT governance policy and gives details of the Bank's cybersecurity assessment along with preparedness against possible threats. Further, this section mentions about IT advancements that the Bank has made. Moreover, it highlights on Enterprise Resource Planning software and related aspects.

- **Sustainability and Corporate Social Responsibility:** This section emphasises the Bank's commitment towards the environment and its people. With sustainability in mind, the Bank takes measures to empower its customers, employees, other stakeholders and the economy through the best possible products, services, benefits, and compliance. The section discusses the contributions of the bank towards education, health, safety, and environment through various philanthropic and responsible initiatives.

The Bank also contributes towards UN's Sustainability Goals, ESG and Green Banking initiatives.

- **Governance:** This section discusses the governance structure of the Bank in terms of its leadership and decision-making process. The Board of Directors (BoD) sets strategic objectives and day-to-day business affairs are performed by the Management. The BoD, its Committees, and the Managements' established policies and controls to safeguard the Bank and its stakeholders are also part of this section. The governance framework also comprises regulators (SBP, SECP, PSX and FBR) and external auditors (A. F. Ferguson & Co.) of the Bank.

- **Outlook:** The Bank's forward-looking statement for 2024 and performance against last year's forward-looking statement are covered as part of this section. Further, it highlights the Bank's view via its projections and forecasts, prospects going forward with respect to external environment, and how the Bank respond to critical challenges.

- **Performance and Position:** This section contains a comprehensive analysis of the financial and non-financial performance of the Bank through past and present trend comparisons, financial ratios, financial statements summaries, segmental review of the Bank's businesses and key insights through graphical presentations.

- **Other information:** Various other items are disclosed in addition to the BCR criteria. These include regulatory information including directors' report, chairman's message, statement of compliance with code of corporate governance, Shariah report, external auditors' reports etc.

- **Financial Statements:** The Bank has prepared annual unconsolidated and consolidated financial statements. These financial statements have been audited by the external auditors, A. F. Ferguson & Co.

Boundaries

The Annual Integrated Report is made for the general public to assess and analyse the Bank's business and performance. The audience of the report, depending upon its interest, can refer to different sections of the report.

The report's limitations extend to external factors, with its boundaries influenced by external parties like analysts who play a role in disseminating their analyses and reports to clients. Further, the information given solely applies to the Bank's areas of geographical operations i.e. Pakistan, Afghanistan, Bahrain, Bangladesh and UAE.

This report exhaustively deals with the Best Corporate Report criteria laid out by ICAP / ICMAP and at the same time, the Bank has kept the presentation user friendly.

- **Corporate Reporting**
  The Bank's applicable financial reporting framework comprises International Financial Reporting Standards (issued by IAASB), International Financial Accounting Standards (issued by ICAP), Companies Act, 2017, Banking Companies Ordinance, 1962 and various directives issued by State Bank of Pakistan (SBP). The Bank has prepared its financial statements based on the format prescribed by the SBP.

- **International Integrated Reporting Framework (IR), Sustainability Development Goals (SDG), Global Reporting Initiatives (GRI) and Environment, Social and Governance (ESG) disclosures**
  The Bank has adopted International Integrated Reporting Framework (IR) and has disclosed statement of adoption under Governance section of this Annual Integrated Report. Further, the Bank has disclosed its contributions towards Sustainability Development Goals (SDGs), Global Reporting Initiatives (GRIs) and Environment, Social and Governance (ESG) frameworks. Please refer to 'Sustainability' section of this Annual Integrated Report for these disclosures.

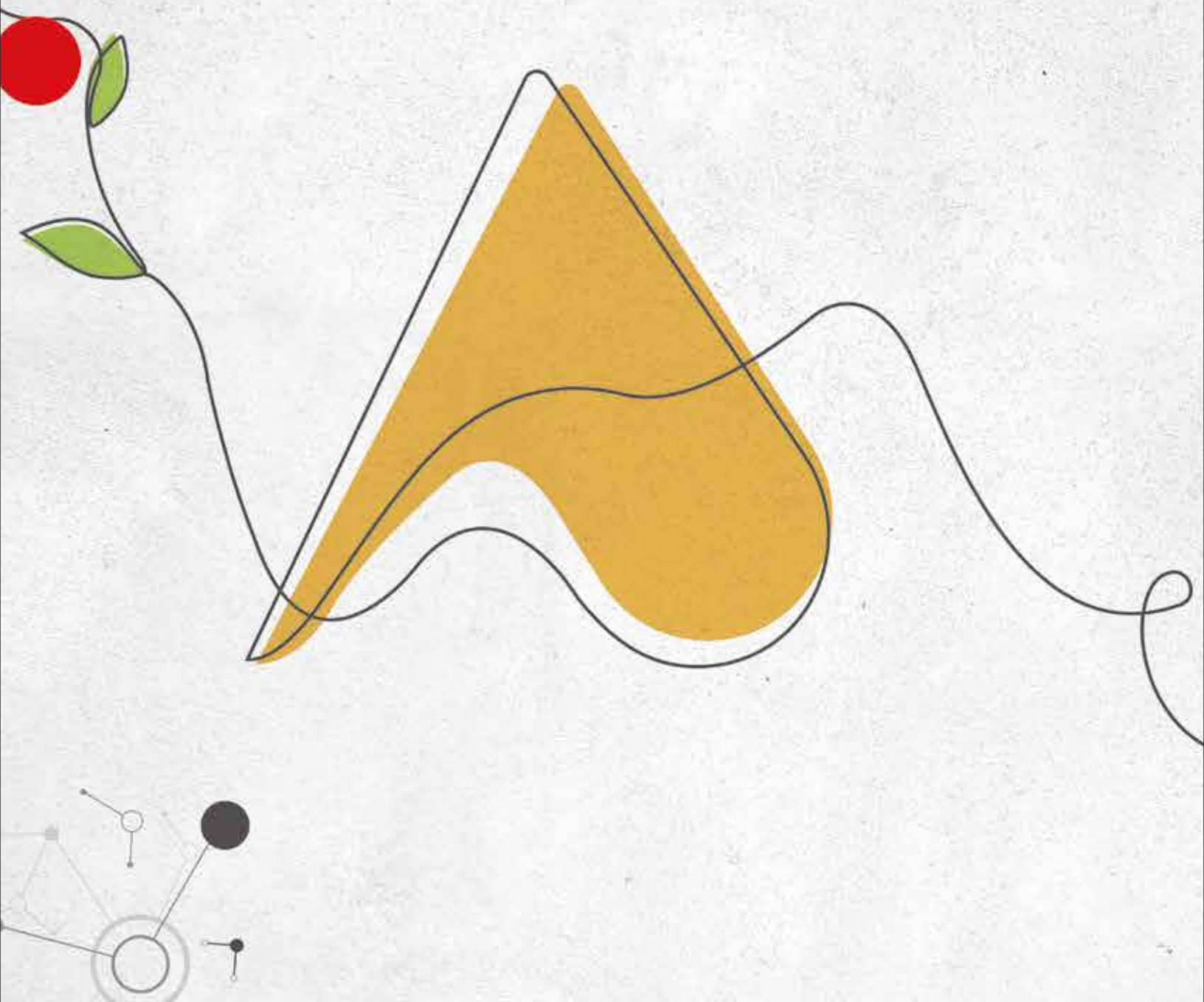




Best Corporate Report criteria cross referenced with annual report's page numbers

Information disclosed in accordance with BCR criteria as well as beyond BCR criteria is available on our website https://www.bankalfalah.com/financial-reports/best-corporate-report/best-corporate-report-checklist-2024/

Chairman's Message





Bank Alfalah's performance in 2024 is a matter of great pride. Living our values, we reinforced our commitment to excellence, innovation, and community support. These core principles have been the driving force behind our success, helping us navigate challenges while also enabling us to celebrate significant achievements throughout the year.

The Bank remains resolute on its journey towards success and continues to steer towards sustained long-term growth and profitability with its skilled and enthusiastic team and fortified financial position supported by its robust business model.

Milestones

The Bank's continuous commitment towards excellence was reflected by an upgrade in its credit rating to 'AAA' (Triple A) for the long-term as announced by the Pakistan Credit Rating Agency Limited (PACRA). The rating depicts Bank's diversified operations, healthy financial risk profile, strength of its sponsors, and prominent market presence, whilst also signifying a very low level of credit risk and the highest capability for timely repayment of its financial commitments.

Furthermore, we experienced an impressive 72% growth in market capitalisation, reaching approximately USD 500 million (PKR 131 billion). This remarkable expansion has ranked us among the top ten best-performing stocks in the Asia Pacific region for 2024, as S&P Global Market Intelligence recognised.

Awards and Accolades

The initiatives taken by the Bank towards innovative and transformative solutions to enhance customer experience were recognised by the esteemed Institute of Bankers Pakistan (IBP) at the Pakistan Banking Awards. The Bank was presented with the 'Best Bank for Digital Excellence' award for the third consecutive year, as well as the 'Best Bank for Customer Engagement' award for the sixth time. These accolades signify the Bank's commitment towards implementation of cutting-edge technology to deliver seamless, accessible, and secure banking solutions to its valued customers. The recognition highlights Bank Alfalah's ability to earn the trust of its customers while offering comprehensive banking services, coupled with the convenience of conducting financial transactions from the comfort of their chosen locations.

The Bank's continued efforts have been acknowledged with a prestigious recognition as one of the 'Top 25 Companies' by the Pakistan Stock Exchange (PSX). This highlights the Bank's strong performance and market standing, while also reflecting commitment to regulatory compliance and transparent reporting practices.

In addition to the above, the Bank received various other accolades, relating to quality of financial reporting (at both local and regional level), sustainability reporting, investor relations, excellence in management practices, innovation in Islamic banking, gender diversity, etc. These awards and acknowledgements are based on the Bank's meritorious performance, and are further detailed in this annual report.

Giving Back to the Community

The Bank remained at the forefront in supporting the flood-impacted communities through various relief and rehabilitation activities after the devastating floods in 2022, which impacted around one-third of the country. The aim of the Bank was to redevelop communities in a balanced, equitable, and financially inclusive manner for a sustainable way forward. The Bank has joined forces with over 25 partners for working in the health, housing and educational sectors, with a disbursement till date of over PKR 1,805 million. Through this programme, the Bank has made significant impact towards supporting flood-impacted communities.

Sustainability

Following the Bank's enduring commitment to foster a sustainable future, we have undertaken a series of initiatives designed to enhance our community's social, economic, and environmental capital in an eco-friendly manner. Building upon this foundation, and as part of our strategic approach to sustainable banking practices, the Bank partnered with the International Finance Corporation (IFC) to collaborate on the development of green strategies. This partnership serves as a testament to our goal of providing environment friendly banking operations.

The partnership covers a multifaceted approach aimed at enhancing our green banking initiatives. It encompasses a comprehensive diagnostic assessment conducted by the IFC to evaluate the green banking portfolio of the Bank. Furthermore, this collaboration will facilitate the exploration and capitalisation of opportunities in green finance, such as the issuance of green bonds and the financing of sustainable infrastructure projects.

Economic Opportunities

Bank Alfalah remains dedicated to unlocking Pakistan's strategic economic potential by identifying and seizing opportunities that drive inclusive growth.

The Bank aspires to play a pivotal role in strengthening the economy by driving increased Foreign Direct Investment (FDI) and remittances via active exploration of avenues to promote economic resilience and enhancing financial inclusivity. The Bank is also committed to maintaining consistent and robust financial performance, integrating socially responsible and environmentally sustainable practices, ensuring technological excellence, and promoting an open and transparent communication to build trust and attract heightened investor interest.

The diverse geography of Pakistan offers considerable opportunities, which is mainly linked with the agriculture sector. The country's landscape is conducive to the cultivation of a wide range of crops, livestock farming as well as the production of food commodities and related products. Strategic investments in the SME and agricultural sectors hold the potential to address domestic challenges including food shortages, poverty alleviation, and the provision of high-quality raw materials for export-oriented industries. Further, the expansion of digital services to reach unbanked and underbanked populations presents a valuable opportunity to advance financial inclusion goals.

Forward-Looking Statement

The Bank will keep its focus on strengthening its deposit base by increasing market share in low-cost deposits segment, and expanding its footprint via enhanced local presence. Through this endeavour, our priority will be to deliver unparalleled services to our valued customers. Our strategic focus is to harness technological advancements to meet the customers' evolving banking requirements. We also aim to target increased consumer and SME lending, which can lead us in becoming the top transactional bank, positively impact the community and introduce new initiatives to enhance franchise value.

The Bank will remain keen towards advance digital transformation and prioritizing the re-engineering of its business processes to effectively navigate through the evolving business and banking environments. The Bank's objectives primarily include investing in its human capital through effective measures to increasing their productivity and career progression, while channelling a culture of collaboration, encouraging creativity, and innovation.

The Board's dedication ensures that Bank Alfalah thrives as a forward-thinking and progressive Bank focused on generating long-term value for its shareholders, employees' and society. Our operations revolve around robust corporate governance and risk management practices, thus embodying our commitment to be a reliable and trustworthy financial institution.

Acknowledgement

I reiterate our unwavering commitment to Pakistan's government, its people, and the regulatory framework upon which the Bank operates. Despite facing challenges, we will remain focused on the way forward, aiming to reach new milestones in the years ahead. We will stay devoted to our customers and their needs, and we will continue to provide innovative products and services.

In my capacity as the Chairman of the Board and on behalf of our sponsors, I express my gratitude to our shareholders for their loyal support, extend appreciation to the regulatory authorities for their valuable guidance, recognise the hard work and commitment of the management team and employees, and convey a heartfelt thanks to our customers for placing their trust in Bank Alfalah.

Nahayan Mabarak Al Nahayan
Abu Dhabi
January 30, 2025

President and CEO's Message



I am pleased to announce that 2024 was a year in which we achieved significant milestones by focusing on growth supported by our firm foundation of innovation and customer-centricity. Our dedication has driven our performance and reinforced our position as a leading financial institution in Pakistan.

Throughout 2024, our relentless commitment drove us to record profitability, backed by robust performance. We witnessed a remarkable 72% increase in market capitalisation, reaching approximately USD 500 million (PKR 131 billion). This exceptional growth has positioned us among the top ten best-performing stocks in the Asia Pacific region for 2024, as recognised by S&P Global Market Intelligence. Furthermore, we are delighted to announce that Bank Alfalah's credit rating was elevated to 'AAA' by the Pakistan Credit Rating Agency (PACRA). This achievement underscores our solid financial foundation and dedication to excellence.

We also proudly secured two prestigious Pakistan Banking Awards. We have been the Best Bank for Digital Excellence for the third consecutive time, and Best Bank for Customer Engagement for the sixth time. These accolades highlight our commitment to innovation and exceptional customer service.

Now that the economic landscape stabilises, it presents both opportunities and challenges for the industry. Reduction in policy rates and stabilisation of the Pakistani Rupee has decreased inflation and foreign exchange volatility. However, increased taxation on the banking sector will further pressurise our profitability. Additionally, as money supply growth rises due to lower interest rates, we expect a slowdown in deposit growth, which must be managed strategically. These macroeconomic factors require us to adapt strategically to sustain our financial performance.

We are strategising a strong deposit strategy where the focus is to shift from period-end deposit balances to average balances and drive growth throughput by deepening our customer relationships. We will also leverage trade flows to enhance deposit growth and expand our remittance base.

While we continue to expand and upgrade our over 1,000-branch network, we are also investing in digitising operations to ensure faster, more seamless transactions for our customers. By integrating advanced technologies, we reinforce our promise of a customer-centric experience while maintaining the personal touch and financial advisory that distinguish us.

In our lending strategy, we will emphasise consumer lending more strongly while simultaneously expanding our support for small and medium enterprises and increasing loans in the agriculture sector. Additionally, we aim to grow our investment banking by scaling both onshore and offshore operations and advancing green finance initiatives.

In 2025, we must remain committed to expanding our reach and aligning our goals with macroeconomic indicators. The Bank's progress will depend on our ability and agility to adapt and diversify our offerings. By focusing on digital solutions, forming strategic partnerships, and offering value-added services, we will position ourselves as a reliable Bank for our customers and their personal and business development journey.

Our commitment extends beyond banking. We collaborate with public, private, and civil society stakeholders, reinforcing our role as the 'Caring Bank' and contributing towards a sustainable way forward, focusing on economic, social, and environmental capital. Last year, Bank Alfalah demonstrated a continued commitment to flood-affected communities with PKR 2.1 billion in disbursements since 2022, positioning itself as one of the most significant corporate contributors to fostering a sustainable future for flood-impacted communities.

As we enter 2025, our vision surpasses our current accomplishments, driving us to explore new opportunities, expand our footprint, and enhance our impact on communities. With our steadfast commitment to excellence, we eagerly look forward to the next chapter of our journey, where our approach to banking stands as a beacon of financial empowerment.

Wishing you and your loved ones a prosperous 2025.

Atif Bajwa
President and CEO

The video on the Bank's overview, business performance, strategy and outlook is uploaded on the website.

https://www.bankalfalah.com/financial-reports/ceo-review-2024/

Directors' Report to the Shareholders

Dear shareholders,

On behalf of the Board of Directors, we are pleased to present the Directors' Report of the Bank along with the audited financial statements and auditor's reports for the year ended December 31, 2024.

Economic Review

Global Economy

The tight monetary policy stance adopted by global central banks has curbed inflationary pressures. IMF anticipates global inflation to come down from an average of 6.7% in 2023 to 5.7% in 2024 and subsequently to 4.2% in 2025. The fears of recession have largely subsided, IMF expects global growth to remain at 3.2% in 2024 as compared to and 3.3% 2025. Most asset classes sustained their positive performance from 2023 into 2024.

In 2024, the policy focus predominantly centered around monetary aspects whereas, in 2025, attention is expected to lean towards fiscal policies, with significant changes anticipated in tariffs and taxation, driven by newly elected governments in key global economies, particularly in the United States. Additionally, ongoing geopolitical conflicts in the Middle East and Ukraine will remain critical towards influencing global economic stability. Central banks worldwide will closely monitor these fiscal and geopolitical developments in shaping their monetary policies.

Domestic Economy

The successful completion of IMF USD 3 billion Stand-By Arrangement (SBA) and signing of a new IMF USD 7 Billion Extended Fund Facility (EFF) program for a 37-month period haled the domestic economy towards stability. The implementation of strict monetary and fiscal policies saw inflation drop to 4.1% in December 2024 as compared to 29.7% in corresponding month last year. Considering the drop in inflation and economic stability, SBP delivered a cumulative 900bps cut in policy rates to end the year at 13%.

On the balance of payment front, the country has further consolidated its position, with a current account surplus of USD 646 million in 11 months (Jan-Nov 2024) as compared to deficit of USD 1.1 billion in the same period last year. Under the umbrella of IMF program, the country has been able to meet its external payment needs and build reserves, with SBP FX Reserves reaching around USD 12 billion by December 2024 as compared to USD 8.2 billion at end of prior year. Resultantly, the currency remained stable, with USD/PKR closing the year at 278.6 compared to 281.9 as at December 2023.

The fiscal policy also remained tight, as Pakistan posted a fiscal deficit of 6.8% of GDP (PKR 7.2 trillion) in FY24 compared to a deficit of 7.7% of GDP (PKR 6.5 trillion) in FY23. More importantly, the country recorded a primary surplus of 0.9% of GDP (PKR 953 billion), a notable improvement compared to a primary deficit of 1.0% of GDP (PKR 825 billion) in FY23. FBR tax collection increased by 30%, led by growth in direct taxes. Non-Tax Revenue increased by 75%, mainly on account of higher collection of Petroleum Levy and growth in SBP Profits.

Pakistan's real GDP registered a growth of 2.50% during FY24 as compared to negative 0.18% during the prior fiscal year. The improvement mainly attributable to agriculture sector, which experienced 6.18% growth after getting impacted by floods in the previous year. On the other hand, tight policies led to negative industrial growth of 1.6%.

The stock market continued its positive trajectory, with KSE-100 posting a phenomenal 84% YoY return in 2024, closing at 115,127 points. The performance can be attributed to macro stability and liquidity shift from fixed income amid declining interest rates. KSE-100 index was ranked 2nd best performing stock market in the world during CY24 in terms of USD based returns.

Outlook of the economy

The government is committed to reforms under the IMF program and it is likely to continue with its prudent approach and avoid accelerating growth which has previously resulted in twin deficits, external and fiscal. The focus would be to continue building FX reserves, and improve credit rating in order to regain access to international bond markets.

Banking Sector Review

The Banking sector remained resilient despite multiple challenges including taxation linked with advance to deposit ratio (ADR) of the bank, decline in asset yields and weak economic growth. Latest available data indicates scheduled

banks' deposit growth of 8% YTD, while advances rose by 26.1% YTD. The higher growth in Advances can mainly be linked to focus on meeting ADR targets. However, towards the end of the year the govt. abolished ADR based taxation, and increased the basic tax rate by 5.0%. The additional 5% tax would be reduced to 4% in 2026, and 3% in 2027.

The market dynamics, which were impacted by the requirements of ADR, have now normalized with the removal of ADR related taxation.

The sector's profitability improved from both the core and non-core operations in the nine months' period ending Sep-24. The capital adequacy of banking sector continues to remain strong, improving to 21.5% at Sep-24 as compared to 19.7% at Dec-23. On the asset quality front, the NPL ratio increased to 8.4% from 7.6%, which can mainly be attributed to IFRS-9 implementation. The return on asset and return on equity declined but remained above normalised sector average at 2.7%, and 45.4%, respectively.

Outlook of the banking sector

The upcoming year would be challenging for Banking sector as full impact of interest rate cuts would be visible in 2025. The competitive landscape for volumes is likely to keep margins and fee under pressure.

The capital adequacy buffer would allow the sector to focus on expanding the balance sheet to reduce the impact of spread compression from decline in interest rates. Moreover, stable economy would help in maintaining asset quality.

The Bank's Performance

The highlights of the financial results for the year ended December 31, 2024, are as follows:

	2024	2023
Financial Position	Rupees in Millions	
Shareholders' Equity	178,112	137,923
Total Assets	3,710,206	3,345,917
Total Deposits	2,136,913	2,084,997
Advances – net	1,109,376	735,052
Investments – net	1,991,232	2,067,263

	2024	2023
Financial Performance	Rupees in Millions	
Net Interest Income and Non-Markup Income	171,232	154,828
Non-Markup Expenses	86,288	67,191
Provisions and write offs (net)	1,849	9,462
Profit before tax	83,095	78,175
Profit after tax	38,318	36,456
	Rupees	
Basic and Diluted earnings per share – Rupees	**24.30**	**23.12**

Bank Alfalah's results for 2024 narrate a story of strong performance despite all the challenges faced by the banking industry. Despite declining interest rates, higher taxation and aftermath of higher inflation cycle, the Bank has managed to maintain its returns. The Bank's profit after tax stands at Rs. 38.318 billion as compared to PAT of Rs. 36.456 billion posted last year, translating into a growth of 5.1%. Resultantly, the earnings per share (EPS) for the year stood at Rs. 24.30 compared to Rs. 23.12 for 2023.

Revenue increased by 10.6% during 2024 to close at Rs. 171.232 billion, compared to Rs. 154.828 billion in 2023. Net-Markup income, which represented 74.0% of total

revenue, saw a marginal increase of 0.5% in the wake of declining interest rates during the outgoing year, which was largely compensated through volumetric growth in earning assets. Non-markup income amounted to Rs. 44.506 billion, higher by 54.8% compared to same period last year (SPLY) with increased fee and commission income, and gains arising from sale / fair value movement of investments.

The Bank remained vigilant in monitoring expenses and practices prudent cost management. The Bank's strategy of opening additional branches and enhancing its digital and technological platforms, along with the impact of inflation, have resulted in increased operating costs during 2024. Further, higher marketing and branding costs, increased cost of human capital, and inflation related effects also led to an increase in operating expenses. The Bank also continued its efforts towards sustainable corporate social responsibility via endeavors aimed at providing financial assistance to NGO's for uplift projects encompassing rehabilitation in flood affected areas, healthcare, education etc. During 2024, the Bank inaugurated over 100 new branches to foster customer growth, improve core deposits and increase market share. The Bank's cost to income ratio has started to normalise with declining interest rates and margins. For 2024, the cost to income stands at 49.3% against 42.1% SPLY.

The bank's deposits increased by 2.5% to close at Rs. 2.137 trillion. This was a result of repositioning as the industry grappled with the impacts of ADR linked taxation. Current and savings accounts collectively increased by 14.1% from last year, while cost of deposit remained a key determinant in deposit mobilisation.

During the year, with exceptional efforts of the team, Bank Alfalah achieved impressive net advances growth of 50.9% in 2024. The loan book crossed the one trillion benchmark, and closed at Rs. 1.156 trillion. Our underwriting discipline and rigorous client selection continued to serve us well which is reflected in our non-performing loans ratio being improving from 4.8% to 3.7% as at 31 December 2024. Further, non-performing loans remain fully covered with coverage being 110.7%.

The Bank has adopted IFRS 9 with effect from January 1, 2024 which has resulted in a net positive impact on opening equity of PKR 2.752 billion. This was net of fair value on investment portfolio and incremental ECL under the new classification.

Capital Structure of the Bank

The Bank remained adequately capitalised with a capital base well above regulatory benchmarks and Basel capital requirements. It continues with a policy of sufficient profit retention to increase its risk absorption capacity. The Bank's total Capital Adequacy Ratio is 17.96% against the requirement of 11.50% (including Capital Conservation Buffer of 1.50% of the total Risk Weighted Assets (RWA). Quality of the capital is evident from the Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio, which comes to 12.83% against the regulatory requirement of 7.50% (including CCB of 1.5%). Detailed disclosures on CAR and Risk Management are given in notes 47 and 48 respectively, in the annexed audited unconsolidated financial statements.

Business Performance Review

Business development, performance and position of the Bank, and its impact on the environment are discussed in detail in the Organisational Overview, Outlook, and the Performance and Position sections of this Annual Report.

Government of Pakistan (GoP) and State Bank of Pakistan (SBP) policies and their impact on the Bank's business performance

In line with the Government's vision to promote growth in construction and export oriented industries, and to improve the business environment for local manufacturers, SBP continued with its facilitative role in supporting government policies for economic development and effective resource utilisation. Maintaining a strong drive towards advancing financial inclusion, financial development and documentation of financial transactions, SBP, in collaboration with local banks and Development Financial Institutions (DFIs), introduced several initiatives. Bank Alfalah consistently demonstrated its commitment towards achieving these goals and has been recognised time and again for its remarkable performance and contribution towards these initiatives.

1. Digitisation for financial inclusion

Focusing on digital financial solutions is directly linked to financial inclusion. As digital channels serve to enhance the outreach of the financial sector in a more efficient and cost effective manner, the Bank's contribution and initiatives in certain key areas is given below:

Digital Products and Initiatives

As a leader in digital banking, Bank Alfalah has ramped up its efforts to enhance digital banking services and develop innovative customer engagement strategies. The bank continues to prioritise a customer-centric approach, investing in digital capabilities and ongoing innovation, while complementing its robust branch

network. This enables customers to access banking services anytime and through their preferred channels. This strategy is aligned with SBP objectives to promote financial inclusion; enable access to financial services to the unserved and underserved; and to provide affordable/cost effective and convenient digital financial solutions. Key digital initiatives taken in 2024 include the revamp of the bank's mobile application 'Alfa' and e-commerce platform 'AlfaMall' with improved user interface and banking features, introduction of digital Agri financing for the first time in Pakistan and digital Auto loans on the Alfa app.

Bank Alfalah is also proud to serve 4.3 million beneficiaries of Benazir Income Support Program (BISP), the largest G2P disbursement project of the Government of Pakistan, as the mandate holder across the country with a market share of 47%.

2. Financial Inclusion and Financial Literacy

Cognizant of the importance of supporting SMEs in uplifting the economy of Pakistan, Bank Alfalah has always stood up with the regulatory body to support and promote their financial and non-financial advisory pursuits.

Considering SBP's focus on 'Banking on Equality' the Bank understands the underlying importance of women's access to financial and economic opportunities. Through its Non-financial advisory services, the Bank has reached significant milestones, including promoting financial literacy among young learners. The Bank's efforts have also contributed towards advancing financial inclusion and bridging key literacy gaps. As for the Agriculture Finance Literacy Program, the Bank has engaged more than 2,600 farmers via Farmers Financial Literacy Sessions in different locations of Pakistan.

3. SME Asaan Finance (SAAF) Scheme

Small and Medium Enterprises (SMEs) contribute about 40% of Pakistan's GDP and remain critical to economic development. In this regard, SBP, in collaboration with the Government of Pakistan, launched SAAF which is a refinance and credit guarantee facility for creditworthy SMEs facing challenges in accessing funding. Bank Alfalah, already active in this segment and with the aim of positively contributing towards the ultimate government goal of economic development, remained at the forefront. During 2024, the Bank has disbursed over Rs. 10.4 billion to over 2,800 customers allocated by the regulator under the SAAF scheme.

4. Refinance Facilities

The Prime Minister's Youth Business and Agriculture Loan Scheme (PMYB&ALS) targets promoting entrepreneurship among the youth by providing business loans on simplified terms. Bank Alfalah surpassed SBP targets and disbursed Rs. 7.3 billion under this scheme.

The Group's Performance

Bank Alfalah posted consolidated profit after tax (PAT) of Rs. 39.863 billion for the year ended December 31, 2024 (2023: Rs. 36.086 billion). Earnings per share (EPS) attributable to equity holders of the Bank was measured at Rs. 25.27 in comparison to Rs. 23.15 for the last year.

The Bank has a 95.59% shareholding in Alfalah Securities (Private) Limited, which is engaged in the business of stock brokerage, investment banking, corporate finance and fund placements.

The Bank has a wholly-owned subsidiary, Alfalah Currency Exchange (Private) Limited, which is an exchange company that will provide comprehensive foreign exchange solutions. The exchange company commenced operations during the year 2024.

Further, the Bank has associated entities with equity investment of 30.00% in Alfalah Insurance Limited, 30.00% in Sapphire Wind Power Limited and 40.22% in Alfalah Asset Management Limited.

Performance of Subsidiaries:

Alfalah Securities (Private) Limited has posted a profit after tax of Rs. 10.804 million as opposed to loss after tax of Rs. 197.541 million in 2023. Accordingly, the earnings per share (EPS) for the year was Rs. 0.05 as compared to a loss per share of Rs. 4.94 last year. The Bank injected further capital / funding, amounting to Rs. 1.200 billion to support the subsidiary's operations, which was approved by the shareholders in the annual general meeting for the year ended December 31, 2023.

Alfalah Currency Exchange (Private) Limited, which, earned a profit after tax of Rs. 22.033 million with an earnings per share ratio of Rs. 0.22. No comparative information is available for the subsidiary as it was incorporated during 2023 and commenced operations during Q2-2024.

Dividend, Bonus Shares and Other Appropriations

The directors have recommended final cash dividend of Rs. 2.5 per share (25%) for the year ended December 31, 2024, subject to approval of the shareholders in the upcoming Annual General Meeting, bringing the total cash dividend for the year to Rs. 8.5 per share (85%). The Board had earlier declared and paid a cumulative interim cash dividend of Rs. 6.0 per share (60%).

Other appropriations:

The Board has approved an appropriation of Rs. 3.832 billion from the current year's profit to the statutory reserve in compliance with the requirements of the Banking Companies Ordinance, 1962.

Credit Rating

The Bank has been assigned the following ratings by PACRA:

- Entity rating: Upgraded to 'AAA' (Triple A) for the long-term and maintained at 'A1+' (A-One Plus) for the short-term, with a 'Stable' Outlook.

- Instruments' rating: Credit rating of Unsecured Tier 1 Capital instruments (Term Finance Certificates) of the Bank was also upgraded to 'AA+' (Double A Plus), with a 'Stable' Outlook.

The assigned ratings reflect the Bank's diversified operations, healthy financial risk profile, strong sponsors, and prominent market presence. These ratings signify a very low level of credit risk and the highest capability for timely repayment of financial commitments.

Corporate Governance

The Bank is in compliance with significant requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The prescribed statement by the Management, together with the Auditor's Review Report thereon, is annexed to this Annual Report.

The Directors are pleased to present the following statements required under Chapter XII - Reporting and Disclosure of the aforementioned regulations:

1. The total number of directors are nine:
   i. Male - eight
   ii. Female - One

2. The composition of the Board is as follows:
   i. Independent Directors: Three
   ii. Non-executive Directors: Five (including one female director)
   iii. Executive Directors One

3. The Board, from time to time, establishes committees to discharge its responsibilities. For each Board committee, the Board adopts a formal Terms of Reference (ToRs) setting out the matters relevant to composition, roles, functions, responsibilities and administration. The following committees have been constituted by the Board:
   i. Board Audit Committee
   ii. Board Strategy and Finance Committee
   iii. Board Risk Management Committee
   iv. Board Human Resources, Remuneration and Nomination Committee
   v. Board Information Technology Committee
   vi. Board Crises Management Committee
   vii. Board Real Estate Committee

   For committees' members and committees' terms of reference, please refer to the Governance section of this Annual Report.

4. The Bank has a formal policy and transparent procedure for remuneration of Directors, in accordance with regulatory requirements. The Policy was initially unanimously approved by the shareholders of the Bank in the 28th Annual General Meeting ("AGM"), held on 27th March 2020 and was subsequently amended in the 30th AGM held on 29th March 2022 to align the same with SBP's Corporate Governance Regulatory Framework. The remuneration policy and framework related disclosures have been given as part of the Governance section of this Annual Report. The payment of Directors' meeting fees, as reported in note 42 of the financial statements, is approved annually by the members along with annual audited financial statements in the AGM.

As a matter of best practice, the Directors are pleased to give the following statements:

a) The financial statements, prepared by the management, present fairly the state of affairs of the Bank, the result of its operations, cash flows and changes in equity;

b) Proper books of accounts of the Bank have been maintained;

c) Appropriate accounting policies, as stated in the notes to the financial statements have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

d) International Financial Reporting Standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements;

e) The system of internal control is sound in design and has been effectively implemented and monitored;

f) There are no significant doubts about the Bank's ability to continue as a going concern;

g) There has been no material departure from best practices of corporate governance;

h) Summarised key operating and financial data of last six years has been presented as part of the Annual Report;

i) The number of Board and Board Committee meetings held during the year 2024 and attendance by each Director are disclosed in Governance section of this Annual Report;

j) As at 31st December 2024, the Bank is compliant with respect to the Directors' training requirement provided in the Code of Corporate Governance Regulations;

k) The Pattern of Shareholding, in accordance with the Companies Regulations, 2024 , is attached as part of this Annual Report;

l) There are no loans, TFCs, sukuk or any other debt instruments in which the Bank is in default or likely to default;

m) Trading patterns in the shares of the Bank, by Directors, substantial shareholders, executives, their spouses and minor children have been disclosed as part of the Annual Report; and

n) The Board's performance for the year 2023 was self-evaluated by the individual directors during 2024.

Risk Management

The Board, through its Board Risk Management Committee, has carried out a robust assessment of principal risks. Under the governance of the Board, the Bank employs a robust and well organised risk management approach overseen by management committees and a dedicated Risk Management Division. The Banks risk management framework, risk assessment, risk mitigation methodology, key risks and opportunities have been disclosed in the 'Risk and Opportunities' section of this Annual Report.

Internal Controls

The management believes that the Bank's existing system of Internal Controls is reasonable in design and is being effectively implemented and monitored. The Bank's control environment, including technological solutions, experiences ongoing enhancements. The Board endorses the management's evaluation of effectiveness of overall Internal Controls, including Internal Controls over Financial Reporting, as detailed in the Statement of Internal Controls in the 'Governance' section of this Annual Report.

Sustainability

The Board, through its Committees, is maintaining governance and oversight on sustainability risks and opportunities, including the environmental, social and governance considerations. This includes setting targets, priorities, and the way forward for the Bank's sustainability strategies to create long term corporate value. Further, responsibility has also been entrusted to adopt all regulatory guidelines pertaining to sustainability.

In addition to managing sustainability-related risks, the Bank is committed to promoting diversity, equity, and inclusion (DE&I) across all levels of the organisation. Policies and practices have been implemented that aim to foster a work environment that is inclusive, respects diverse perspectives, and ensures equal opportunities for all employees. The Bank continually monitors the progress of these initiatives and remains dedicated to ensuring that diversity and inclusion are embedded in its corporate culture, contributing to a more innovative, dynamic, and fair workplace for all.

Bank Alfalah, in an effort to establish itself as a leading contributor towards environmental safety and community well-being, has continued its voluntarily alignment with the Securities and Exchange Commission of Pakistan's (SECP) Corporate Social Responsibility (CSR) guidelines and aligned itself with the United Nations' Sustainable Development Goals.

For further details on the Bank's sustainability and risk mitigation efforts, please refer to the 'Sustainability' and 'Risks & Opportunities' section of this Annual Report.

Corporate Social Responsibility

Bank Alfalah has been at the forefront in reflecting that our purpose extends beyond financial success. As a 'Caring Bank', we take immense pride in giving back to the community. In 2024, we expanded our Sustainable Corporate Social Responsibility initiatives, focusing on economic, social and environmental capital and engaged with more than 30 partners to create a sustainable impact.

In its commitment to fostering positive change, the initiative has significantly impacted communities across various sectors, with a total disbursement of Rs. 43 million. It has supported primary education, scholarships and vocational training. Inclusivity efforts have reached out to persons with disabilities (PwDs), while over a

thousand athletes received have specialised training. Healthcare initiatives benefitted mothers and children, provided breast cancer medication, and equipped medical facilities with incubators, a radiation machine for oncology, and a renovated reception area. Community welfare included ration distribution during Ramazan, solar energy installation for a school, and the plantation of 25,000 trees, alongside provision of air quality monitors to promote environmental sustainability. Additionally, dolphin conservation efforts supported local fishermen and established nature clubs, emphasising holistic development and ecological balance.

Strengthened commitment to flood-impacted communities

The Bank continued its commitment to flood-impacted communities, which commenced in 2022 after the devastating floods impacted one-third of Pakistan. Under the visionary leadership of His Excellency Sheikh Nahayan bin Mubarak Al Nahayan, Chairman of Bank Alfalah, who graciously donated $10 million to devastating floods that hit Pakistan in 2022, and with the steadfast support of the Board of Directors, the Bank had embarked on a two-pronged strategy to redevelop communities in a sustainable, equitable, and financially inclusive manner. To date, Bank Alfalah has disbursed over PKR 1.805 billion through this programme, positioning itself as one of the most significant corporate contributors to fostering a sustainable future for flood-impacted communities. Over the last two years, the Bank has joined forces with 25 esteemed partners receiving the Bank's disbursement to address critical sectors such as health and emergency care, affordable housing, accessibility to education, and sustainable livelihoods.

For further details on the Bank's efforts, including collaborations with renowned partners, please refer to the 'Sustainability' section of this Annual Report.

External Audit

The Bank has received an unqualified audit report for the year ended December 31, 2024, from its external auditors, M/s A. F. Ferguson & Co., Chartered Accountants.

M/s A. F. Ferguson & Co., Chartered Accountants, existing auditors of the Bank, have given consent to continue to act as statutory auditors of the Bank for the year 2025. The Board Audit Committee has recommended their name for re-appointment for the next year.

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

Future Outlook

Moving forward, Bank Alfalah continues to be strategically positioned for long-term, sustainable growth by building on strong foundations of our past achievements. The focus remains on expanding deposit base and growing low-cost deposits, while actively increasing domestic presence to provide unmatched services to the Bank's esteemed customers. Key priorities will include greater emphasis on the consumer space, empowering SMEs in their expansion, and adopting technological innovations to meet the dynamic needs of the banking sector. Bank Alfalah remains committed to boosting trade volumes, strengthening its capabilities in cash management, and enhancing its position in supply chain financing and home remittances as part of its strategy to stay ahead of industry trends.

The culture and belief of being 'One Bank, One Team' will continue to promote collaboration, creativity, and innovation. Human capital development remains central, ensuring a skilled and motivated workforce. The Bank's caring culture extends to the community through intensified Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) initiatives.

Aligned with the Banks' dedication towards innovation and efficiency, new initiatives that harness technological advancements, analytics and AI are being implemented across multiple areas within the Bank. This strategy enables Bank Alfalah to enhance operational efficiencies while staying at the forefront of banking excellence.

As industry and global trends are navigated, Bank Alfalah is poised for adaptability, resilience, and sustained value creation, ensuring enduring shareholder value and continued excellence in the face of evolving challenges.

Uncertainties that could affect the Bank's resources, revenues and operations

All projections are, by nature, subject to risks and uncertainties, some beyond the Bank's control. Factors that may potentially affect the Bank's resources, revenues and operations are:

- Global macroeconomic conditions impacting overall economic activity;

- Impact of climate conditions on economic activity and business operations;

- Geopolitical risks and uncertainties across the geographies where we operate;

- Global AML/CFT compliance in accordance with FATF;

- Trade policies of trade partner countries;

- Economic decisions on discount rate/monetary policy;

- Changes in fiscal policy and corporate taxation measures;

- Law and order situation/political environment within the country;

- Local government rules and regulations;

- Emergence of disruptive technologies; and

- Risk of cyberattacks.

The Risk Management Group of the Bank routinely performs stress tests based on various pre-determined scenarios to assess the potential impact of losses and to determine whether the Bank has adequate capital to withstand repercussions of any adverse events. The results of these tests indicate that the Bank is maintaining sufficient capital, liquidity, and profitability to absorb potential losses.

The Bank vigilantly monitors these uncertainties and risks, and simultaneously implements corrective and protective measures to sustain operating performance and safeguard shareholder interests.

A detailed overview is given in the 'Outlook' and 'Strategy' sections of this Annual Report.

Subsequent Events

There are no significant post balance sheet events that could materially affect the company's performance as presented in these financials or could have required a disclosure of facts.

Acknowledgement

On behalf of the Board, we would like to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Ministry of Finance and other regulatory authorities for their valuable counsel and guidance. At the same time, we would like to acknowledge the ongoing support of our shareholders, our customers and business partners.

Over the years, we have laid the foundations to deliver great value and service to our customers and all stakeholders. As we move forward, we shall remain focused on service and playing a key role in supporting economic recovery. While pursuing this, we will remain conscientious of our obligations to our employees and the local community, and our dedication to delivering returns to our shareholders.

Atif Aslam Bajwa
President and Chief Executive Officer
Abu Dhabi
January 30, 2025

Khalid Qurashi
Director

مزید تفصیلات کے لیے جن میں بینک کے معروف شراکت داروں کے ساتھ تعاون شامل ہے، براہ کرم اس سالانہ رپورٹ کے 'پائیداری' ـ سیکشن کا حوالہ دیں۔

بیرونی آڈٹ

بینک کو اپنے بیرونی آڈیٹرز میاں اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی جانب سے ۳۱ دسمبر ۲۰۲۴ کو ختم ہونے والے سال کے لیے غیر مشروط (Unqualified) آڈٹ رپورٹ موصول ہوئی ہے۔

میاں اے ایف فرگوسن اینڈ کمپنی نے اگلے سال ۲۰۲۵ کے لیے بینک کے اسٹیٹوٹری آڈیٹرز کے طور پر خدمات جاری رکھنے کی رضامندی دی ہے۔ بورڈ آڈٹ کمیٹی نے ان کی دوبارہ تقرری کی سفارش کی ہے۔

آڈیٹرز کی فرم نے تصدیق کی ہے کہ انہیں انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول ریویو پروگرام کے تحت اطمینان بخش درجہ بندی ملی ہے۔ مزید برآں، فرم اور ان کے تمام شراکت دار بین الاقوامی فیڈریشن آف اکاؤنٹنٹس کے اخلاقیات کے ضابطے کے وہ رہنما اصول جو انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان نے اپنائے ہیں، اس کے مطابق ہیں اور تمام متعلقہ قوانین کے تحت تقرری کی ضروریات پر پورا اترتے ہیں۔

مستقبل کا لائحہ عمل

آگے کی جانب پیش قدمی کرتے ہوئے ،بینک الفلاح اپنی ماضی کی کامیابیوں کی مضبوط بنیاد پر طویل مدتی اور پائیدار ترقی کے لیے حکمت عملی کے ساتھ رواں دواں ہے۔ بینک کی تمام تر توجہ ڈپازٹ بیس کو وسعت دینے اور کم لاگت والے ڈپازٹس میں اضافہ کرنے پر مرکوز ہے، جبکہ ملک بھر میں موجودگی بڑھا کر اپنے معزز صارفین کو بے مثال خدمات فراہم کرنے کا عزم رکھتا ہے۔

کلیدی ترجیحات میں صارفین کی ضروریات پر مزید توجہ، ایس ایم ایز (SMEs) کو ترقی دینا، بااختیار بنانااور بینکنگ سیکٹر کی بدلتی ضروریات کو پورا کرنے کے لیے تکنیکی جدت کو اپنانا شامل ہیں۔ بینک الفلاح تجارتی حجم میں اضافے، کیش مینجمنٹ کی صلاحیتوں کو مضبوط بنانے، سپلائی چین فنانسنگ اور ہوم ریمیٹنسز میں اپنی پوزیشن کو بہتر بنانے کے لیے پرعزم ہے تاکہ انڈسٹری کے رجحانات سے آگے رہے۔

'ون بینک، ون ٹیم' کے کلچر اوریقین کو فروغ دیا جاتا رہے گا تاکہ تعاون، تخلیق کاری اور جدت کو تقویت ملے۔ انسانی وسائل کی ترقی مرکزی حیثیت رکھتی ہے تاکہ ایک ہنر مند اور پرجوش ورک فورس کو یقینی بنایا جا سکے۔ بینک کی کمیونٹی کی دیکھ بھال کا کلچر کارپوریٹ سماجی ذمہ داری (سی ایس آر) اور ماحولیاتی، سماجی اور حکومتی (ای ایس جی) اقدامات کے ذریعے مزید مستحکم ہو رہا ہے۔

جدت اور کارکردگی کی جانب بینک کے عزم کے مطابق مختلف شعبوں میں تکنیکی ترقی، تجزیات، اور مصنوعی ذہانت (AI) پر مبنی نئے اقدامات نافذ اور اس حکمت عملی کے تحت آپریشنل کارکردگی کو بہتر بنایا جا رہا ہے تاکہ بینکنگ کے شعبے میں بہترین خدمات فراہم کی جا سکیں۔

بین الاقوامی اور انڈسٹری کے رجحانات کے مطابق بینک الفلاح بدلتے حالات میں موافقت، استقامت اور پائیدار ویلیو تخلیق کرنے کے لیے تیار ہے تاکہ شیئر ہولڈرز کے لیے طویل مدتی ویلیو اور بدلتے چیلنجز کے باوجود خدمات کی برتری کو یقینی بنایا جا سکے۔

بینک کے وسائل، آمدنی اور آپریشنز پر اثر انداز ہونے والے ممکنہ خطرات

بینک کی تمام پیشگوئیاں قدرتی طور پر خطرات اور غیر یقینی حالات کے تابع ہوتی ہیں جن میں سے کچھ بینک کے قابو سے باہر ہوتی ہیں۔ وہ عوامل جو بینک کے وسائل، آمدنی اور آپریشنز پر ممکنہ طور پر اثر ڈال سکتے ہیں، درج ذیل ہیں:

- عالمی معاشی حالات جو مجموعی اقتصادی سرگرمیوں پر اثر انداز ہو سکتے ہیں؛
- موسمیاتی حالات کا اقتصادی سرگرمیوں اور کاروباری آپریشنز پر اثر؛
- ایسے تمام جغرافیائی خطرات جہاں بینک کو کام کرنا پڑتا ہے؛
- FATF کے مطابق عالمی CFT/AML (انسداد منی لانڈرنگ اور دہشت گردوں کی مالی معاونت) کی تعمیل؛
- تجارتی شراکت دار ممالک کی تجارتی پالیسیاں؛
- رعایتی شرح سود اور مالیاتی پالیسی سے متعلق اقتصادی فیصلے؛
- مالیاتی پالیسی میں تبدیلی اور کارپوریٹ ٹیکسیشن کے اقدامات؛
- ملک میں امن و امان کی صورتحال اور سیاسی ماحول؛
- مقامی حکومتی قوانین و ضوابط؛
- نئی خلل ڈالنے والی (Disruptive) ٹیکنالوجیز کا ظاہر ہونااور
- سائبر حملوں کا خطرہ۔

بینک کا رسک مینجمنٹ گروپ مختلف متعین شدہ منظرناموں کی بنیاد پر اسٹریس ٹیسٹ کرتا ہے تاکہ ممکنہ نقصانات کے اثرات کا اندازہ لگایا جا سکے اور یہ جانچا جا سکے کہ آیا بینک کے پاس ممکنہ منفی حالات کو برداشت کرنے کے لیے مناسب سرمایہ موجود ہے۔ ان ٹیسٹس کے نتائج سے ظاہر ہوتا ہے کہ بینک کے پاس ممکنہ نقصانات کو جذب کرنے کے لیے مناسب سرمایہ، لیکویڈیٹی اور منافعیت موجود ہے۔

بینک ان خطرات اور غیر یقینی حالات کی مسلسل نگرانی کرتا رہتاہے اور ساتھ ہی اصلاحی اور حفاظتی اقدامات بھی نافذ کرتا ہے تاکہ آپریشنل کارکردگی کو برقرار رکھا جا سکے اور شیئر ہولڈرز کے مفادات کا تحفظ یقینی بنایا جا سکے۔

مستقبل کی حکمت عملی اور لائحہ عمل سے متعلق مزید تفصیلات کے لیے، براہ کرم اس سالانہ رپورٹ کے 'Outlook' اور 'Strategy' سیکشنز کا حوالہ دیں۔

بعد از بیلنس شیٹ واقعات مالیاتی گوشواروں میں پیش کردہ بینک کی کارکردگی پر اثر انداز ہونے والے کوئی اہم بعد از بیلنس شیٹ واقعات نہیں ہوئے ہیں اور نہ ہی کسی ایسے حقائق کے انکشاف کی ضرورت پیش آئی ہے۔

اظہارِ تشکر

بورڈ کی جانب سے ہم اسٹیٹ بینک آف پاکستان، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، وزارتِ خزانہ اور دیگر ریگولیٹری اداروں کا ان کے قیمتی مشورے اور رہنمائی کے لیے شکریہ ادا کرنا چاہتے ہیں۔ ساتھ ہی، ہم اپنے شیئر ہولڈرز، صارفین اور کاروباری شراکت داروں کے مسلسل تعاون کا بھی اعتراف کرتے ہیں۔

سالوں پر محیط ہماری کوششوں نے صارفین اور تمام اسٹیک ہولڈرز کو عمدہ قدر اور خدمات فراہم کرنے کی بنیاد رکھی ہے۔ جوں جوں ہم آگے بڑھ رہے ہیں، ہماری تمام تر توجہ خدمت اور اقتصادی بحالی میں کلیدی کردار ادا کرنے پر مرکوز رہے گی۔ اس دوران ہم اپنے ملازمین، مقامی کمیونٹی اور شیئر ہولڈرز کے لیے اپنی ذمہ داریوں سے آگاہ رہتے ہوئے بہتر سے بہتر خدمات اور سہولیات فراہم کریں گے۔

عاطف اسلم باجوہ
صدر اور چیف ایگزیکٹو آفیسر

خالد قریشی
ڈائریکٹر

کی شرکت کی تفصیلات اس سالانہ رپورٹ کے گورننس سیکشن میں فراہم کی گئی ہیں۔

(ی) ۳۱ دسمبر ۲۰۲۴ تک بینک کارپوریٹ گورننس ریگولیشنز کے تحت ڈائریکٹرز کی تربیت کی ضروریات پر مکمل طور پر عمل پیرا رہا ہے۔

(ك) کمپنیز ریگولیشنز ۲۰۲۴ کے مطابق شیئر ہولڈنگ کا پیٹرن اس سالانہ رپورٹ میں شامل ہے۔

(ل) بینک کسی بھی طرح کے قرض، ٹی ایف سی، سکوک یا دیگر قرضہ جاتی آلات میں ڈیفالٹ کی حالت میں نہیں ہے اور نہ ہی مستقبل قریب میں ڈیفالٹ کا کوئی امکان ہے۔

(م) بینک کے حصص کی خرید و فروخت کے رجحانات جو ڈائریکٹرز، بڑے شیئر ہولڈرز، ایگزیکٹوز، ان کے شریک حیات اور نابالغ بچوں سے متعلق ہیں، اس کی تفصیل اس سالانہ رپورٹ میں موجود ہے۔

(ن) سال ۲۰۲۳ کے لیے بورڈ کی کارکردگی کا جائزہ انفرادی ڈائریکٹرز نے سال ۲۰۲۴ میں ازخود لیا ہے۔

رسک مینجمنٹ

بورڈ رسک مینجمنٹ کمیٹی کے ذریعے بینک کو درپیش اہم خطرات کا جامع جائزہ لے چکا ہے۔ بورڈ کی نگرانی میں بینک ایک مضبوط اور منظم رسک انتظامی اپروچ اختیار کرتا ہے، جو مینجمنٹ کمیٹیوں اور وقف شدہ رسک مینجمنٹ ڈویژن کی زیر نگرانی ہے۔ بینک کے رسک مینجمنٹ فریم ورک، رسک کا جائزہ، خطرات کی روک تھام کے طریقہ کار، اہم خطرات اور مواقع کی تفصیلات اس سالانہ رپورٹ کےRisk and Opportunities سیکشن میں دی گئی

انٹرنل کنٹرولز

مینجمنٹ اس بات پر یقین رکھتی ہے کہ بینک کے موجودہ اندرونی کنٹرولز کا نظام ڈیزائن میں معقول ہے جسے مؤثر طریقے سے لاگو اور مانیٹر کیا جا رہا ہے۔ بینک کے کنٹرول ماحول میں، بشمول تکنیکی حل، مسلسل بہتری کا عمل جاری ہے۔ بورڈ، مینجمنٹ کے اندرونی کنٹرولز کے مؤثر ہونے کا جائزہ، بشمول مالیاتی رپورٹنگ کے اندرونی کنٹرولز، کی توثیق کرتا ہے، جیسا کہ گورننس سیکشن کے اسٹیٹمنٹ آف انٹرنل کنٹرول میں تفصیل سے بیان کیا گیا ہے۔

پائیداری

بورڈ، اپنی کمیٹیوں کے ذریعے، ماحولیاتی، سماجی اور حکومتی پہلوؤں سمیت پائیداری کے خطرات اور مواقع پر عمل داری اور نگرانی برقرار رکھے ہوئے ہے۔ اس میں بینک کی طویل مدتی کارپوریٹ ویلیو کو بڑھانے کے لیے اہداف، ترجیحات اور حکمت عملی کے راستے کا تعین شامل ہے۔ مزید برآں، تمام ریگولیٹری رہنما اصولوں کو اپنانے کی ذمہ داری بھی دی گئی ہے جو پائیداری سے متعلق ہیں۔

پائیداری کے خطرات کے نظم و نسق کے ساتھ ساتھ، بینک نت نئی، مساوات اور شمولیت کو تنظیم کے تمام سطحوں پر فروغ دینے کے لیے پرعزم ہے۔ بینک نے ایسی پالیسیاں اور طریقے نافذ کیے ہیں جو ایک ایسا ماحول تشکیل دیتے ہیں جس میں سب شامل ہو سکیں، مختلف نظریات کا احترام کیا جائے اور تمام ملازمین کے لیے یکساں مواقع فراہم ہو سکیں۔ بینک ان اقدامات کی پیش رفت کو مسلسل مانیٹر کرتا ہے اور یہ عزم رکھتا ہے کہ مختلف لوگ اپنی شمولیت سے اس کارپوریٹ ثقافت کا حصہ بنے رہیں تاکہ ایک جدت پسند، متحرک اور منصفانہ کام کی جگہ فراہم کی جا سکے۔

ماحولیاتی تحفظ اور کمیونٹی کی فلاح و بہبود کے لیے اپنے کردار کو مضبوط کرنے کی کوششوں میں بینک الفلاح نے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی کارپوریٹ سوشل ریسپانسبلٹی (CSR) رہنما خطوط کے ساتھ رضاکارانہ طور پر اشتراک جاری رکھا ہے اور اقوام متحدہ کے مستحکم ترقیاتی اہداف کے ساتھ اپنی حکمت عملی کو ہم آہنگ کیا ہے۔

پائیداری اور خطرات سے بچاؤ کی کوششوں سے متعلق مزید تفصیلات کے لیے، براہ کرم اس سالانہ رپورٹ کے Sustainability Risks and Opportunities کے سیکشنز کا حوالہ دیں۔

کارپوریٹ سماجی ذمہ داری

بینک الفلاح نے ہمیشہ یہ ثابت کیا ہے کہ اس کا مقصد محض مالیاتی کامیابی تک محدود نہیں بلکہ بینک کمیونٹی کی فلاح و بہبود میں بھی پیش پیش رہا ہے۔ ۲۰۲۴ میں، بینک نے اپنی پائیدار کارپوریٹ سماجی ذمہ داری کے اقدامات کو مزید وسعت دی، جن کا محور اقتصادی، سماجی اور ماحولیاتی سرمائے کی ترقی تھا۔ بینک نے ۳۰ سے زائد شراکت داروں کے ساتھ مل کر پائیدار اثرات مرتب کرنے کے لیے کام کیا۔

مختلف شعبوں میں مثبت تبدیلی کے فروغ کے عزم کے تحت۴۳ ملین روپے کی رقم تقسیم کی گئی۔ اس میں بنیادی تعلیم، اسکالرشپ اور پیشہ ورانہ تربیت کی معاونت شامل ہے۔ اس عمل میں معذور افراد تک رسائی کو یقینی بنایا گیا، جبکہ ایک ہزار سے زائد ایتھلیٹس کو خصوصی تربیت فراہم کی گئی۔ صحت سے متعلق اقدامات میں ماؤں اور بچوں کو فائدہ پہنچایا گیا، چھاتی کے کینسر کی ادویات فراہم کی گئیں اور طبی سہولیات کو انکیوبیٹرز، آنکولوجی کے لیے ریڈی ایشن مشین اور تزئین شدہ استقبالیہ ایریا سے آراستہ کیا گیا۔ کمیونٹی فلاح و بہبود کے تحت رمضان المبارک کے دوران راشن کی تقسیم، ایک اسکول کے لیے شمسی توانائی کی تنصیب، ۲۵،۰۰۰ درختوں کی شجرکاری، اور ماحولیاتی پائیداری کے فروغ کے لیے ایئر کوالٹی مانیٹرز کی فراہمی شامل ہے۔ مزید برآں، ڈولفن تحفظ کے اقدامات کے تحت مقامی ماہی گیروں کی مدد کی گئی اور نیچر کلبز قائم کیے گئے تاکہ جامع ترقی اور ماحولیاتی توازن کو فروغ دیا جا سکے۔

سیلاب سے متاثرہ طبقے کے لیے مضبوط عزم

بینک نے اس طبقے کے لیے بھی اپنا عزم جاری رکھا جو ۲۰۲۲ میں پاکستان کے ایک تہائی حصے کو متاثر کرنے والے تباہ کن سیلاب سے متاثر ہوا۔ بینک الفلاح کے چیئرمین، محترم شیخ نہیان بن مبارک النہیان نے ۲۰۲۲ میں سیلاب زدگان کی بحالی کے لیے ۱۰ ملین ڈالر کا عطیہ دیا۔ بورڈ آف ڈائریکٹرز کی بھرپور حمایت کے ساتھ، بینک نے سیلاب سے متاثرہ علاقوں میں دیرپا، مساوی اور مالی شمولیت پر مبنی ترقی کے لیےایک دو طرفہ حکمت عملی اپنائی۔

اب تک، بینک الفلاح اس پروگرام کے تحت ۱،۸۰۵ ارب روپے سے زائد کی رقم تقسیم کر چکا ہے، جس کے باعث یہ سیلاب سے متاثرہ طبقے کی بحالی اور پائیدار مستقبل کے فروغ میں نمایاں کارپوریٹ شراکت داروں میں سے ایک شراکت دار بن گیا ہے۔

گزشتہ دو سالوں میں، بینک نے صحت، ایمرجنسی کیئر، سستی رہائش، تعلیم تک رسائی اور پائیدار روزگار جیسے اہم شعبوں میں ۲۵ معزز شراکت داروں کے ساتھ تعاون کیا ہے۔

ڈیویڈنڈ، بونس شیئرز اور دیگر مختصات

ڈائریکٹرز نے ۳۱ دسمبر ۲۰۲۴ کو ختم ہونے والے سال کے لیے فی شیئر ۲،۵ روپے (۲۵ فیصد) کے حتمی کیش ڈیویڈنڈ کی سفارش کی ہے جو آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔ اس طرح سال کے لیے مجموعی کیش ڈیویڈنڈ ۸،۵ روپے فی شیئر (۸۵ فیصد) ہو جائے گا۔ اس سے قبل بورڈ نے ۲،۰ روپے فی شیئر (۲۰ فیصد) کا عبوری کیش ڈیویڈنڈ اعلان کیا اور ادائیگی کی۔

دیگر مختصات

بورڈ نے بینکنگ کمپنیز آرڈیننس، ۱۹۶۲ کی ضروریات کے مطابق موجودہ سال کے منافع سے ۳،۸۳۲ ارب روپے کی قانونی ذخائر میں منتقلی کی منظوری دی ہے۔

کریڈٹ ریٹنگ

پی اے سی آر اے (PACRA) کی جانب سے بینک الفلاح کو درج ذیل ریٹنگز دی گئی ہیں:

• Entity ریٹنگ: طویل مدتی کے لیے ریٹنگ کو 'AAA' (ٹرپل اے) میں اپ گریڈ کیا گیا، جبکہ قلیل مدتی ریٹنگ کو 'A1+' (اے ون پلس) برقرار رکھا گیا ہے اور آؤٹ لک 'مستحکم' (Stable) ہے۔

• انسٹرومنٹس ریٹنگ: بینک کے غیر محفوظ ٹیئرون کیپیٹل انسٹرومنٹس (ٹرم فنانس سرٹیفکیٹس) کی کریڈٹ ریٹنگ کو بھی 'AA+' (ڈبل اے پلس) میں اپ گریڈ کیا گیا ہے، جس کا آؤٹ لک بھی 'مستحکم' ہے۔

تفویض کردہ ریٹنگز بینک کے قابل ذکر آپریشنز، مضبوط مالیاتی پروفائل، مستحکم اسپانسرز اور مارکیٹ میں نمایاں موجودگی کی عکاسی کرتی ہیں۔ یہ ریٹنگز کم ترین کریڈٹ رسک اور مالیاتی وعدوں کی بروقت ادائیگی کی اعلیٰ ترین صلاحیت کو بھی ظاہر کرتی ہیں۔

کارپوریٹ گورننس

بینک الفلاح لسٹڈ کمپنیز (کارپوریٹ گورننس کوڈ) ریگولیشنز ۲۰۱۹ کی اہم ضروریات کے مطابق ہے۔ اس حوالے سے مینجمنٹ کی طرف سے تجویز کردہ بیان اور اس پر آڈیٹر کی ریویو رپورٹ سالانہ رپورٹ کے ساتھ منسلک ہے۔

ڈائریکٹرز انتہائی مسرت کے ساتھ ریگولیشنز کے چیپٹر XII – رپورٹنگ اور انکشافات کے تحت درج ذیل بیانات پیش کر رہے ہیں:

۱. ڈائریکٹرز کی کل تعداد نو (۹) ہے:

(الف) مرد: آٹھ

(ب) خواتین: ایک

۲. بورڈ کی تشکیل کچھ اس طرح سے ہے:

(الف) آزاد ڈائریکٹرز: تین

(ب) نان-ایگزیکٹو ڈائریکٹرز: پانچ (جن میں ایک خاتون ڈائریکٹر شامل ہیں)

(ج) ایگزیکٹو ڈائریکٹرز: ایک

۳. بورڈ وقتاً فوقتاً اپنی ذمہ داریوں کو نبھانے کے لیے مختلف کمیٹیاں قائم کرتا ہے۔ ہر کمیٹی کے لیے، بورڈ ایک باضابطہ ٹرمز آف ریفرنس (ToRs) اختیار کرتا ہے، جو کہ کمیٹی کی تشکیل، کردار، فرائض، ذمہ داریوں اور انتظامیہ سے متعلق امور کا احاطہ کرتا ہے۔ بورڈ کی جانب سے درج ذیل کمیٹیاں تشکیل دی گئی ہیں:

(الف) بورڈ آڈٹ کمیٹی

(ب) بورڈ اسٹریٹجی اور فنانس کمیٹی

(ج) بورڈ رسک مینجمنٹ کمیٹی

(د) بورڈ ہیومن ریسورسز، ریمنیوریشن اور نومینیشن کمیٹی

(ہ) بورڈ انفارمیشن ٹیکنالوجی کمیٹی

(س) بورڈ کرائسز مینجمنٹ کمیٹی

(ط) بورڈ رئیل اسٹیٹ کمیٹی

برائے مہربانی کمیٹیوں کے اراکین اور ان کے ٹرمز آف ریفرنس کے لیے اس سالانہ رپورٹ کے گورننس سیکشن کا حوالہ دیں۔

بینک کے پاس ڈائریکٹرز کی معاوضے سے متعلق ایک باضابطہ پالیسی اور شفاف طریقہ کار موجود ہے جو کہ ریگولیٹری تقاضوں کے مطابق ہے۔ یہ پالیسی ابتدائی طور پر بینک کے شیئر ہولڈرز کی متفقہ منظوری سے ۲۸ ویں سالانہ اجلاسِ عام (اے جی ایم) میں ۲۷ مارچ ۲۰۲۰ کو منظور کی گئی تھی اور بعد ازاں اسے ۳۰ ویں سالانہ اجلاسِ عام میں ۲۹ مارچ ۲۰۲۲ کو اسٹیٹ بینک آف پاکستان (SBP) کے کارپوریٹ گورننس ریگولیٹری فریم ورک سے ہم آہنگ کرنے کے لیے ترمیم کی گئی۔ اس سالانہ رپورٹ کے گورننس سیکشن میں معاوضے کی پالیسی اور اس سے متعلقہ انکشافات شامل کیے گئے ہیں۔ مزید برآں، ڈائریکٹرز کی میٹنگ فیس کی ادائیگی، جیسا کہ مالیاتی گوشواروں کے نوٹ ۴۲ میں بیان کیا گیا ہے جو ہر سال سالانہ آڈٹ شدہ مالیاتی گوشواروں کے ساتھ سالانہ اجلاسِ عام (اے جی ایم) میں اراکین کی منظوری سے طے کی جاتی ہے۔

بہترین روایات کو اپناتے ہوئے ڈائریکٹرز بے حد مسرت کے ساتھ درج ذیل بیانات پیش کر رہے ہیں۔

(الف) انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے بینک کی مالی حیثیت، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کو شفاف طریقے سے پیش کرتے ہیں۔

(ب) بینک کے باقاعدہ حسابات کی مکمل دستاویزات رکھی گئی ہیں۔

(ج) مالیاتی گوشواروں کی تیاری میں نوٹس میں درج اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو اور اکاؤنٹنگ تخمینوں کا فیصلہ مناسب اور محتاط بنیاد پر کیا گیا ہے۔

(د) پاکستان میں بینکوں پر لاگو بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS) کو مالیاتی گوشواروں کی تیاری میں مکمل طور پر مدنظر رکھا گیا ہے۔

(ہ) اندرونی کنٹرول کا نظام مضبوط ڈیزائن پر مبنی ہے جسے مؤثر طریقے سے نافذ اور مانیٹر کیا گیا ہے۔

(و) بطور بینک ایک جاری ادارہ کے کام کرنے کی صلاحیت پر کسی شک و شبہ کی گنجائش نہیں ہے۔

(ز) کارپوریٹ گورننس کی بہترین روایات سے کوئی انحراف نہیں کیا گیا۔

(ح) گزشتہ چھ سالوں کے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کو سالانہ رپورٹ کا حصہ بنایا گیا ہے۔

(ط) سال ۲۰۲۴ کے دوران بورڈ اور اس کی کمیٹیوں کی منعقدہ میٹنگز اور ہر ڈائریکٹر

حکومت کے تعمیراتی اور برآمدی صنعتوں میں ترقی کے فروغ اور مقامی مینوفیکچررز کے لیے کاروباری ماحول کو بہتر بنانے کے وژن کے مطابق اسٹیٹ بینک آف پاکستان نے اقتصادی ترقی اور وسائل کے مؤثر استعمال کے لیے حکومتی پالیسیوں کی حمایت میں اپنا تعاون جاری رکھا۔ مالیاتی شمولیت، مالیاتی ترقی اور مالی لین دین کی دستاویزی حیثیت کو فروغ دینے کے لیے اسٹیٹ بینک آف پاکستان نے مقامی بینکوں اور ترقیاتی مالیاتی اداروں (DFIs) کے ساتھ مل کر کئی اقدامات متعارف کرائے۔ بینک الفلاح نے ان اہداف کے حصول کی جانب اپنی وابستگی برقرار رکھی اور ان اقدامات میں شاندار کارکردگی اور تعاون پر متعدد بار تسلیم کیا گیا۔

مالی شمولیت کے لیے ڈیجیٹائزیشن

ڈیجیٹل مالیاتی حل پر توجہ مالی شمولیت سے براہ راست منسلک ہے۔ ڈیجیٹل ذرائع مالیاتی شعبے کی رسائی کو زیادہ مؤثر اور کم لاگت انداز میں بڑھانے میں معاون ہوتے ہیں۔ بینک کے اقدامات اور خدمات کا خلاصہ درج ذیل کلیدی شعبوں میں پیش کیا گیا ہے۔

ڈیجیٹل مصنوعات اور اقدامات

بینک الفلاح نے ڈیجیٹل بینکنگ میں قیادت برقرار رکھتے ہوئے اپنی خدمات کو مزید بہتر کرنے اور جدت پسند صارفین کی ضروریات کو پورا کرنے کے لیے تیزی سے اقدامات کیے ہیں۔ بینک اپنے مضبوط برانچ نیٹ ورک کے ساتھ ساتھ ڈیجیٹل صلاحیتوں اور جدید انداز سے مسلسل سرمایہ کاری کرتے ہوئے صارفین کے مرکز پر مبنی حکمت عملی کو اولین ترجیح دیتا ہے۔ اس حکمت عملی کے ذریعے صارفین کسی بھی وقت اور اپنی پسند کے ذرائع سے بینکنگ خدمات تک رسائی حاصل کر سکتے ہیں۔ یہ اسٹیٹ بینک آف پاکستان کے مالی شمولیت کے فروغ، غیرخدمات یافتہ اور کم خدمات یافتہ افراد کو مالی خدمات کی رسائی فراہم کرنے اور کم لاگت وآسان ڈیجیٹل مالیاتی حل پیش کرنے کے اہداف سے بھی ہم آہنگ ہے۔ ۲۰۲۴ میں بینک کے اہم ڈیجیٹل اقدامات میں موبائل ایپلیکیشن 'Alfa' اور ای-کامرس پلیٹ فارم 'الفا مال' کی از سر نو ترتیب اور بہتر یوزر انٹرفیس و بینکنگ خصوصیات، پاکستان میں پہلی بار ڈیجیٹل زرعی قرضوں کی فراہمی اور الفا ایپ پر ڈیجیٹل آٹو قرضوں کا آغاز شامل ہیں۔

بینک الفلاح کو فخر ہے کہ وہ حکومت پاکستان کے سب سے بڑے G2P ڈسبرسمنٹ منصوبے بینظیر انکم سپورٹ پروگرام کے ذریعے (BISP) کے ۴.۳ ملین افراد کی خدمت کر رہا ہے۔ بینک ملک بھر میں اس منصوبے کا بااختیار نمائندہ ہے اور مارکیٹ کا ۴۷ فیصد حصہ رکھتا ہے۔

مالی شمولیت اور مالیاتی تعلیم

پاکستان کی معیشت کو بہتر بنانے میں چھوٹے اور درمیانے درجے کے کاروباروں (SMEs) کی اہمیت کو مدنظر رکھتے ہوئے بینک الفلاح ہمیشہ ریگولیٹری باڈی کے ساتھ شانہ بشانہ رہا ہے تاکہ ان کے مالیاتی اور غیر مالیاتی مشاورتی اہداف کی حمایت اوران کے فروغ میں نمایاں کردارادا کر سکے۔

اسٹیٹ بینک کے 'بینکنگ آن ایکوالیٹی' پروگرام کے تحت بینک خواتین کی مالی اور اقتصادی مواقع تک رسائی کی اہمیت کو بخوبی سمجھتا ہے۔ بینک نے اپنے غیر مالیاتی مشاورتی خدمات کے ذریعے متعدد کامیابیاں حاصل کی ہیں، جن میں نوجوانوں کے لیے مالیاتی تعلیم کا فروغ شامل ہے۔ بینک کی کوششوں سے مالی شمولیت کو فروغ دینے اور تعلیم کے اہم خلا کو پُر کرنے میں بھی مدد ملی ہے۔ زرعی مالیاتی تعلیم کے پروگرام کے تحت، بینک نے پاکستان کے مختلف مقامات پر ۲،۶۰۰ سے زائد کسانوں کو مالیاتی تعلیمی سیشنز کے ذریعے معلومات فراہم کی ہیں۔

ایس ایم ای آسان فنانس (SAAF) اسکیم

پاکستان کی معیشت میں چھوٹے اور درمیانے درجے کے کاروبار (SMEs) کا حصہ تقریباً ۴۰ فیصد ہے، جو اقتصادی ترقی کے لیے نہایت اہم ہے۔ اس حوالے سے اسٹیٹ بینک نے حکومت پاکستان کے تعاون سے SAAF اسکیم متعارف کرائی، جو کہ قرض کی ضمانت اور ری فنانس سہولت فراہم کرتی ہے۔ بینک الفلاح نے، جو پہلے ہی اس شعبے میں سرگرم ہے، حکومت کے اقتصادی ترقی کے ہدف میں مثبت کردار ادا کرنے کے مقصد سے اس اسکیم میں قیادت کا کردار ادا کیا۔ ۲۰۲۴ کے دوران، بینک نے اس اسکیم کے تحت ۲،۸۰۰ سے زائد صارفین کو ۱۰،۴ ارب روپے کے قرضے جاری کیے۔

ری فنانس سہولیات

وزیر اعظم یوتھ بزنس اینڈ ایگریکلچر لون اسکیم (PMYB&ALS) کا مقصد نوجوانوں میں کاروباری صلاحیتوں کو فروغ دینا اور آسان شرائط پر کاروباری قرضے فراہم کرنا ہے۔ بینک الفلاح نے اسٹیٹ بینک کے اہداف سے تجاوز کرتے ہوئے اس اسکیم کے تحت ۷،۳ ارب روپے کے قرضے جاری کیے۔

گروپ کی کارکردگی

بینک الفلاح نے ۳۱ دسمبر ۲۰۲۴ کو ختم ہونے والے سال کے لیے ۳۹،۸۶۳ ارب روپے کا مجموعی منافع بعد از ٹیکس حاصل کیا، جبکہ ۲۰۲۳ میں یہ منافع ۳۶،۰۸۶ ارب روپے تھا۔ بینک کے شیئر ہولڈرز کے لیے فی شیئر آمدنی ۲۵،۲۷ روپے رہی، جو گزشتہ سال کے ۲۳،۱۵ روپے کے مقابلے میں زیادہ ہے۔

بینک الفلاح کے پاس ۹۵،۵۹ فیصد شیئر ہولڈنگ کے ساتھ الفلاح سیکیورٹیز (پرائیویٹ) لمیٹڈ موجود ہے جو اسٹاک بروکریج، انویسٹمنٹ بینکنگ، کارپوریٹ فنانس اور ڈ پلیسمنٹ کے کاروبار میں مصروف ہے۔

بینک کی مکمل ملکیتی ذیلی کمپنی الفلاح کرنسی ایکسچینج (پرائیویٹ) لمیٹڈ ایکسچینج کمپنی کے طور پر کام کرتی ہے، جو جامع فارن ایکسچینج کے حل فراہم کرے گی۔ اس کمپنی نے ۲۰۲۴ میں اپنے آپریشنز کا آغاز کیا۔

مزید برآں، بینک کے پاس درج ذیل کمپنیوں میں ایکویٹی سرمایہ کاری ہے: الفلاح انشورنس لمیٹڈ (۳۰ فیصد)، سفائر ونڈ پاور لمیٹڈ (۳۰ فیصد)، الفلاح ایسیٹ مینجمنٹ لمیٹڈ (۴۰،۲۲ فیصد)

ذیلی کمپنیوں کی کارکردگی

الفلاح سیکیورٹیز (پرائیویٹ) لمیٹڈ نے ۲۰۲۳ میں ۱۰،۸۰۴ ملین روپے کا منافع بعد از ٹیکس حاصل کیا، جبکہ پچھلے سال ۲۰۲۳ میں ۱۹۷.۵۴۱ ملین روپے کا خسارہ ہوا تھا۔ فی شیئر آمدنی (EPS) ۰،۰۵ روپے رہی، جو کہ پچھلے سال کے ۴،۹۴ روپے فی شیئر خسارے کے مقابلے میں ہے۔ بینک نے اس ذیلی کمپنی کی آپریشنز کو سہارا دینے کے لیے ۱،۲۰۰ ارب روپے کا اضافی سرمایہ فراہم کیا، جس کی منظوری ۳۱ دسمبر ۲۰۲۳ کو ختم ہونے والے سال کے لیے سالانہ اجلاسِ عام میں دی گئی۔

الفلاح کرنسی ایکسچینج (پرائیویٹ) لمیٹڈ نے ۲۲،۰۳۳ ملین روپے کا منافع بعد از ٹیکس حاصل کیا، اور فی شیئر آمدنی ۰،۲۲ روپے رہی۔ اس ذیلی کمپنی کے پاس موازنہ کرنے کے لیے کوئی معلومات دستیاب نہیں کیونکہ یہ کمپنی ۲۰۲۳ میں قائم کی گئی اور ۲۰۲۴ کی دوسری سہ ماہی میں آپریشنز کا آغاز کیا۔

مارجنز اور فیس پر دباؤ برقرار رہنے کا امکان ہے۔
سرمائے کی مناسبیت کے بفر کے ذریعے بینکنگ سیکٹر کو اپنے بیلنس شیٹ کو وسعت دینے پر توجہ مرکوز کرنے کا موقع ملے گا تاکہ شرح سود میں کمی سے ہونے والے اسپریڈ کمپریشن کے اثرات کو کم کیا جا سکے۔ مزید برآں، معیشت کے استحکام سے اثاثوں کے معیار کو برقرار رکھنے میں مدد ملے گی۔

بینک کی کارکردگی

۳۱ دسمبر ۲۰۲۴ کو ختم ہونے والے سال کے مالیاتی نتائج کی جھلکیاں درج ذیل ہیں:

اشاریے	۲۰۲۴	۲۰۲۳
مالیاتی حیثیت	(روپے، ملین میں)	
شیئر ہولڈرز ایکویٹی	۱۷۸،۱۱۲	۱۳۷،۹۲۳
کل اثاثے	۳،۷۱۰،۲۰۲	۳،۳۴۵،۹۱۸
کل ڈپازٹس	۲،۱۳۶،۹۱۳	۲،۰۸۴،۹۹۷
نیٹ ایڈوانسز	۱،۱۰۹،۳۷۶	۷۳۵،۰۵۲
نیٹ سرمایہ کاری	۱،۹۹۱،۲۳۲	۲،۰۶۷،۲۶۳

	۲۰۲۴	۲۰۲۳
مالیاتی کارکردگی	(روپے، ملین میں)	
خالص انٹرسٹ انکم اور نان مارک اپ انکم	۱۷۱،۲۳۲	۱۵۴،۸۲۸
نان مارک اپ اخراجات	۸۶،۲۸۸	۷۷،۱۹۱
پرووِیژنز اور رائٹ آف (نیٹ)	۱،۸۴۹	۹،۴۶۲
منافع قبل از ٹیکس	۸۳،۰۹۵	۷۸،۱۷۵
منافع بعد از ٹیکس	۳۸،۳۱۸	۳۶،۴۵۶
بنیادی اور کم شدہ فی شیئر آمدنی (روپے)	۲۴.۳۰	۲۳،۱۲

بینک الفلاح نے ۲۰۲۴ میں تمام چیلنجز کے باوجود بہترین کارکردگی کا مظاہرہ کیا۔ شرح سود میں کمی، زیادہ ٹیکس اور مہنگائی کے اثرات کے باوجود بینک نے اپنے منافع کو برقرار رکھا۔ بعد از ٹیکس منافع ۳۸،۳۱۸ ارب روپے رہا جو گذشتہ سال کے ۳۶،۴۵۶ ارب روپے کے مقابلے میں ۵.۱ فیصد اضافے کو ظاہر کرتا ہے۔ نتیجتاً، فی شیئر آمدنی ۲۴،۳۰ روپے رہی جو ۲۰۲۳ میں ۲۳،۱۲ روپے تھی۔

۲۰۲۴ میں بینک کی کل آمدنی میں ۱۰،۶ فیصد کا اضافہ ہوا جو گذشتہ سال ۲۰۲۳ میں ۱۵۴،۸۲۸ ارب روپے کے مقابلے میں ۱۷۱،۲۳۲ ارب روپے پر پہنچ گیا۔ نیٹ مارک اپ انکم، جو کل آمدنی کا ۷۴،۰۱ فیصد حصہ ہے، شرح سود میں کمی کے باوجود ۰،۵ فیصد اضافہ ظاہر کرتی ہے۔ آمدنی کے اثاثوں میں مقدار کے لحاظ سے اضافے نے اس اثر کو کم کیا۔ نان مارک اپ انکم ۴۴،۵۰۶ ارب روپے رہی، جو گذشتہ سال کے مقابلے میں ۵۴،۸ فیصد زیادہ ہے، جس میں فیس اور کمیشن کی آمدنی اور سرمایہ کاری کی فروخت یا منصفانہ قیمت میں اضافے سے حاصل ہونے والے منافع شامل ہے۔

بینک نے اخراجات کی مسلسل نگرانی رکھی اور محتاط لاگت مینجمنٹ کو برقرار رکھا۔ ۲۰۲۴ میں بینک کی برانچز کی توسیع، ڈیجیٹل اور تکنیکی پلیٹ فارمز میں بہتری اور مہنگائی کے اثرات کی وجہ سے آپریٹنگ اخراجات میں اضافہ ہوا۔ مزید برآں، مارکیٹنگ اور برانڈنگ پر زیادہ اخراجات، انسانی وسائل کی لاگت میں اضافہ اور مہنگائی سے متعلقہ اثرات نے بھی آپریٹنگ اخراجات میں اضافہ کیا۔بینک نے سماجی بہتری کے منصوبوں، جیسے سیلاب زدہ علاقوں کی بحالی، صحت، تعلیم اور دیگر فلاحی کاموں کے لیے غیر سرکاری تنظیموں (این جی اوز) کو مالی معاونت فراہم کرنے کے ذریعے اپنی پائیدار کارپوریٹ سماجی ذمہ داری کی کوششیں جاری رکھیں۔۲۰۲۴ کے دوران، بینک نے ۱۰۰ سے زائد نئی برانچوں کا افتتاح کیا تاکہ صارفین کی تعداد میں اضافے کے ساتھ بنیادی ڈپازٹس کو مستحکم اور مارکیٹ شیئر میں وسعت حاصل کی جا سکے۔ بینک کا لاگت سے آمدنی کا تناسب سود کی گرتی ہوئی شرحوں اور مارجن میں کمی کے ساتھ معمول پر آنا شروع ہو گیا ہے۔ ۲۰۲۴ کے لیے لاگت سے آمدنی کا تناسب ۴۹،۳ فیصد رہا، جو کہ گزشتہ سال کے اسی عرصے میں ۴۲،۱ فیصد تھا۔

بینک کے ڈپازٹس میں ۲،۵ فیصد اضافہ ہوا جو ۲،۱۳۷ ٹریلین روپے پر بند ہوا۔ یہ اضافہ اس وقت ممکن ہوا جب صنعت نے اے ڈی آر سے منسلک ٹیکسیشن کے اثرات سے نمٹنے کے لیے خود کو دوبارہ ترتیب دیا۔ کرنٹ اور سیونگ اکاؤنٹس نے مشترکہ طور پر گزشتہ سال کے مقابلے میں ۱۴،۱ فیصد کا اضافہ ظاہر کیا، جبکہ ڈپازٹس کو متحرک رکھنے میں لاگت کا عنصر بنیادی اہمیت کا حامل رہا۔

سال کے دوران، بینک الفلاح نے ٹیم کی غیر معمولی کوششوں کے نتیجے میں ۲۰۲۴ میں نیٹ ایڈوانسز میں ۵۰،۹ فیصد کی متاثر کن ترقی حاصل کی۔ قرضوں کی کتاب ایک ٹریلین روپے کا سنگ میل عبور کرتے ہوئے ۱،۱۵۲ ٹریلین روپے پر بند ہوئی۔ ہمارے انڈر رائٹنگ ڈسپلن اور سخت کلائنٹ سلیکشن کی وجہ سے بہترین نتائج حاصل ہوئے، جس کا مظاہرہ غیر فعال قرضوں (NPL) کے تناسب میں بہتری سے ہوتا ہے، جو ۳۱ دسمبر ۲۰۲۴ تک ۴،۸ فیصد سے کم ہو کر ۳،۷ فیصد ہو گئے۔ مزید برآں، غیر فعال قرضے مکمل طور پر کور کیے گئے ہیں اور ان کی کوریج کا تناسب ۱۱۰،۷ فیصد ہے۔بینک نے یکم جنوری ۲۰۲۴ سے IFRS 9 اپنایا، جس کے نتیجے میں ابتدائی ایکویٹی پر ۲،۷۵۲ ارب روپے کے مثبت اثرات مرتب ہوئے۔ یہ سرمایہ کاری پورٹ فولیو کی منصفانہ قیمت اور نئی درجہ بندی کے تحت اضافی متوقع کریڈٹ نقصان ای سی ایل کے بعد کا نیٹ اثر تھا۔

بینک کے سرمائے کا اسٹرکچر

بینک نے اپنے سرمائے کی بنیاد کو ریگولیٹری معیار اور بیسل کیپٹل کی ضروریات سے کافی حد تک بلند رکھا۔ یہ منافع کو مناسب حد تک برقرار رکھنے کی پالیسی پر عمل پیرا ہے تاکہ خطرے کو برداشت کرنے کی استعدادمیں اضافہ کیا جا سکے۔ بینک کا کل کیپٹل ایڈیکوئسی ریشو (سی اے آر)۱۷،۹۶ فیصد ہے، جو کہ ۱۱،۵۰ فیصدکے مطلوبہ معیار سے زیادہ ہے (جس میں ۱،۵۰ فیصد کا کیپٹل کنزرویشن بفر بھی شامل ہے)۔ کیپٹل کے معیار کا مظاہرہ بینک کے کامن ایکویٹی ٹیئر-۱ (سی ای ٹی-۱)ریشو سے ہوتا ہے، جو ۱۲،۹۳ فیصد ہے، جبکہ ریگولیٹری ضرورت ۷،۵۰ فیصد ہے۔ کیپٹل ایڈیکوئسی اور رسک مینجمنٹ سے متعلق تفصیلی معلومات غیرمنجمد شدہ مالیاتی گوشواروں کے نوٹ نمبر ۴۷ اور ۴۸ میں موجود ہیں۔

کاروباری کارکردگی کا جائزہ

بینک کی کاروباری ترقی، کارکردگی اور پوزیشن اور اس کے ماحول پر اثرات کو اس سالانہ رپورٹ کے "آرگنائزیشنل اوور ویو"، "آؤٹ لک"، اور "پرفارمنس اینڈ پوزیشن" کے سیکشنز میں تفصیل سے بیان کیا گیا ہے۔

حکومتِ پاکستان اور اسٹیٹ بینک آف پاکستان کی پالیسیاں اور بینک کی کاروباری کارکردگی پر ان کے اثرات

ڈائریکٹرز کی رپورٹ برائے شیئرہولڈرز

محترم شیئر ہولڈرز،

بورڈ آف ڈائریکٹرز کی جانب سے ہم بے حد خوشی کے ساتھ بینک کی ڈائریکٹرز رپورٹ، آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز کی رپورٹ ۳۱ دسمبر ۲۰۲۴ کو ختم ہونے والے سال کے لیے پیش کر رہے ہیں۔

اقتصادی جائزہ

عالمی معیشت

عالمی مرکزی بینکوں کی جانب سے اپنائی گئی سخت مانیٹری پالیسیوں نے مہنگائی کے دباؤ کو کم کیا۔ آئی ایم ایف کے مطابق عالمی مہنگائی کی شرح ۲۰۲۳ میں ۶،۷ فیصد سے کم ہو کر ۲۰۲۴ میں ۵،۷ فیصد ہو گئی اور ۲۰۲۵ میں مزید کم ہو کر ۴،۲ فیصد ہو جائے گی۔ کساد بازاری کے خدشات بڑی حد تک کم ہو چکے ہیں۔ آئی ایم ایف توقع رکھتا ہے کہ عالمی معیشت کی ترقی جو ۲،۲۴ میں ۳،۲ فیصد تھی ۲۰۲۵ میں ۳،۳ فیصد پر مستحکم رہے گی۔ ۲۰۲۳ میں مثبت کارکردگی دکھانے والے اثاثوں ۲۰۲۴ میں بھی اپنے تسلسل کو برقرار رکھا۔

۲۰۲۴ میں پالیسی کا مرکز مالیاتی پہلو پر تھا جبکہ ۲۰۲۵ میں مالیاتی پالیسیوں پر زیادہ توجہ متوقع ہے، خاص طور پر محصولات اور ٹیکس میں اہم تبدیلیاں ہو سکتی ہیں، جو کہ بڑی عالمی معیشتوں خصوصاً امریکہ میں نو منتخب حکومتوں کی طرف سے عمل میں آئیں گی۔ مزید برآں، مشرق وسطیٰ اور یوکرین میں جاری جغرافیائی سیاسی تنازعات کا اثر عالمی اقتصادی استحکام پر اثر انداز ہوگا۔ مرکزی بینک ان مالیاتی اور جغرافیائی سیاسی پیش رفتوں پر گہری نظر رکھے گا تاکہ اپنی مالیاتی پالیسیوں کو ترتیب دے سکے۔

مقامی معیشت

آئی ایم ایف کے ۳ ارب ڈالر اسٹینڈ بائی ارینجمنٹ (SBA) کی کامیاب تکمیل اور ۷ارب ڈالر کے ۳۷ ماہ کے ایکسٹینڈڈ فنڈ فسیلٹی (EFF) پروگرام کے معاہدے نے مقامی معیشت کو استحکام کی طرف گامزن کیا۔ سخت مالیاتی اورمعاشی پالیسیوں کے نفاذ کے نتیجے میں مہنگائی دسمبر ۲۰۲۴ میں ۴،۱ فیصد پر آ گئی جبکہ گذشتہ سال اسی مہینے میں یہ شرح ۲۹،۷ فیصد تھی۔ مہنگائی میں کمی اور معاشی استحکام کے پیش نظر اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ میں مجموعی طور پر ۹۰۰ بیسس پوائنٹس کم کر کے سال کے آخر میں اسے ۱۳ فیصد پر پہنچا دیا۔

ادائیگیوں میں توازن کے معاملے پر ملک نے اپنی پوزیشن کو مزید مستحکم کیا، جنوری سے نومبر ۲۰۲۴ کے ۱۱ مہینوں میں موجودہ کھاتے کا سرپلس ۶۴۲ ملین امریکی ڈالر رہا، جو گذشتہ سال اسی مدت میں ۱،۱ ارب ڈالر کے خسارے میں تھا۔ آئی ایم ایف پروگرام کے تحت ملک نے اپنی بیرونی ادائیگیوں کی ضروریات پوری کیں اور ذخائر کو بڑھایا، جس کے نتیجے میں اسٹیٹ بینک کے زر مبادلہ کے ذخائر دسمبر ۲۰۲۴ تک تقریباً ۱۲ ارب امریکی ڈالر تک پہنچ گئے، جو کہ گذشتہ سال کے آخر میں ۸،۲ ارب امریکی ڈالر تھے۔ نتیجتاً، کرنسی مستحکم رہی اور امریکی ڈالر/پاکستانی روپیہ شرح تبادلہ سال کے اختتام پر ۲۷۸،۶ پر بند ہوا، جبکہ دسمبر ۲۰۲۳ میں یہ شرح ۲۸۱،۹ تھی۔

مالیاتی پالیسی میں سختی کے باعث پاکستان نے مالی سال ۲۰۲۴ میں جی ڈی پی کا ۶.۸ فیصد (۷،۲ ٹریلین پاکستانی روپے) مالیاتی خسارہ درج کیا، جو کہ مالی سال ۲۰۲۳ میں جی ڈی پی کا ۷،۷ فیصد (۶،۵ٹریلین پاکستانی روپے) تھا۔ مزید اہم بات یہ کہ ملک نے جی ڈی پی کا ۰،۹ فیصد (۹۵۳ پاکستانی روپے ارب) کا بنیادی سرپلس حاصل کیا، جو کہ مالی سال ۲۰۲۳ میں جی ڈی پی کے ۱،۰ فیصد (۸۲۵ ارب پاکستانی روپے) کے بنیادی خسارے کے مقابلے میں ایک نمایاں بہتری ہے۔ فیڈرل بورڈ آف ریونیو (FBR) کے ٹیکس محصولات میں براہ راست ٹیکسوں کی نمو کے باعث ۳۰ فیصد اضافہ ہوا۔ نان ٹیکس ریونیو میں ۷۵ فیصد کا اضافہ ہوا، جس کی وجہ پٹرولیم لیوی کی زیادہ وصولی اور اسٹیٹ بینک آف پاکستان کے منافع میں اضافہ تھا۔

پاکستان کی حقیقی جی ڈی پی اور اقتصادی جائزے میاں مالی سال ۲۰۲۴ کے دوران ۲،۵۰ فیصد کا اضافہ ریکارڈ کیا گیا، جبکہ گذشتہ مالی سال میں یہ شرح منفی ۰،۱۸ فیصد تھی۔ اس بہتری کی بنیادی وجہ زرعی شعبے میں ۶،۱۸ فیصد ترقی ہے، جو گذشتہ سال سیلاب سے متاثر ہوئی تھی۔ دوسری جانب سخت پالیسیوں کی وجہ سے صنعتی شعبے کی ترقی منفی ۱،۶ فیصد رہی۔

اسٹاک مارکیٹ کی کارکردگی مثبت رہی اور KSE-۱۰۰ انڈیکس ۲۰۲۴ میں ۸۴ فیصد سالانہ منافع کی نمایاں شرح کے ساتھ ۱۱۵،۱۲۷ پوائنٹس پر بند ہوا۔ اس کارکردگی کی وجہ معاشی استحکام اور شرح سود میں کمی اور فکسڈ انکم سے لیکویڈیٹی کی منتقلی ہے۔ ۲۰۲۴ کے کیلنڈر سال میں امریکی ڈالر کی بنیاد پر KSE-۱۰۰ انڈیکس دنیا کی دوسرے نمبر پر بہترین کارکردگی دکھانے والی اسٹاک مارکیٹ رہی۔

معاشی منظر نامہ

حکومت آئی ایم ایف پروگرام کے تحت اصلاحات پر کاربند اور محتاط پالیسیوں پر عمل پیرا رہے گی تاکہ تیز رفتار ترقی کے نتیجے میں پیدا ہونے والے دوہرے خسارے (خارجی اور مالیاتی) سے بچا جا سکے۔ پالیسیوں کا مرکز زرمبادلہ کے ذخائر میں اضافہ اور کریڈٹ ریٹنگ میں بہتری ہو گا تاکہ بین الاقوامی بانڈ مارکیٹ تک دوبارہ رسائی حاصل کی جا سکے۔

بینکنگ سیکٹر کا جائزہ

بینکنگ سیکٹر نے مختلف چیلنجز کے باوجود اپنے استحکام کو برقرار رکھا۔ ان چیلنجز میں بینک کے ایڈوانس ٹو ڈپازٹ ریشو (ADR) سے منسلک ٹیکسیشن، اثاثوں کی منافع بخش شرح میں کمی اور کمزور اقتصادی ترقی شامل ہیں۔ دستیاب تازہ ترین اعداد و شمار کے مطابق، شیڈول بینکوں کے ڈپازٹس میں سال کے آغاز سے ۸ فیصد اضافہ ہوا، جبکہ ایڈوانسز میں ۲۶،۱ فیصد کا اضافہ ہوا۔ ایڈوانسز میں زیادہ اضافہ بنیادی طور پر اس وجہ سے تھا کہ اے ڈی آر اہداف کو پورا کرنے پر توجہ دی جائے۔ تاہم، سال کے اختتام پر حکومت نے اے ڈی آر سے متعلق ٹیکسیشن ختم کر دی اور بنیادی ٹیکس کی شرح میں ۵ فیصد اضافہ کر دیا۔ اضافی ۵ فیصد ٹیکس کو ۲۰۲۶ میں ۴ فیصد اور ۲۰۲۷ میں ۳ فیصد تک کم کر دیا جائے گا۔مارکیٹ ڈائنامکس اور بینکنگ کارکردگی اے ڈی آر سے متعلق ٹیکسیشن کے خاتمے کے بعد مارکیٹ کی صورت حال معمول پر آ گئی ہے۔

نو ماہ کی مدت (ستمبر ۲۰۲۴ تک) میں بینکنگ سیکٹر کی منافع بخش کارکردگی بنیادی اور غیر بنیادی دونوں طرح کے آپریشنز کے باعث بہتر رہی۔ سرمائے کی صورت حال بہتر نظر آئی، جو ستمبر ۲۰۲۴ میں ۲۱،۵ فیصدتک پہنچ گئی، جبکہ دسمبر ۲۰۲۳ میں یہ ۱۹،۷ فیصد تھی۔ اثاثہ جات کے معیار کے معاملے پر، این پی ایل (غیر فعال قرضوں) کی شرح ۷،۶ فیصد سے بڑھ کر ۸،۴ فیصد ہو گئی، جو زیادہ تر IFRS-۹ کے نفاذ کی وجہ سے ہے۔ اثاثوں پر منافع اور ایکویٹی پر منافع میں کمی ہوئی، لیکن یہ دونوں شرحیں ۲۔۷ فیصداور ۴۵،۴ فیصد کے ساتھ سیکٹر کی اوسط سے بہتر رہیں۔

بینکنگ سیکٹر کا مستقبل

آئندہ سال بینکنگ سیکٹر کے لیے چیلنجنگ ہو گا کیونکہ شرح سود میں کٹوتی کا مکمل اثر ۲۰۲۵ میں ظاہر ہوگا۔ حجم کے لحاظ سے مسابقتی ماحول کی وجہ سے

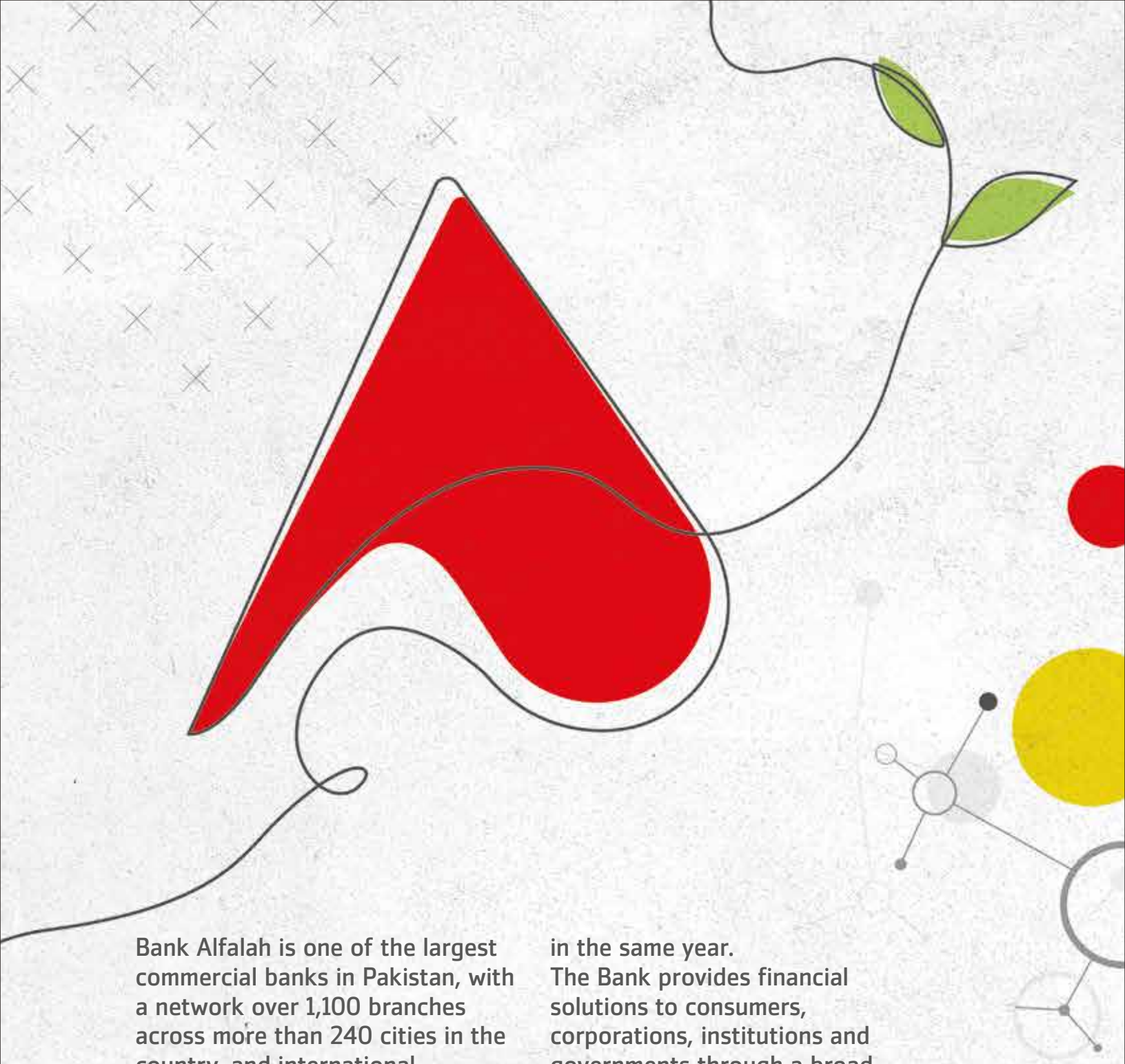
ORGANISATIONAL OVERVIEW





ABOUT
BANK ALFALAH



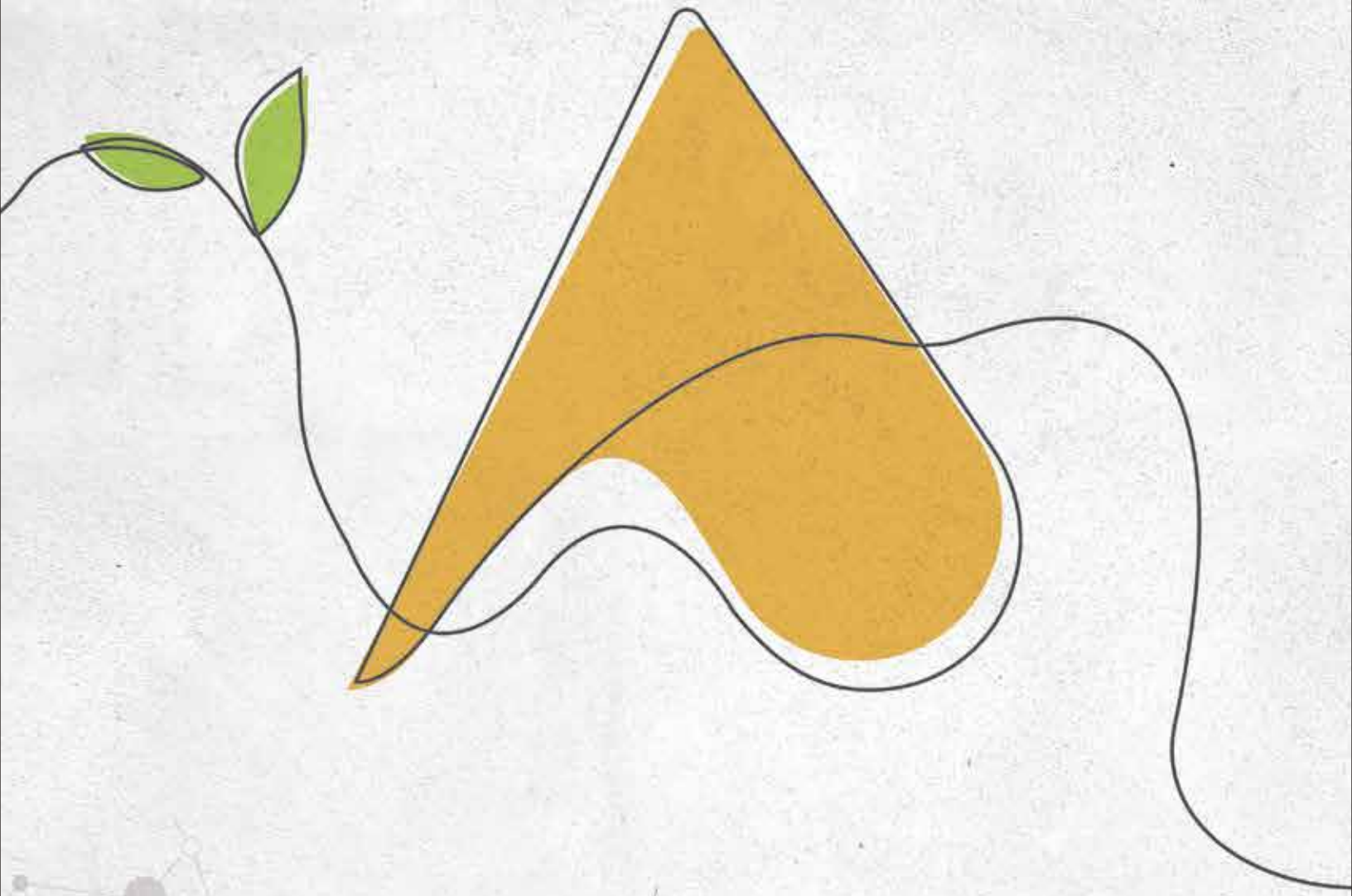


Bank Alfalah is one of the largest commercial banks in Pakistan, with a network over 1,100 branches across more than 240 cities in the country, and international presence in Afghanistan, Bangladesh, Bahrain and the UAE. The Bank also has a representative office in Abu Dhabi.

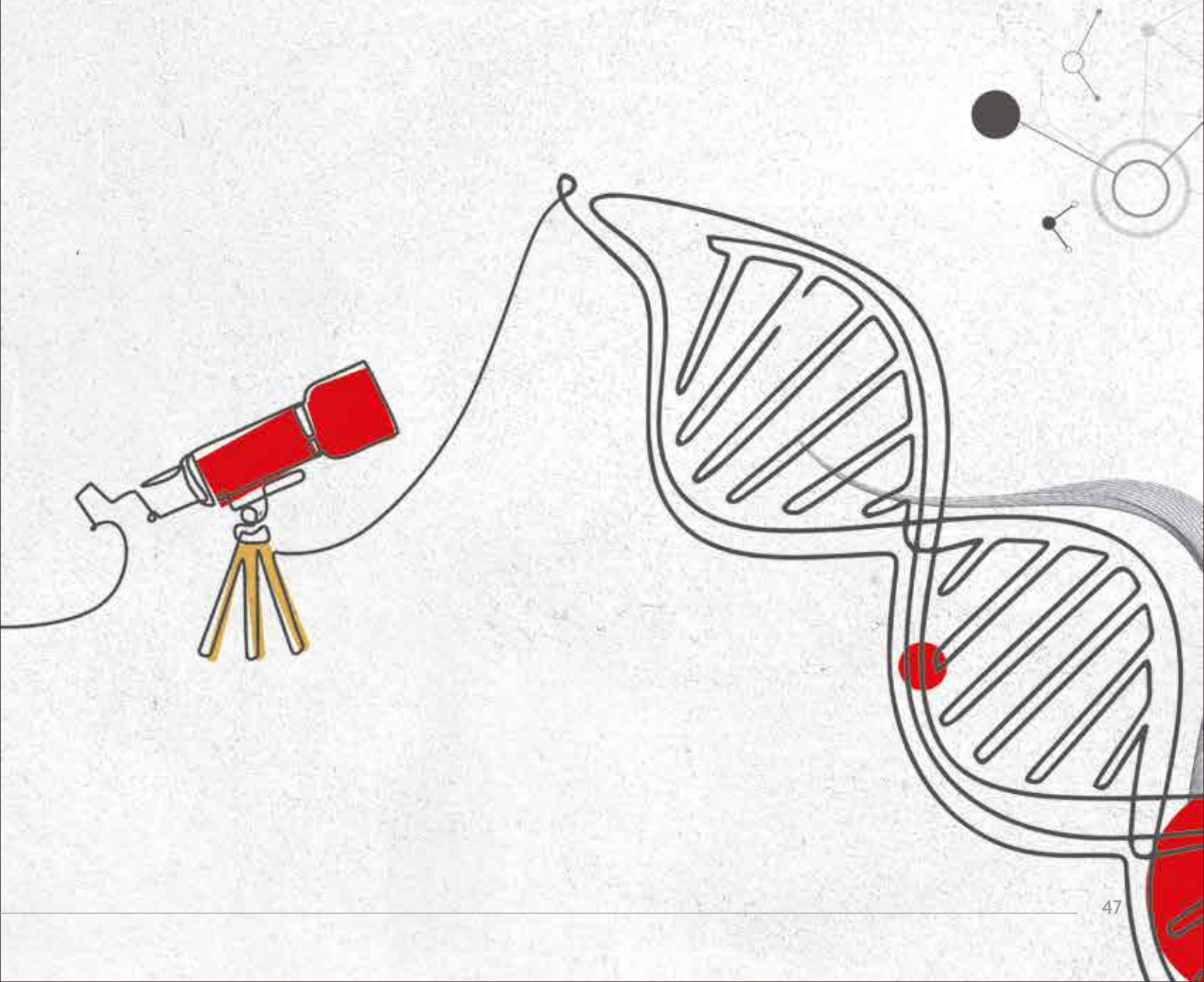
Bank Alfalah is majority-owned by the Abu Dhabi Group. Incorporated as a public limited company on 21st June, 1992 under the Companies Act, 2017, Bank Alfalah commenced its banking operations in the same year.

The Bank provides financial solutions to consumers, corporations, institutions and governments through a broad spectrum of products and services, including corporate and investment banking, digital banking, consumer banking, securities brokerage, commercial, SME and agri finance, currency exchange, insurance, asset management Islamic and credit/ asset financing solutions.

VISION



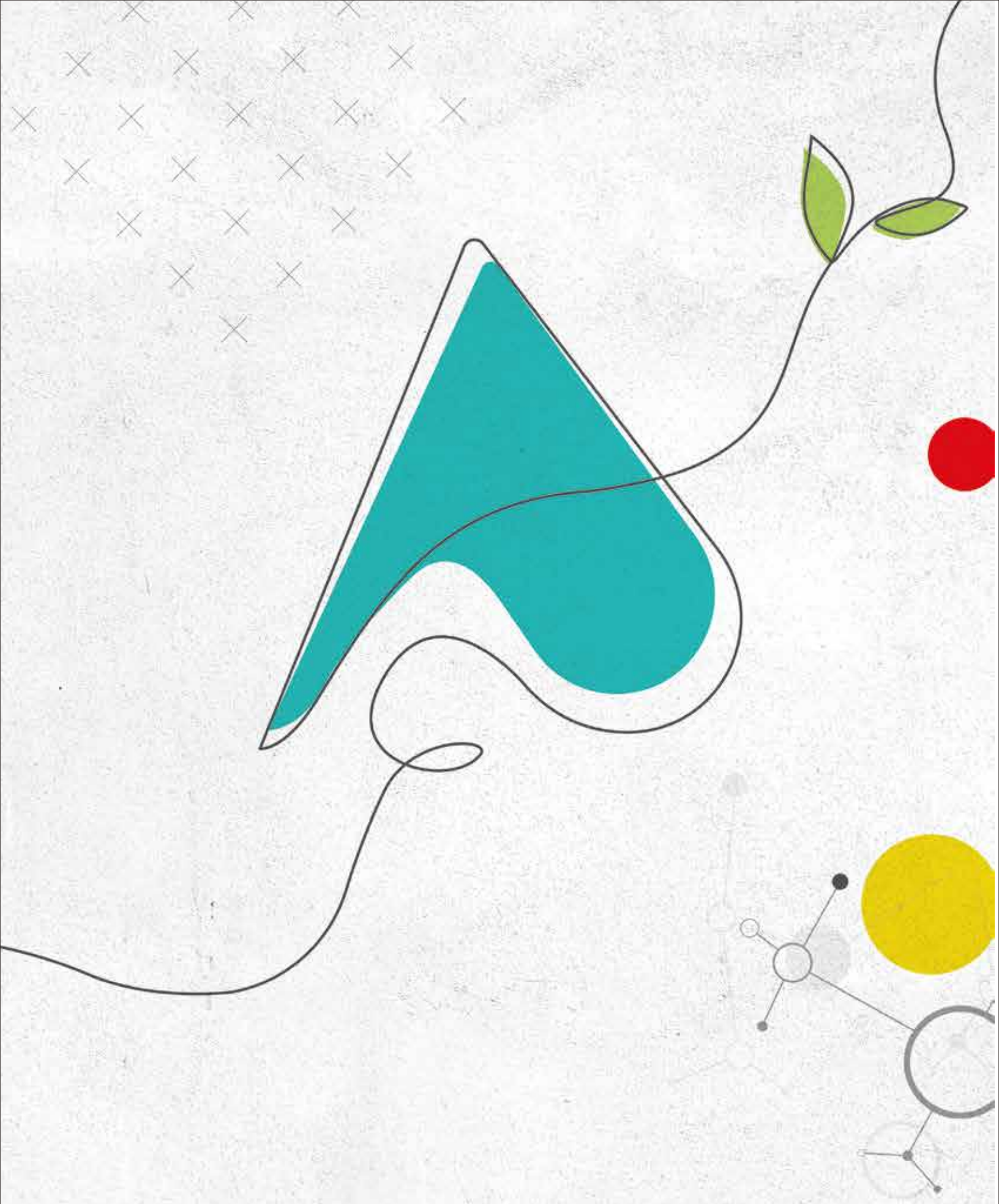
To inspire and empower people to do things differently
and shape their own path in life and business.



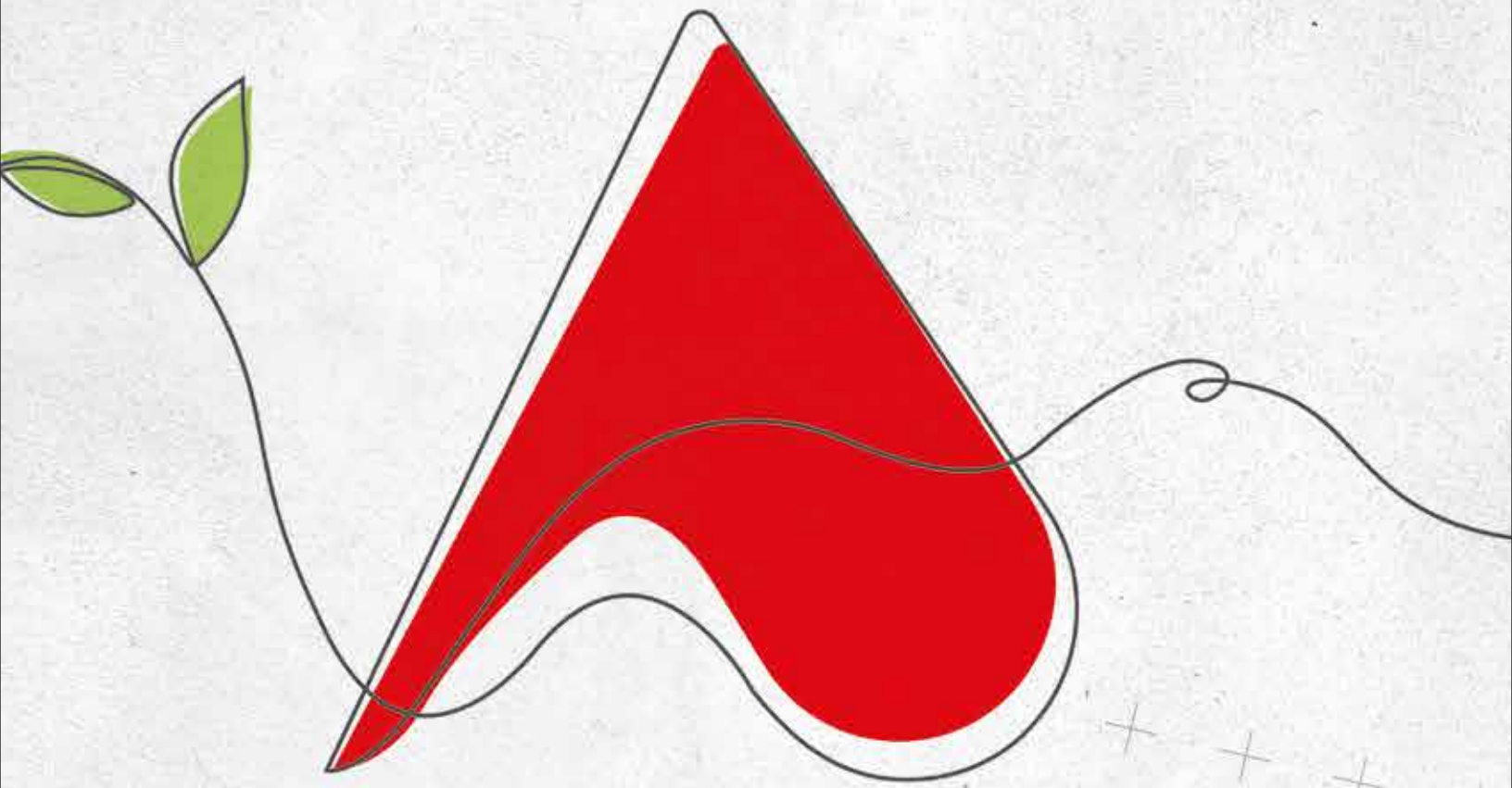
MISSION

We look at the market with fresh eyes to find new opportunities, and seek new ways of enabling our customers to succeed and advance the world of finance.





VALUES



You – Customer Care

We always put the customer and their needs front and centre.

Your Needs – Collaboration

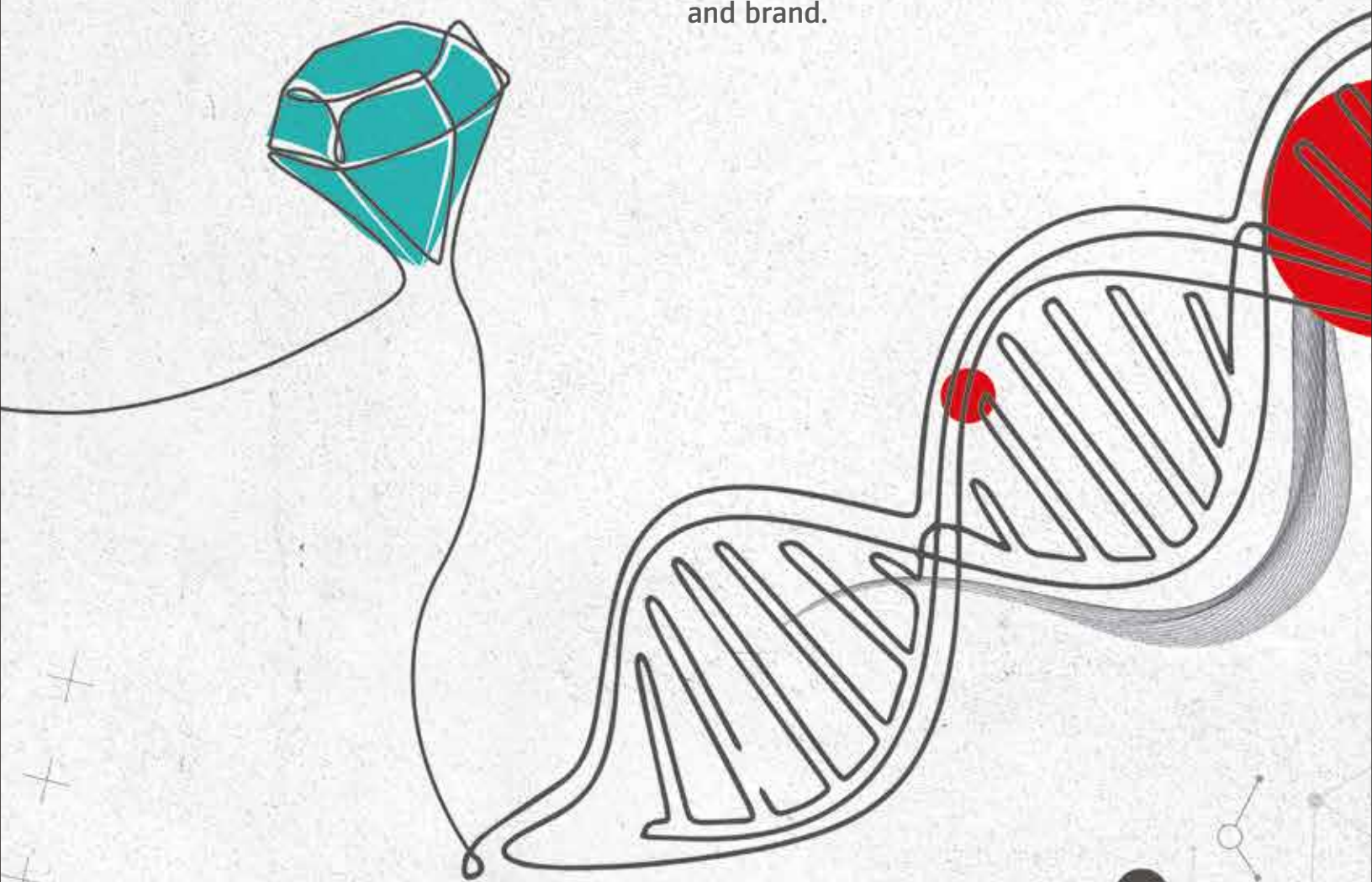
We do all we can to understand and anticipate what will help our customers find their own way and achieve their ambitions.

Your Way – Creativity and Innovation

We do things differently, challenging the status quo to find new and better ways to move ourselves and our customers forward.

The Right Way – Conduct and Integrity

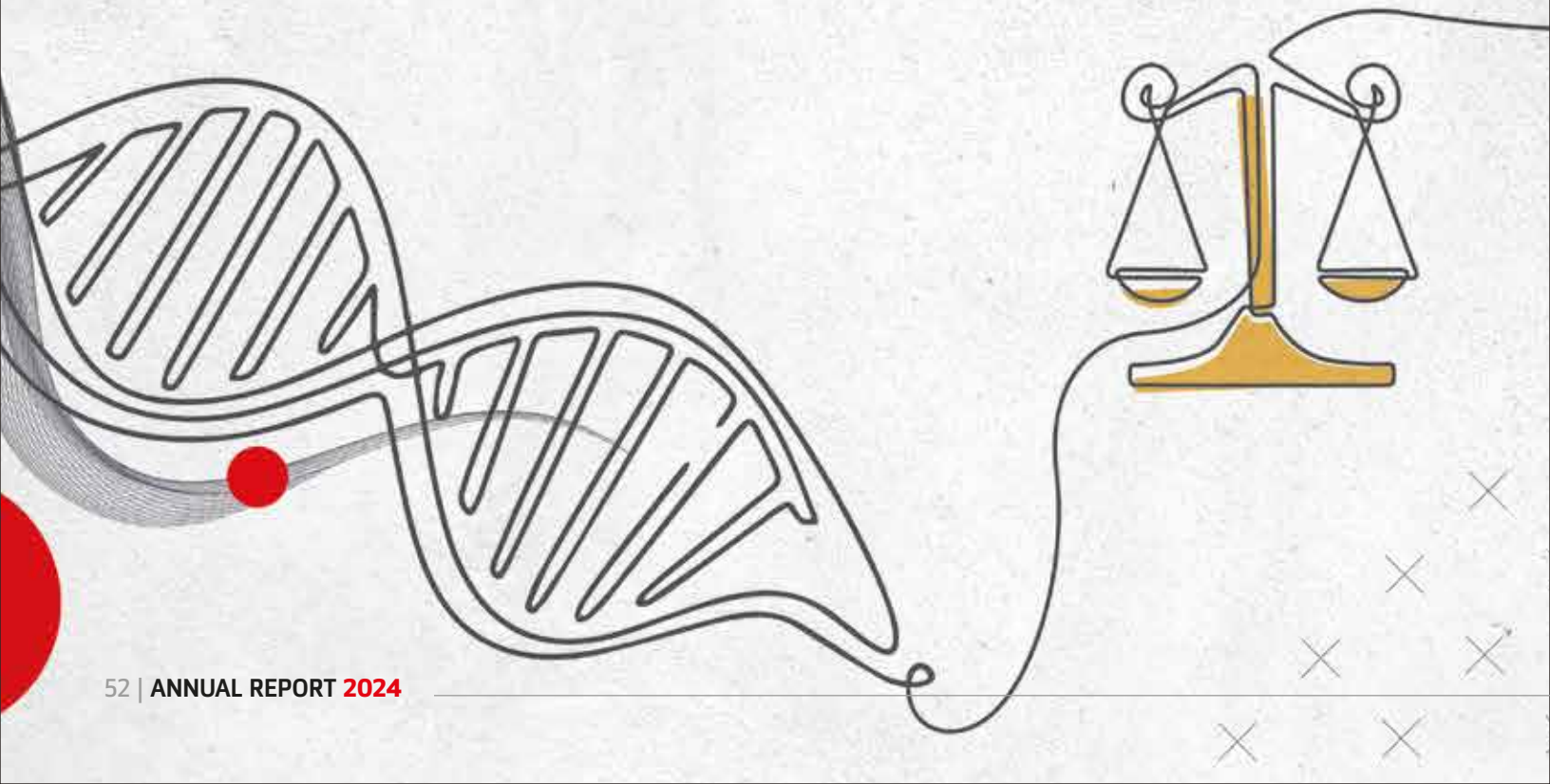
We always act with integrity and transparency in everything we do. It is the cornerstone of our business and brand.



ETHICS AND CODE OF CONDUCT

Integrity and honesty are at the heart of our business and brand. Our internal ethical standards and code of business conduct are the results of shared moral convictions. The objectives of our underlying policies are to ensure that the Bank is recognised as a professionally run and successfully managed institution with high ethical standards.

A detailed statement of the Code of Ethics and Business Practices is in place and is signed by every employee and submitted to the Bank's Human Resource and Learning Group (HRLG) on an annual basis. The Code of Ethics is available on the Bank's website. The Code contains detailed guidelines, which aim to facilitate the Bank's employees to:



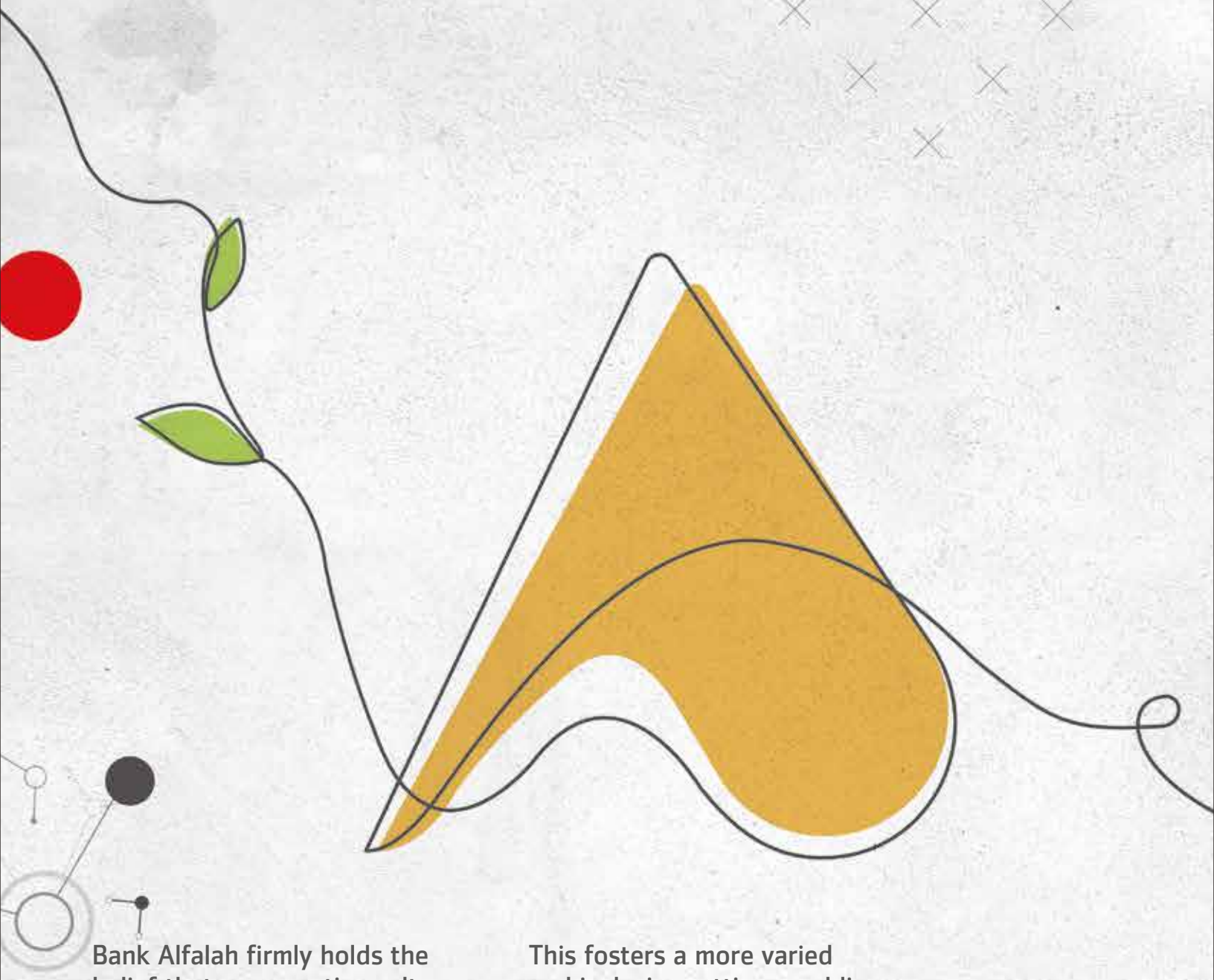
- Conduct business with honesty, transparency and integrity in a professional manner

- Understand and comply with legal/regulatory requirements and internal policies and procedures of the Bank

- Exhibit exemplary personal conduct towards the Bank, its employees and customers, and maintain the desired decorum both during office hours and at other times

Besides emphasising adherence to legal/regulatory requirements and internal policies and procedures of the Bank, the Code contains specific guidelines with reference to managing conflicts of interest, political affiliations, conduct, KYC, gifts and entertainment, corporate ethical policies, fraud, theft, illegal activities, etc.

CULTURE



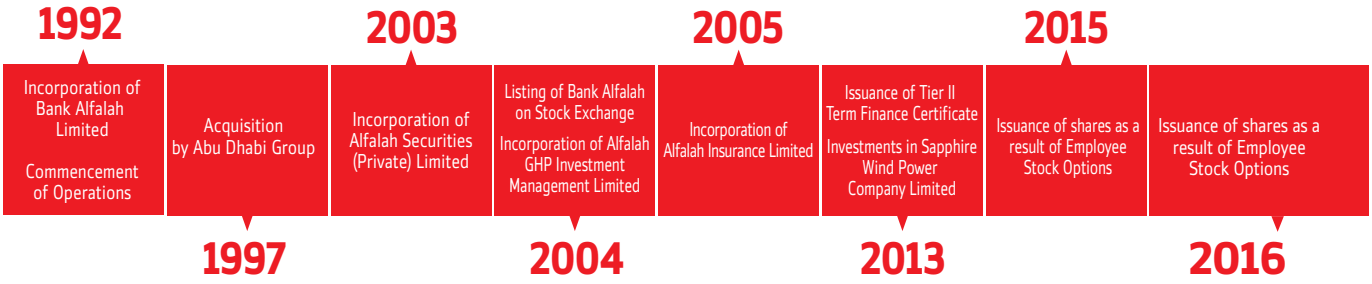
Bank Alfalah firmly holds the belief that a supportive culture can effectively communicate its strategic objectives through its core values and principles.

This fosters a more varied and inclusive setting, enabling employees to discover their meaningful contributions. The Bank has embraced a culture that embeds its values, synchronising them with its strategy.

The foundation of Bank's Cultural Strategy lies on the following principles:

- One Bank, One Team
- Focus on Customers
- Inspire and Empower our People

Major Corporate Events



Financial Calendar

2024

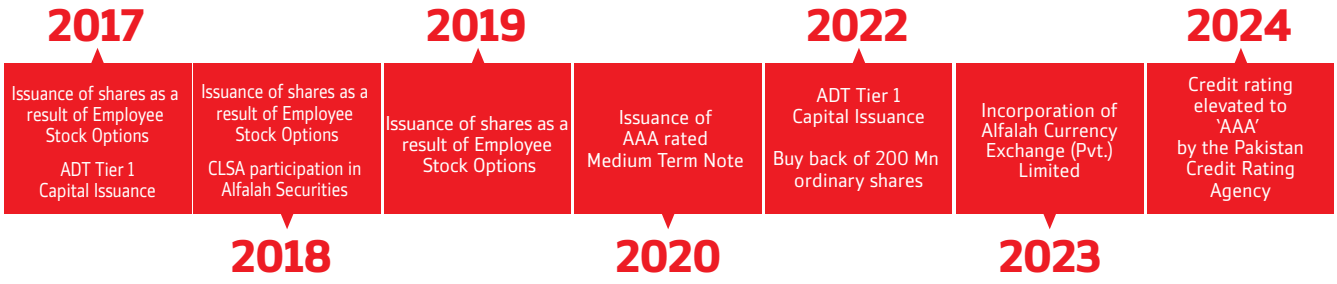
1st Quarter results approved on	24th April 2024
2nd Quarter results approved on	1st August 2024
3rd Quarter results approved on	17th October 2024
Annual budget approved on	23rd November 2024
4th Quarter results approved on	30th January 2025
Annual Accounts to be approved in 33rd Annual General Meeting scheduled on	20th March 2025

2023

1st Quarter results approved on	27th April 2023
2nd Quarter results approved on	10th August 2023
3rd Quarter results approved on	26th October 2023
Annual budget approved on	26th October 2023
4th Quarter results approved on	01st February 2024
Annual Accounts approved in 32nd Annual General Meeting held on	20th March 2024

2022

1st Quarter Results approved on	26th April, 2022
2nd Quarter Results approved on	28th July, 2022
3rd Quarter Results approved on	17th October, 2022
Annual budget approved on	17th October, 2022
4th Quarter Results approved on	2nd February, 2023
Annual Accounts approved in 31st Annual General Meeting held on	20th March, 2023



2021

1st Quarter Results approved on	22nd April, 2021
2nd Quarter Results approved on	25th August, 2021
3rd Quarter Results approved on	24th October, 2021
Annual Budget approved on	24th October, 2021
4th Quarter Results approved on	2nd February, 2022
Annual Accounts approved in 30th Annual General Meeting held on	15th March, 2022

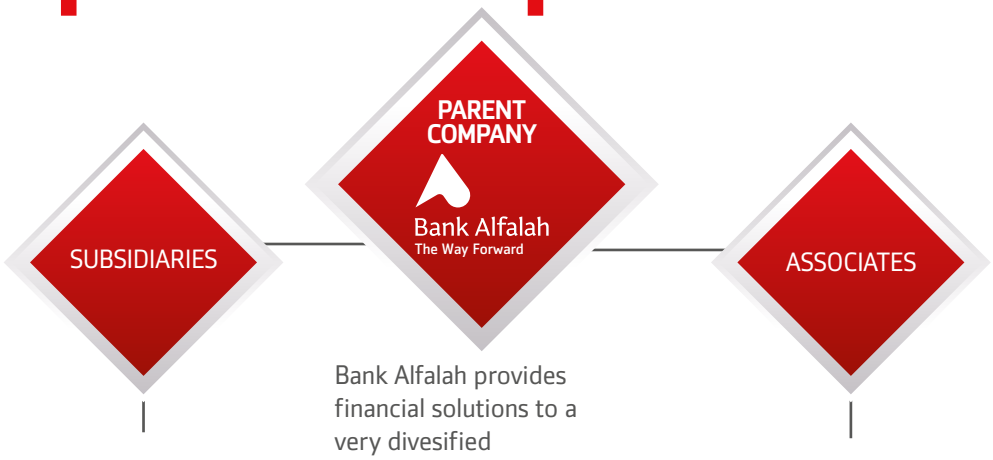
2020

1st Quarter Results approved on	26th April, 2020
2nd Quarter Results approved on	25th August, 2020
3rd Quarter Results approved on	21st October, 2020
Annual Budget approved on	21st October, 2020
4th Quarter Results approved on	3rd February, 2021
Annual Accounts approved in 29th Annual General Meeting held on	9th March, 2021

2019

1st Quarter Results approved on	25th April, 2019
2nd Quarter Results approved on	18th August, 2019
3rd Quarter Results approved on	18th October, 2019
Annual Budget approved on	6th December, 2019
4th Quarter Results approved on	13th February, 2020
Annual Accounts approved in 28th Annual General Meeting held on	27th March, 2020

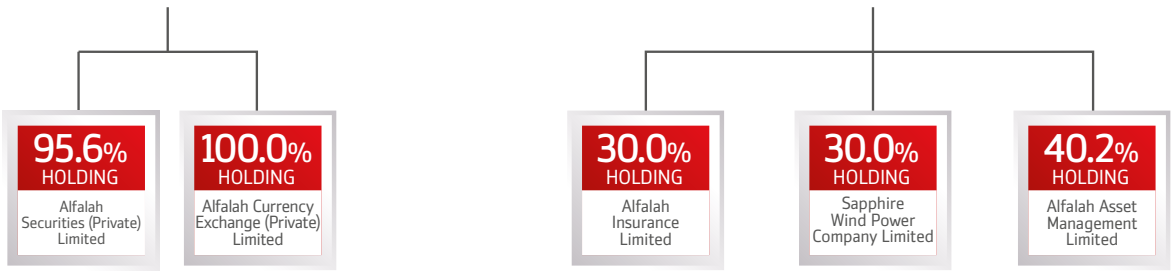
Group Ownership Structure



- **Alfalah Securities (Private) Limited** is engaged in the business of stock brokerage, investment counselling, fund placements and investment consultancy. It promises to offer exceptional service to its clients based on its strong research and execution capability.
- **Alfalah Currency Exchange (Private) Limited** was incorporated as a wholly owned subsidiary in 2023, and provides comprehensive foreign exchange solutions.

Bank Alfalah provides financial solutions to a very divesified customer base which includes individual consumers, corporations, institutions and governments through a broad spectrum of products and services, including corporate and investment banking, consumer banking and credit, commercial, SME, agri-finance, Islamic, and asset financing. In addition to the services on offer, the Bank also holds interest in various subsidiary and associated entities, and strives to ensure a comprehensive, transparent and comparable view of the financial performance and position of the entire group.

- **Alfalah Asset Management Limited** is an asset management company and pension fund manager. It manages a portfolio of investors under discretionary and non-discretionary portfolio management agreements. It offers solutions to match the needs of individuals, corporates and retirement funds.
- **Alfalah Insurance Company Limited** is a general non-life insurance company that also works as a Window Takaful Operator. It offers first-class security and service to the insured public.
- **Sapphire Wind Power Company Limited (SWPCL)** is engaged in the development of a wind farm. It is committed to being part of the revolutionary shift in the energy paradigm by offering clean, green, and affordable energy solutions. Sapphire Group and Bank Alfalah took the lead in entering the nascent wind energy sector in Pakistan and established (SWPCL) with joint ownership stakes.



Nature of relationship: Shareholding and nomination of directors on the boards of subsidiaries and associates.
Country of origin: Holding, subsidiaries and associates are companies incorporated in Pakistan.

Bank's Presence

Bank Alfalah is connected with you via 100,000+ touchpoints.



Branch Network

PAKISTAN

Bank Alfalah is one of the largest private banks in Pakistan with a network of 1,142 branches in more than 240 cities across Pakistan.

AFGHANISTAN

Branch Banking Operations

Services offered to clients include retail and wholesale banking.

BAHRAIN

Offshore Banking Unit

Services offered to corporate clients include deposits, trade finance, advances, treasury and foreign exchange services.

UAE

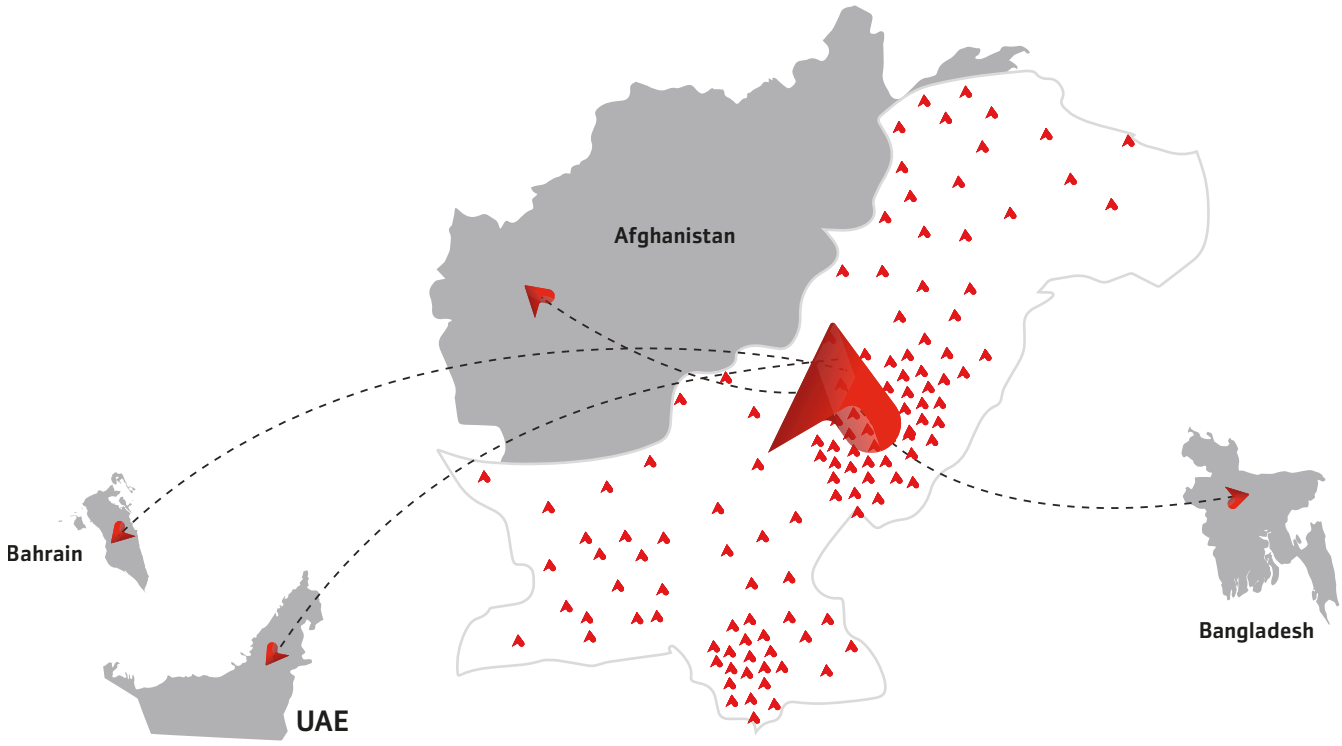
Wholesale Banking Branch in Dubai and One Representative Office in Abu Dhabi.

Services offered to corporate clients include deposits, trade finance, advances, treasury and foreign exchange services.

BANGLADESH

Branch Banking Operations

The branches provide financial solutions to consumers, corporates, and the government through a broad spectrum of products and services, including deposit accounts, self-service banking and wholesale banking.



CATEGORIES AND TYPES OF BRANCHES

Category	Branch & Sub-Branch
Conventional	706
Digital	1
Corporate	8
Islamic	427
Domestic	**1,142**
Overseas	11
Grand Total	**1,153**

OVERSEAS OPERATIONS-COUNTRIES

Country	Branch & Sub-Branch
Bangladesh	7
Afghanistan	2
Bahrain	1
UAE	1
Total	**11**

Country	Representative office
UAE (Abu Dhabi)	1

PAKISTAN OPERATIONS-PROVINCES

Province	Branch & Sub-Branch
Punjab	696
Sindh	216
KPK	99
ICT	74
Balochistan	43
Gilgit Baltistan	7
AJK	7
Grand Total	**1,142**

PAKISTAN OPERATIONS-REGIONS*

Regions	Branch & Sub-Branch
Conventional	
North	186
South	179
East	169
West	173
Corporate	**8**
Islamic	
North	124
South	77
East	121
West	105
Grand Total	**1,142**

*Bank's internal categorisation

Pakistan Operations – Cities: Please visit the Bank's website for branch network - https://www.bankalfalah.com/list-of-branch-network/

The Business Model

Bank Alfalah Limited is a financial services company incorporated in Pakistan with the purpose of fulfilling financial needs of its customers. The Bank is owned and operated by the Abu Dhabi Group. The Bank offers solutions, with integrity and transparency, to consumers, corporations, institutions, and governments through a wide array of financial products, and empower them by building lasting relationships with care. We engage in trading financial instruments, accepting deposits, and extending lines of credit to our various customer segments through a large network of branches and digital channels. The Bank operates with an experienced and diversified Board. The management team drives the operations of the Bank under guidance of the Board.

Bank Alfalah, being a holding company maintains investments in subsidiaries and associated companies operating in varied business platforms i.e., securities brokerage, asset management, insurance services, currency exchange services and delivering energy solutions. Our subsidiary companies include Alfalah CLSA Securities (Private) Limited, engaged in the business of brokerage and investment advisory; and Alfalah Currency Exchange (Private) Limited, with a business mandate of foreign exchange solutions. Our associated companies include Alfalah Asset Management Limited, Alfalah Insurance Limited and Sapphire Wind Power Company Limited. Our international operations include banking activities in Afghanistan, Bangladesh, Bahrain and the UAE.

Bank Alfalah always puts its customers' needs first through its progressive, customer-centric business model, serving clients across Pakistan, and internationally, through more than 100,000+ digital, electronic and corporeal touchpoints. The Bank generates revenue and delivers value through integrated business functions, including retail banking, digital banking, corporate banking and financial institutions, treasury and Islamic banking. Each wing has its own cohesive management team, that demonstrates extraordinary passion for innovation and customer experience.

Retail Banking portfolio includes deposit products, asset products, consumer finance, premier banking and wealth management, and it is one of the largest in terms of consumer finance in Pakistan. The business follows a two-fold model comprising direct sales in branches and a telesales network. Multiple products and services are offered to SME clients. This group conducts deposit-taking and lending activities for individual consumers, SMEs as well as commercial segment.

Shariah compliant Islamic Banking solutions cover deposit products, investment services, payment solutions and financing facilities. This group extends financing and takes deposits across all sectors for both retail and corporate clients. It has its own distinct financing solutions Shariah compliant Islamic Banking products. The group activities are monitored by a dedicated Shariah Board.

Corporate Banking Group consists of three functions; credits, investment banking and transaction banking. The solutions offered are for funding, advising, and creating structures for corporate clients' operations and trade. The business also facilitates home remittances into Pakistan. The transaction banking services include trade finance, cash management and supply chain following a global model for a centralised approach towards trade. Investment banking offers solutions for project finance and syndication while credits provide loans and fee-based products and advisory services.

Treasury and Financial Markets is a primary dealer for trading activities in the interbank money and FX markets, and offers equity solutions in-house as well as for external clients. With a strong market presence, we have treasury sales desks across Pakistan. These work for us to deploy money into profitable avenues to earn lucrative returns for shareholders.

Digital Banking services, the best in class, make banking effortless for our customers, ensuring that their evolving financial needs are constantly met through innovative digital solutions. Our portfolio covers digital deposits, lending channels, lifestyle features and corporate solutions for our customers, offered through the unique banking app 'Alfa'.

All of these business groups are supported by various support functions that help them execute day-to-day operational activities. Support functions include Risk

Management, Finance, Compliance, Marketing, Legal and Corporate Affairs, Internal Audit, Human Capital Group and Corporate Services and Operations Group.

The Bank invests capital to generate value through core business activities for its key stakeholders including shareholders, investors, customers, employees, regulators, vendors, media, analysts, rating agencies and the society as a whole. Our capital comprises financial, human, manufactured, intellectual, social and relationship, as well as natural capital. The engine driving the core business activities consists of our Board, Senior Management, and employees who drive growth though strategy and outlook, governance, performance, risk management and stakeholder management.

Material changes in Business Model

During the year, no significant changes have occurred in our Business Model.

Business Model in accordance with International Integrated Reporting (IR) Framework

The business model diagrams highlights key elements and illustrates the relationship of the Bank's capital resources, which are inputs for the Bank's business, with its various business activities that are upheld through the Bank's engine, value and growth drivers, key activities and principles of operation in order to produce outputs and outcomes for shareholders, customers, employees, regulators, rating agencies, investors, media and the society.

Stakeholders

The Bank's key stakeholders are shareholders, investors, customers, regulators, rating agencies, media, vendors and suppliers, the Board of Directors, Senior Management, employees, potential customers and the society in which it operates.

Factors affecting External Environment

For details on the external environment affecting the Bank, please refer to the Outlook section of this Annual Report.

Inputs

Key inputs for the Bank are its financial, intellectual, human, manufactured, natural, social and relationship capital. They are a source of differentiation for the organisation due to their strengths and capabilities. The organisation largely depends on these capitals to add value and provide outputs for its stakeholders. They play a key role in the robustness and resilience of the business model.

Business Activities

- The Bank's business model adapts to continuous changes in the external environment. Business activities evolve, and in turn, outputs and outcomes are improved.
- The differentiating factors are business strategy, product suite, focused market segmentation, delivery channels, marketing, and cutting-edge technology to provide better services to customers and other stakeholders.
- The Bank targets long-term success through process improvements, employee training, relationship management, product innovation and fostering culture of collaboration.

Outputs

The Bank's products and services to its customers serve as the outputs of the business model.
Please refer to our products and services on the coming pages within this section of the Annual Report.

Outcomes

Our internal outcomes (e.g. employee morale, organisational reputation, revenue, cash flows, etc.) and external outcomes (customer satisfaction, tax payments, brand loyalty, social and environmental effects, etc.) are part of the Bank's business model, and are an outcome of top-notch services and products offered by the Bank. We focus on improving our services and operation standards to produce positive outcomes for customers and other stakeholders.

Linkage of The Business Model with the SDGs



CAPITALS

INPUTS

Financial Capital

Share Capital	**Rs. 15.8 Bn**
Total Equity	**Rs. 178 Bn**
Deposits	**Rs. 2.1 Trn**
Subordinated Debt	**Rs. 14.0 Bn**

Human Capital

Head Count	**16,400**
Employer of Choice for Diversity and Inculusion	

Manufactured Capital

Branches and Sub-branches	**1,153**
ATMs and CDMs	**1,700+**
Intangible Assets	**Rs. 1.5 Bn**
Property and Equipment	**Rs. 88.9 Bn**

Additional Touchpoints: POS Machines, Social Media Platforms, QR Scanners, Booths, Representative Offices, Call Centres, Drop Boxes and Complaint Centres

Intellectual Capital

Experienced Board

Competent Management

Strong Risk Management

Secured and Updated IT Infrastructure

Compliance Framework

Policies and Procedures

Brand Image

Secured Systems

Social and Relationship Capital

Number of customers	**8.6 Mn +**
Trade partners (merchants and agents)	

Natural Capital

Solar Branches/ATMs/Inverters

Health and safety considerations at all premises

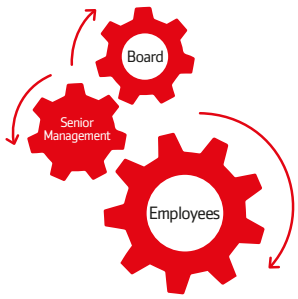
Green banking initiatives

Responsible renewable energy financing

CREATING VALUE

CORE BUSINESS ACTIVITIES

Our Engine



Value and Growth Drivers



Core activities through products and services

Generating maximum shareholder returns through efficient fund generation and effective fund management.

Deliver superior customer experience through product innovation.

Focus on growth through optimising low cost deposits, High Net Worth clients, consumer lending, SME, trade, cash management and home remittances.

Perpetual adaptation to the disruptive digital landscape in order to keep pace with the industry.

Continue to uphold a strong capital base and efficient risk management policies in order to maintain a sound liquidity profile.

Principles to Operate

Customer Experience	Managed Risk	IT & Digital	Health and Safety
Depositors' Protection	Compliance with Laws	Advancement	Digital Innovation
Governance	Strategy	Reputation Management	Service Agility
Digital Solutions	Regulator Facilitation	Maximising Shareholder Returns	Green Banking
CSR	Transparency	Data Analytics	Ethics & Culture
Employee Happiness and talent retention	Market Share	Profitability	Data Security
Secured Lending Asset Security	Staff Training	Record Safety	Preferred Employer
	Environment Protection	Gender Diversity	Process Improvement
		Sustainability	

VALUE ADDITION

OUTPUTS AND OUTCOMES

Shareholders

Profit after Tax	**Rs. 38.3 Bn**
Earnings per Share	**Rs. 24.30**
Dividend per Share	**Rs. 8.5**
Return on Assets	**1.2 %**
Return on Equity	**24.8 %**
Cost to Income Ratio	**49.3 %**
Capital Adequacy Ratio	**17.96 %**

Customers

Deposits Growth	**2.5 %**
Advances Growth	**48.8 %**
Trade Growth	**13.3 %**
NPL Ratio	**3.7 %**
ATM Uptime	**97.0 %**
CASA Mix	**77.1 %**
CA Mix	**38.2 %**

Employees

Salaries and Benefits	**Rs. 39.6 Bn**
Trainings	**Rs. 300.2 Mn**
Employee Attrition Rate	**17 %**

Vendors and Suppliers

Timely Payments against Supplies and Services

Regulators

- Compliant Financial Statements and Periodical Returns to the Regulators
- Trusted Partner of the Regulators
- Compliant Regulatory Limits and Ratios
- Timely Tax Payments

Investors and other Lenders

- High and Sustainable Returns
- Credit Worthiness and Timely Repayments
- Informed Shareholder

Media

- Responsible and Honest Communication
- Full Disclosure and Transparency

Rating Agencies

Long-term Rating	**AAA**
Short-term Rating	**A1+**
Outlook	**Stable**

Analysts

- Regular Correspondence
- Fair and Open Investor Calls

Society/Local Community

Contribution to Local Society / CSR (including Flood Relief)	**550.8 Mn**

Customer Relations

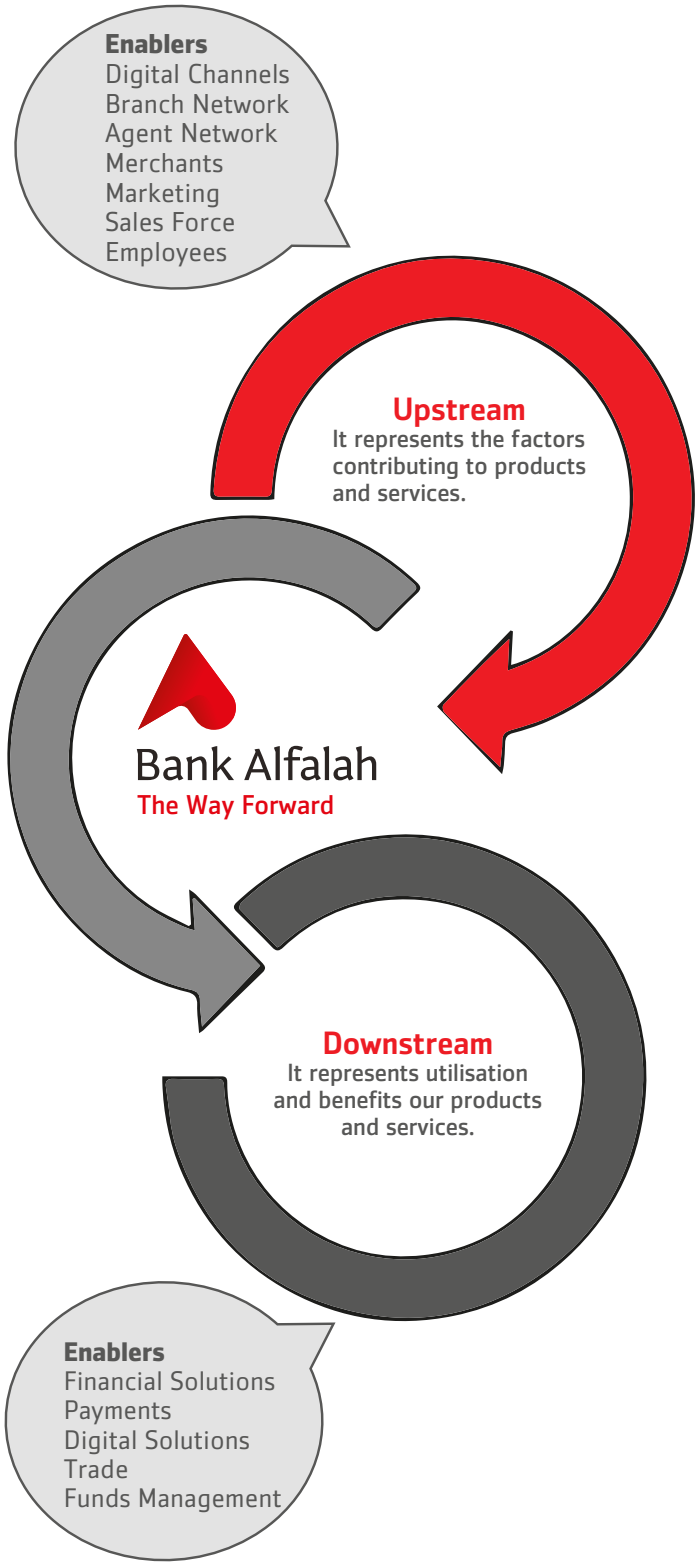
Job Creation

Improved Workplace

Protected Natural Environment

Improved Environmental Effects through Renewable Energy Financing

Bank Alfalah and the Value Chain



Upstream

- Capitals: Financial, Human, Intellectual, Social, Manufactured and Natural
- Enviornment: Economic, Political, Legal, Social, Tecnological, Natural Environment and Commercial
- Vendors and Suppliers: Entities offering various supplies and services in order to enable the Bank to optimally offer all of its products and services
- Others: Set of regulations within which the Bank operates, brand loyalty, and customers' trust

Bank Alfalah in the Value Chain

Primary Activities: The Bank aims to channel its customer deposits into lucrative lending and investments in order to gain from the mobilisation of deposits. In return, the Bank offers returns in the form of interest/profit to its customers through various products and service offerings.

Suppporting Activities: The Bank ensures that the right processes and policies are in place with regards to the banking operations. The Bank supports activities that enable it to provide primary services to its cusomters.

Downstream

Customers: They are the core of the Bank's business and drive profitability. The Bank is customer-centric in product development and looks to retain and gain customers through research, feedback and digitisation at all times.

Competitors: Healthy competition keeps the Bank updated. The Bank constantly innovates and emphasises on quality service standards.

Regulators: The Bank acts as a trusted partner of the regulators. The Bank also aims at being a responsible tax paying and collection agent.

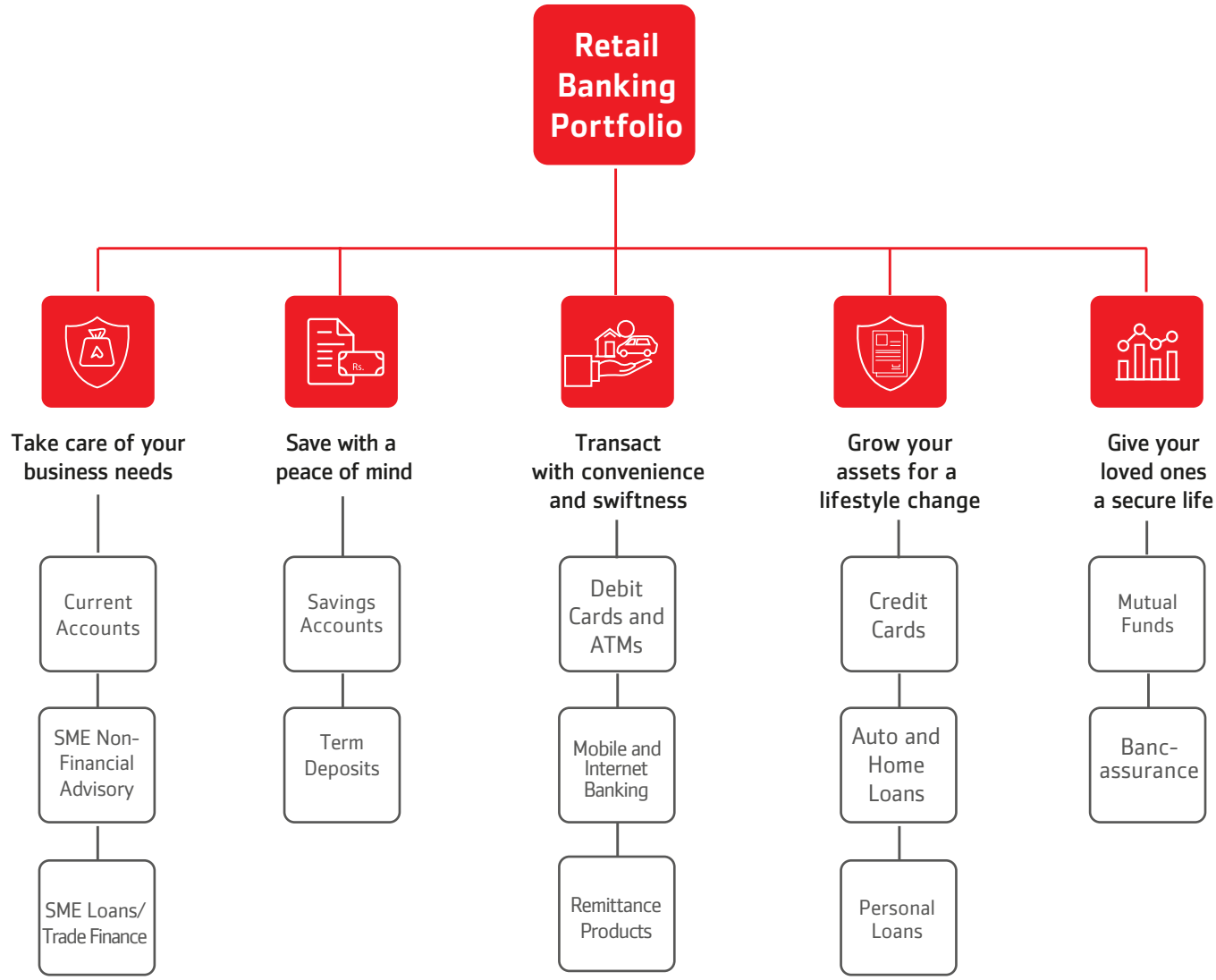
Investors and Analysts: The Bank maintains regular interaction and keep them updated with performance and actions taken in the normal course of business.

Society: The Bank prioritises giving back to the society.

Business, Products and Services

Retail Banking (Conventional)

Bank Alfalah offers one of the most extensive personal banking and SME product propositions in the market through its retail network consisting of branches, ATMs, Cash and Cheque Deposit Machines, state-of-the-art call centres and digital banking solutions. Diverse range of services and products includes deposit accounts, consumer loans, SME loans, wealth management products, and other payment solutions.



RETAIL DEPOSITS

PKR 1.3 TRILLION

RETAIL ADVANCES (NET)

PKR 243.6 BILLION

Deposit Products

Bank Alfalah offers a comprehensive deposit product suite, which is complemented through its vast branch network and digital banking solutions. From transactional current accounts, structured savings products to basic banking accounts, term deposits and foreign currency products, customers can choose the option that best suits their banking requirements.

Current Deposit Products	Savings Deposit Products	Term Deposit Products
• PKR Current Account • Alfalah Kamyab Karobar Account • Basic Banking Account • Alfalah Asaan Current Account • Alfalah Asaan Remittance Current Account • Alfalah Pehchaan Current Account • Alfalah FCY Current Account • Alfalah-at-Work Current Account • Roshan Digital Account (NRVA and FCVA) • Asaan Digital Current Account • Asaan Digital Remittance Current Account • Freelancer Digital Current Account • Alfalah Pehchaan FCY Current Account • Alfalah Kashtkaar Current Account	• Alfalah PLS Savings Account • Alfalah Care Account • Alfalah Royal Profit Account • Alfalah Institutional Royal Profit Account • Alfalah Institutional Royal Savings Account • Alfalah Kifayat Account • Alfalah Asaan Savings Account • Alfalah Asaan Remittance Savings Account • Alfalah Pehchaan Savings Account • Alfalah SnaPack (Kid's Account) • Alfalah Remitter Savings Account • FCY Savings Account • FCY Monthly Savings Account • Alfalah at Work Savings Account • FCY Pehchaan Savings Account • Roshan Digital Account (NRVA and FCVA) • Asaan Digital Savings Account • Asaan Digital Remittance Savings Account • Freelancer Digital Savings Account • Asaan Pehchaan Digital Savings Account	• PKR Term Deposit • Alfalah Mahana Amdan Account • Alfalah Mahana Amdan Account- Care Senior Citizen • Floating Term Deposit • FCY Term Deposit • Alfa Term Deposit

Asset Products

The Bank continues to evolve in light of evolving customers' needs, emerging technologies, rising middle-class and demographic changes, social behaviour and the economic scenario.

Consumer Financing

The Bank's Consumer Finance business strives to be a world-class consumer lending business by upholding financial responsibility through prudent lending practices and a robust risk management framework. Over the years, it has achieved consistent growth, focusing on sustainable strategic planning, implementing strong operational and credit risk programmes, enhancing product offerings, and driving digital transformation across its processes. With one of the most diverse portfolios in the market, the business offers a range of secured and unsecured products, including industry-leading Credit cards, Auto loans, Personal loans, and Home loans, all highly regarded in the market. Its payment solutions include Debit cards, Credit Cards, Travel Currency Cards, and Point-of-Sale (POS) terminals, catering to a wide spectrum of customer needs.

Consumer Financing Product Offerings			
Alfalah Cards	Alfalah Personal Loans	Alfalah Auto Loans	Alfalah Home Finance
• Classic • Gold • Platinum • Ultra Cashback • Optimus • American Express • Platinum Premier • Infinite Card • Corporate Card • Instant Credit Card	• Cash Loan • Purchase Loan • Balance Transfer Facility • Top Up Loans • Instant Personal Loan • Pehchaan Finance • E-Bike Loan (Green Financing) • InstaCash (Revolving Loan)	• Residual Value Product • Vehicle Replacement Option • Fixed and Variable Pricing Option • Co-Borrower Facility • Roshan Apni Car	• Home Purchase • Home Construction • Plot Purchase + Construction • Home Balance Transfer Facility • Home Renovation • Alfalah Ghar Asaan (Mera Pakistan Mera Ghar) • Roshan Apna Ghar Home Secure • Home Solar Finance

SME Lending/Agricultural Financing/Trade

Bank Alfalah's strives to provide the best possible lending solutions to customers. The Bank's goal is to increase SME advances, and in doing so support financial inclusion, onboard new customers, reach out to maximum SMEs, engage with new business sectors, and empower and educate its customers. The SME division aims at growing the SME portfolio by providing market standard services to all existing and new customers.

SME and Agri Loan Product Offerings	
SME	**Agri Loans**
• Alfalah Fleet Finance • Alfalah Merchant Line • Alfalah Quick Finance • Alfalah Karobar Finance • Alfalah Value Chain Financing • Alfalah Milkiat Finance • Alfalah Green Energy • Refinance Facility for Modernisation of SMEs • Refinance Scheme for Working Capital Financing of Small Enterprises and Low-End Medium Enterprises • Refinance and Credit Guarantee Scheme for Women Entrepreneurs • Small Enterprise (SE) Financing and Credit Guarantee Scheme for Special Persons • Prime Minister Youth Business and Agriculture Loan Scheme • SME Asaan Finance Scheme (SAAF)	• Alfalah Paidawari Zarie Sahulat • Alfalah Musalsal Zarie Sahulat • Alfalah Tractor and Transport Zarie Sahulat • Alfalah Machinery and Equipment Zarie Sahulat • Alfalah Aabpaash Zarie Sahulat • Alfalah Islah-e-Araazi Zarie Sahulat • Alfalah Poultry Zarie Sahulat • Alfalah Dairy and Livestock Zarie Sahulat • Alfalah Fisheries Zarie Sahulat Inland • Alfalah Silos/Storage Zarie Sahulat • Alfalah Marketing Zarie Sahulat • Alfalah Agri Industrial Zarie Sahulat • Alfalah Bills/Guarantees Zarie Sahulat • Alfalah Lease Zarie Sahulat

Bank Alfalah
Premier

Premier Banking

At Bank Alfalah Premier, we are committed to exceeding our clients' expectations through best-in-class services and innovative product offerings designed exclusively for the customers. Bank Alfalah Premier offers an unparalleled banking experience with a key element of its strategy of introducing industry-firsts including:

- Seamless onboarding (instant account opening and debit card issuance)
- Personalised management with dedicated Relationship Managers
- Premium & wide spread lounge network across the country
- Differentiated Premier Card offerings
- Access to Premier Proposition throughout the Bank's branch network across the country

Bank Alfalah Premier lounges are now available in all major cities, including Karachi, Islamabad, Lahore, Sialkot, Rawalpindi, Abbottabad, Faisalabad, Multan, Peshawar, Quetta, Wah Cantt, Jhelum, Gujranwala, Hyderabad, Mandi Bahauddin, Mardan, Rahim Yar Khan, Jhang, Gujrat, Bahawalpur, Okara, Bhurewala , Dera Ghazi Khan, Kallar Syedan, Attock, Swat, Sargodha and Sahiwal.

Investment Services

Bank Alfalah through its Investment Services division offers a variety of financial solutions managed by professional, reputable and seasoned Asset Management company. Bank Alfalah Investment Services includes the distribution of mutual funds, structured products, government securities/bonds/bills, equities and fixed income instruments to the Retail, Corporate and SME segments. Working with a reputable AMC, Alfalah GHP Investment Management Limited's Investment Services helps the Bank's clients protect, grow and manage their finances.

All these funds are managed by Alfalah GHP Investments Management Limited, and the Bank acts as the distributor of these products.

Investment Product Offerings	
Conventional	**Islamic**
Money Market Funds • Alfalah GHP Money Market Fund • Alfalah GHP Money Cash Fund	**Islamic Money Market Funds** • Alfalah GHP Islamic Rozana Amdani Fund • Alfalah Islamic Money Market Fund
Income Funds • Alfalah GHP Fixed Income Fund • Alfalah GHP Sovereign Fund • Alfalah GHP Income Multiplier Fund • Alfalah Financial Sector Income Fund • Alfalah Government Securities Fund	**Income Funds** • Alfalah GHP Islamic Income Fund Alfalah GHP Islamic Sovereign Fund
Asset Allocation Funds • Alfalah GHP Value Fund • Alfalah Financial Value Fund	**Asset Allocation Funds** • Alfalah GHP Islamic Value Funds
Equity • Alfalah GHP Equity Fund • Alfalah GHP Stock Fund • Alfalah GHP Alpha Fund	**Equity** • Alfalah GHP Islamic Stock Fund
Stable Return Funds • Alfalah GHP Stable Return Fund-I	**Funds of Funds Schemes/CPPI** • Alfalah GHP Islamic Prosperity Planning Fund
Funds of Funds Schemes/CPPI • Alfalah GHP Prosperity Planning Fund	**Stable Return Funds** • Alfalah Islamic Stable Return Fund
Pension Fund • Alfalah GHP Pension Fund	**Pension Fund** • Alfalah GHP Islamic Pension Fund

In addition, the Bank offers **IPS Accounts for Govt Securities** – PIBs, Tbills and Sukuk.

Bancassurance

Bank Alfalah's Bancassurance solutions are especially designed to help customers protect and secure a stable future for themselves and their loved ones. Partnering with leading insurance and Takaful companies in the country, the Bank offers a diverse range of solutions, customised to meet protection and saving needs of its customers at every stage of their life.

Bank Alfalah's Bancassurance product suite comprises need-based solutions for both conventional and Islamic clientele, including unit linked and bonus linked savings and protection plans, health plans, term life plans and general insurance plans.

All these plans are underwritten and owned by Insurance/Takaful companies, and the Bank acts as the distributor of these products.

Bancassurance Product Offerings	
Insurance Plans	**Takaful Plans**
Unit Linked Life Insurance Plans	**Unit Linked Takaful Plans**
• Rida Marriage Plan • Roshni Education Plan • Sahara Retirement Plan • Rahat Savings and Protection Plan • Kohsar Plan • Mukammal Savings and Insurance Plan • Ujala Insurance Plan • Jubilee Imperial Plan	• Uroos Marriage Plan • Danish Education Plan • Tadbeer Multi-Purpose Savings Plan • Zeenat Takaful Plan • Zindagi Premier Takaful Savings Plan • Zindagi Zindagi Plus Takaful Savings Plan • Saholat Takaful Savings Plan • Kaamil Takaful Savings Plan • Shama Takaful Savings Plan • Tayyab Takaful Plan • 5th Pillar Family Takaful Amanat Savings Plan • 5th Pillar Family Takaful Bulawa Hajj Savings Plan
Bonus Linked / Traditional Life Insurance Plans	**Term Life Takaful Plan**
• Endowment Plan • Sadabahar Plan • 3 Payment Plan • Misaal Plan	• Taskeen Takaful Plan
Health Insurance Plans	**Health Takaful Plan**
• Kafeel Plan • Azmat Health Insurance Plan • Hikmat Insurance Plan • GlobalCare Health Insurance Plan	• Shifa Takaful Plan
General Insurance Plans	**General Takaful Plan**
• Car a Vaan Motor Insurance Plan • Nighaban Insurance Plan (Wallet Insurance)	• Zaamin Takaful Plan (Wallet Takaful)

Retail Payment Solutions

Bank Alfalah provides comprehensive retail payments solution services to all customer segments. The key services include:

- Point of Sales Acceptance – Network of 28,000 + machines including big fleet of android machines (first bank to launch android machines in the market);
- Online Payment Acceptance – 70+ Bn in annual throughput and servicing over 5,000 merchants directly and through payment aggregators. First payment gateway to accept PayPak cards.
- Bank at Work – Employee Banking – catering 3,500 + companies & 440,000 employee accounts;
- Standard Cash Management Services – Payments and Collections of 2500+ mandates; including customized payment solutions.
- Ecosystem and partnerships – Providing a suite of banking and payment services to 150+ clients (including EMIs,Fintechs and startups)

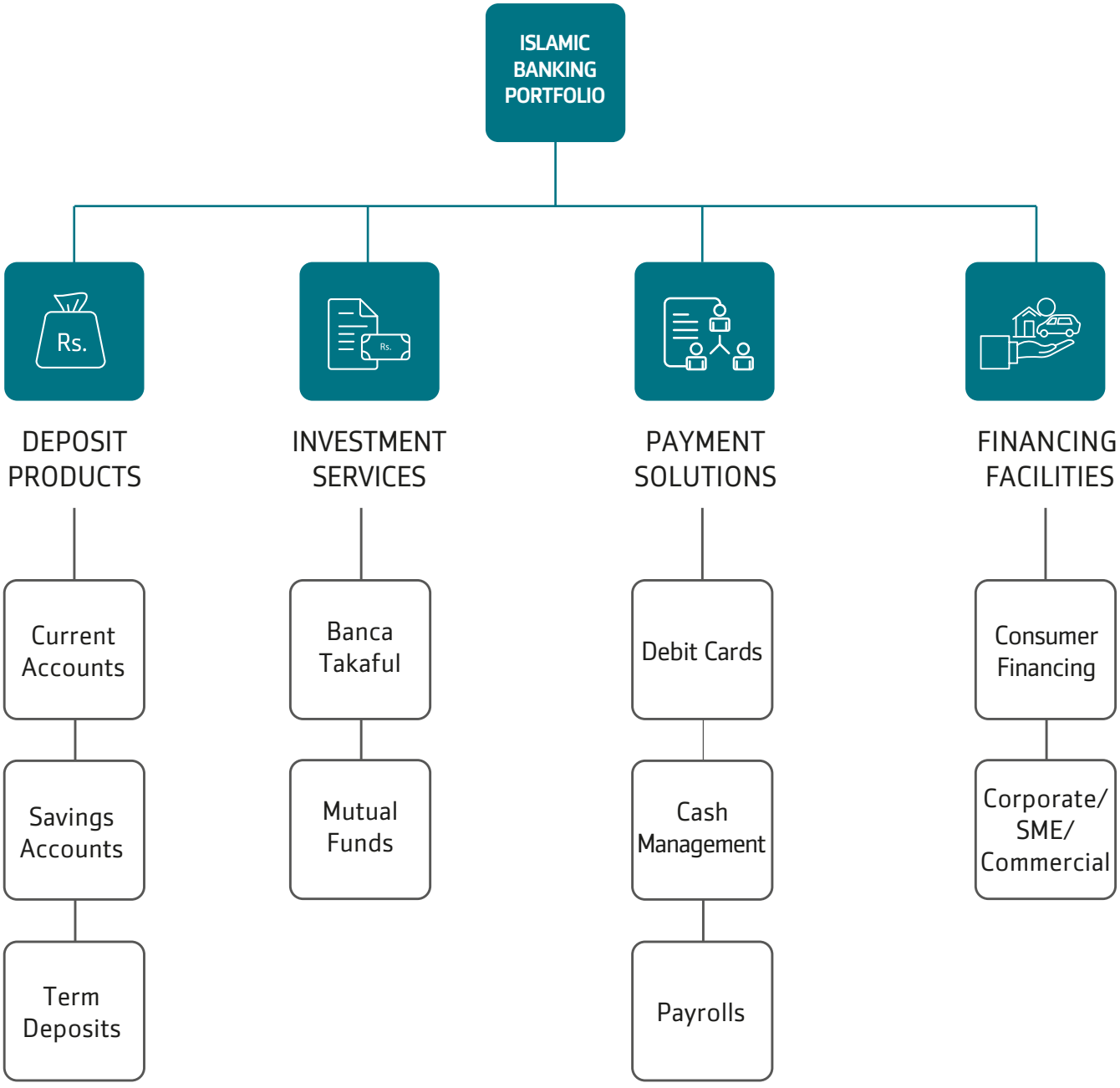
Orbit Rewards Programme

Bank Alfalah's award winning Alfalah Orbit Rewards Programme is the first enterprise-wide loyalty programme launched by the Bank in January 2017. Under its umbrella, the Bank's customers can earn Orbits (points) across various products, and redeem these against multiple options like telco bill payments, utility bill payments, QR transactions, donations, Orbit Mall (e-commerce portal), POS merchants, and much more.

Bank Alfalah
Islamic

Islamic Banking

With a full range of Shariah compliant Islamic banking solutions for corporate, commercial, SME, retail , treasury, trade and consumer banking customers, Bank Alfalah is geared towards exploring new markets with a view to diversify its client base and provide one-stop innovative and convenient financial solutions.



ISLAMIC DEPOSITS

PKR 398.8 BILLION

ISLAMIC ADVANCES (NET)

PKR 166.9 BILLION

Deposit Products

Bank Alfalah Islamic offers a wide choice of deposit accounts that are Shariah compliant, i.e. designed with strict adherence to Shariah principles. Through current deposits, savings deposits, instalment-based term deposits and regular term deposits, daily banking services can easily be disseminated through the Bank's vast branch network and self-service banking solutions. Moreover, to keep up with the era of digitisation, the product suite has numerous digital accounts for different customer segments.

Current Accounts

Based on the concept of Qardh, current accounts have been developed to cater to liquidity and daily transaction requirements of our customers in a Shariah compliant manner.

Savings Accounts

Bank Alfalah Islamic savings accounts are based on the concept of Mudarabah, and aim at providing necessary saving solutions for various segments of the consumer market, including individuals, sole proprietors, traders, businessmen, government entities, corporate clients and commercial customers to facilitate their banking activities nationwide.

Term Deposits

Based on the concept of Mudarabah, TDRs offer attractive short-term, mid-term and long-term investment options with flexibility and convenience. With various tenor options available for different target markets, combined with different profit pay-out options, customers can choose the term deposit that best suits their needs. Shariah compliant instalment based TDRs offered by Bank Alfalah Islamic enable customers to opt for their choice of customised savings plan.

Current Deposit Products	Savings Deposit Products	Term Deposit Products
• Falah Islamic Current Account • Falah Islamic Basic Banking Account • Alfalah Islamic FCY Current Account • Alfalah Islamic Asaan Current Account • Alfalah Islamic Asaan Remittance Current Account • Alfalah Islamic Special Foreign Currency Current Account • Islamic Roshan Digital Current Account • Alfalah Islamic Business Way and Payroll • Alfalah Islamic Asaan Digital Current Account • Alfalah Islamic Freelancer Digital Current Account • Alfalah Islamic Asaan Digital Remittance Savings Account • Asaan Islamic Roshan Digital Current Account- PKR • Asaan Islamic Roshan Digital Current Account- FCY • Islamic Roshan Digital Business Current Account – FCY • Islamic Roshan Digital Business Current Account – PKR	• Khayaal Rakhna Account • Alfalah Islamic Women Account • Alfalah Islamic Musharakah Savings Account • Falah Business Account • Falah Mahana Amdani Account • Alfalah Islamic Asaan Savings Account • Alfalah Islamic Asaan Remittance Savings Account • Alfalah Islamic Collection Savings Account • Alfalah Islamic Special Foreign Currency Savings Account • FCY Savings Account • Alfalah Islamic Profex Account • Falah Senior Citizens Savings Account • Islamic Roshan Digital Savings Account • Islamic Home Remittance Account • Alfalah Islamic Asaan Digital Savings Account • Alfalah Islamic Asaan Digital Remittance Savings Account • Alfalah Islamic Freelancer Digital Savings Account • Falah Asaan Women Digital Savings Account • Asaan Islamic Roshan Digital Savings Account- PKR • Asaan Islamic Roshan Digital Savings Account- FCY • Islamic Roshan Digital Business Saving Account – FCY • Islamic Roshan Digital Business Saving Account – PKR • Alfalah Islamic Business Way – Payroll Current Account & FCY	• Alfalah Islamic Premium Deposits • Falah Mahana Munafa Term Deposit • Falah Term Deposits • Foreign Currency Term Deposits • Alfalah Islamic Recurring Value Deposit • Falah Senior Citizens Term Deposit • Target Savings Deposit • Falah 3 Year Term Deposit (Monthly Income Certificate) • Alfa Term Deposit- Islamic

Takaful Coverage

We offer Free Takaful Coverage for accidental death and permanent disability on all Bank Alfalah Islamic Current and Savings Accounts upon maintaining monthly average balance of Rs. 10,000 or more. With all these accounts, customers can qualify for coverage of up to PKR 2 million as per the coverage plan. Along with that, Islamic Account holders can also get Mobile Phone coverage of up to PKR 60,000/- upon maintaining monthly average balance of PKR 500,000 or more. In addition to this coverage, Islamic account holders and debit card holders also get Household Takaful Coverage, ATM Cash Withdrawal, Wallet and Cash over Counter Takaful Coverage. Through the support of Takaful service provider, Bank Alfalah Islamic extends a virtual outpatient department (OPD) service to its accountholders.

Asset Products

On the asset side, a number of financing/investment solutions are available for corporate/commercial/ SME as well as retail customers.

Consumer Financing

Bank Alfalah Islamic provides its retail / consumer segment with the option to avail secured financing solutions, such as Alfalah Islamic Auto Finance and Alfalah Islamic Home Musharakah enabling them to meet their dreams of owning a car or a home. To make these products more accessible, Bank Alfalah Islamic provides a range of options, including Roshan Apna Ghar, Roshan Apni Car, Residual Value Financing, Solar Financing, Hybrid Financing, and Auto Finance through RAPID. These diverse offerings ensure convenience and cater to the unique needs of our customers. Islamic Consumer Finance Gross Portfolio grew by 11% in 2024 (as compared to year 2023) reaching an impressive milestone of PKR 30 billion.

SME/Commercial/Corporate Financing

Small and Medium Enterprises (SMEs) are considered the engine of growth for developing countries like Pakistan. In order to efficiently cater to their needs and thus enhance economic growth and increase economic activity in the country, Bank Alfalah Islamic offers various financing products for the SME segment. The Bank also offers financing facilities for different customer requirements like purchase of goods/raw materials, manufacturing, construction, working capital needs, finished goods financing, trade financing and financing of corporate and commercial assets.

Corporate/Commercial/SME	SME	Trade	Consumer
• Alfalah Running Musharakah (Corp/Comm only) • Murabaha/Import Murabaha • Alfalah Musawamah/Import • Musawamah • Falah Tijarah • Alfalah Istisna • Commodity Salam • Diminishing Musharakah • Ijarah • Islamic Financing Facility for Storage of Agriculture Produce • Islamic Financing Facility for Renewable Energy	• Alfalah Islamic Karobar Finance • Alfalah Islamic Fleet Finance • Alfalah Islamic Milkiat Finance • Alfalah Islamic Distributor Financing – Supply Chain Financing • Islamic Refinance Facility for Modernisation of SME • Islamic SME Asaan Finance (ISAAF) • Prime Minister Youth Business and Agriculture Financing • Agri Financing • Islamic Refinance & Credit Guarantee Scheme for Women Entrepreneurship (IRCGS-WE) • Electronic Warehouse Receipt Financing (EWRF) • Profit Subsidy and Risk Sharing Scheme for Farm Mechanisation (MSRSSFM) • Islamic Payable Finance	• Islamic Export Refinance Scheme (IERS) • Currency Salam • Forward Contracts • Guarantee • Letters of Credit • Islamic Long-Term Financing Facility (ILTFF) • FCY Import / Export Financing • Shariah compliant alternatives to Bill Discounting • EXIM Bank Administered Export Refinance Subsidy Scheme	• Alfalah Islamic Auto Finance (Standard, RV and Hybrid) • Alfalah Islamic Roshan Apni Car (RAC) • Alfalah Islamic Home Musharakah (Standard) • Alfalah Islamic Hybrid Home Financing including Solar • Alfalah Islamic Roshan Apna Ghar • Alfalah Islamic Auto Finance through Rapid







Islamic Treasury

Bank Alfalah Islamic offers variety of facilities under the ambit of treasury, including but not limited to, Shariah compliant Placements/Acceptance through Mudarabah/Musharakah/Wakalah with other Financial Institutions, Forward (Wa'ad) transactions, Currency Salam, Sale & Purchase of Sukuk as Primary Dealer, Placements through Bai-Muajjal of Sukuk etc. Mudarabah based financing facility (MFF) & Open Market Operations (OMO) – Injections with SBP are also available with Treasury.

Bank Alfalah
Islamic Premier

Islamic Premier Banking

Bank Alfalah Islamic Banking Group has achieved a revolutionary landmark by launching Bank Alfalah Islamic Premier proposition and expanding its footprints across the nation. Within a span of Six years, the Bank has inaugurated 40 state of the art designer Islamic Premier lounges in renowned cities such as Karachi, Lahore, Islamabad, Multan, Rawalpindi, Faisalabad, Peshawar, Gujranwala, Sialkot, Quetta, Attock and Swat. This lounges have also opened gates for establishment of non – lounge strategy through which accessibility of Islamic Premier proposition is provided to over 350+ branches in these respective cities.

Under this versatile proposition, high net worth customers of the bank are dealt with priority and benefit from exclusive facilities, including but not limited to:

a. Up to 50% offers, locally and internationally, at top notch outlets through Islamic Premier Debit Card
b. Key to Islamic Premier benefits – Islamic Premier Debit Card offers higher spending and transaction limits, access to over 1200+ lounges globally in more than 140 countries through Visa Airport Companion (VAC), unmatched benefits at hotels worldwide, concierge services and a lot more!
c. Up to PKR 2,000,000 worth of complimentary accidental takaful coverage for various uncertainties through Islamic Premier deposit accounts
d. Fee waivers on banking products and services
e. Fast tracked services and system functionalities supporting expedited turnaround time for all banking service requests
f. Dedicated and highly skilled Islamic Premier relationship management team at all Islamic Premier lounges
g. Up to 8 times accelerated Orbit reward programme
h. Dedicated helpline for fast tracked complaint resolution
i. Bank Alfalah Islamic Premier customers across the nation, also have accessibility to designer Islamic Premier lounges which are exclusively tailored to meet their individual needs. The lounge provides with conference room facility for customer's business meetings which is very well appreciated by our customers. It also provides refreshed way of banking through Espresso coffee and snacks, dedicated teller counter and a lot more for a lifestyle based banking experience
j. With the world moving towards digital innovations, Bank Alfalah Islamic Premier has also kept a strong presence digitally by launching Alfa Islamic Premier application with an appealing UX/ UI enhancement and new features such as the nearest lounge locator, nearest alliances locator and Call my Premier Relationship Manager option. Further, Islamic Premier SMS banking and an Islamic Premier WhatsApp forum has also been launched.

A New Era of Islamic Premier Banking

In line with its dedication to delivering exceptional banking experiences, Bank Alfalah has proudly inaugurated its Islamic Premier Branch at Sky Tower, Clifton, Karachi.

This state-of-the-art facility strengthens the Bank's market presence, offering an exclusive and sophisticated banking environment designed to meet the evolving needs of its valued clients.

With a steadfast focus on trust, innovation, and financial prosperity, this milestone reflects the Bank's dedication to shaping the future of Islamic Premier Banking and redefining excellence in the industry.

Orbit Rewards

Bank Alfalah Islamic not only values, but also rewards every relationship that the Bank builds as an affirmation of its commitment to finding new and innovative ways to create value for customers.

Every product, whether it is a debit card, deposit account, home musharakah, auto finance, internet banking, mobile application, bancatakaful, or an investment policy, it allows customers to earn Orbits, a revolutionary reward currency. Customers can use Orbits to redeem items from the Bank's extensive online rewards catalogue and make bill payments through internet banking and Alfa mobile application. Customers can even transfer Orbits to other Bank Alfalah Islamic customers. The more Bank Alfalah Islamic products a customer holds, the greater is the potential to earn Orbits across all products in the form of a tier bonus every month.



Corporate Banking

Bank Alfalah's Corporate, Invesment and International Banking offers a comprehensive array of financing solutions to its corporate clients. The product offering includes long-term and short-term funded solutions with flexibility for structured products, including, but not limited to, working capital, import-export refinance, commodity finance, long-term finance, bill discounting, documentary credits, guarantees and foreign exchange. Strong corporate relationships form the basis for bringing mandates related to project financing, syndicates, large scale public sector lending, digital solutions and trade based solutions. Deposit mobilisation from various corporate clients is also part of its product offering. Corporate banking synergises with other groups within the Bank to capitalise on cross-sell opportunities like cash management solutions, payroll, vendor/dealer financings, digital offerings, etc.

Investment Banking

The Investment Banking Division of Bank Alfalah is at the forefront of delivering innovative and tailored financial solutions to a diverse client base. Backed by a team of experienced professionals, we specialize in Project Finance, Debt Syndications, Equity & Capital Markets advisory, Mergers and Acquisitions (M&A), and shareholder engagement. Its services are designed to empower clients with the strategic tools needed to achieve their financial and operational objectives.
In 2024, the Bank expanded its offerings with the introduction of the Sustainability Finance Department, reaffirming its commitment to driving environmentally and socially responsible investments. This addition aligns with its vision to support initiatives that address global sustainability challenges while contributing to the local economy. Alongside this, the Bank has also strengthened its focus on expanding business in the MENA (Middle East and North Africa) region, targeting new opportunities to broaden its footprint and enhance cross-border investment solutions.

With expertise spanning critical sectors such as infrastructure, renewable energy, real estate, water, and steel, the Bank actively participates in transformative projects that enhance the nation's economic landscape. Bank Alfalah prioritises building enduring partnerships through a client-centric approach and operational excellence. Its focus on sustainable growth is underscored by its active support for government and private sector credit initiatives, driving progress and innovation. By aligning with national and global sustainable development goals, the Investment Banking Division remains dedicated to delivering long-term value and impact for all stakeholders.

Financial Institutions and Home Remittance Business

The Financial Institutions (FI) Unit manages relationships with local and foreign banks, prioritising customer facilitation to meet their trade and other banking needs. FI offers traditional trade (LC Advising, Confirmation, Negotiation, Discounting, and Letter of Guarantees) as well as structured trade solutions, i.e. Swift Trade Loans, UPAS LCs, and secondary market trade transactions, with the idea of strengthening our relationship with counterparty banks. FI maintains 60+ NOSTRO accounts in various currencies as well as 700+ unique Relationship Management Applications (RMA) with banks globally.

This unit aims to enhance the infrastructure established with their correspondent banks, facilitating the financing and refinancing of trade and commercial transactions

CORPORATE DEPOSITS
PKR 263.0 BILLION

CORPORATE ADVANCE (NET)
PKR 635.2 BILLION

between Asia, the Middle East, the European Union and Africa through their network. The NBFI desk offers bespoke solutions catering to sectoral needs by providing structured finance and cash management solutions to meet the capital and liquidity requirements of clients. The desk is further venturing into various agreements with the development sector and is partnering with key players, aligning the Bank with the national initiative of financial inclusion and poverty alleviation.

Engaging in remittance flows under the State Bank of Pakistan's Pakistan Remittance Initiative remains a significant priority for the Bank. Beyond contributing to the economy, the inflow of home remittances serves as an important source of family support for numerous households nationwide. Bank Alfalah is proud to be a key participant in this national cause, overseeing payouts through its extensive domestic branch network.

Recognising the substantial impact of home remittances on the nation's economy, the Bank remains committed to ensuring that its remittance solutions are safe, efficient, reliable and best-in-class. In pursuit of this goal, Bank Alfalah has taken various initiatives, including investing in technology, system capacity, personnel and marketing, aimed at enhancing the flow of home remittances through banking channels.

Transaction Banking

At Bank Alfalah, Transaction Banking continues its commitment to delivering best-in-class solutions through significant investments in technological infrastructure to become a leading Transaction Bank. As Transaction Banking Offers Cash Management, Trade & Supply Chain Finance solutions with numerous benefits, our focus remains on delivering innovative solutions that cater to our clients' evolving needs, while enhancing operational excellence.

Cash Management

Leveraging its core strengths, Bank Alfalah's Cash Management business has experienced substantial growth in recent years, establishing itself as a premier solution provider for customers across different segments of the industry. A structured and optimum corporate internet banking solution, 'Bank Alfalah Transact', is offered, backed by the Banks vast branch network and digital touchpoints, allowing corporate, SME and institutional clients to conveniently carry out transactions anywhere and anytime. Real-time connectivity is on offer, utilising the power and convenience of the internet. Its objective is to maintain uninterrupted banking services to clients in a personalised, cost-effective, efficient and, most significantly, secure manner.

The solution stands as a fully integrated, end-to-end platform featuring a single access point for all payment and collection transactions and information needs. This setup empowers clients to streamline their workflow processes, and can be scaled according to their preferences for product simplicity and sophistication. It transforms the way our clients do business and extends their reach to new markets, and at the same time, lowers transaction costs and reduces processing time.

The business is positioned to build scalability, aligning with the Banks' commitment to offer smarter and better solutions. The objective is to continue positively impacting clients and their overall financial well-being.

Trade Financing

International and domestic trade is highly complex and involves a web of intricate transactions. Trade Finance provides swift, efficient, reliable and holistic solutions for each phase of a client's trade value chain supporting their trade activities. The specialists in Trade Finance possess a deep understanding of both local and international business dynamics, and are therefore well-equipped to capture complete end-to-end trade flows of clients by providing an extensive array of trade products and services.

Supply Chain Financing

Bank Alfalah's Supply Chain Financing (SCF) function is based on global best practices and was initiated under the road map and advisory from IFC. The anchor led and non-collateralized nature of programs stand as the corner stone of the Banks' unique selling proposition, positioning Bank Alfalah as a leader in the supply chain finance space in Pakistan. The Supply Chain Financing (SCF) function has steadily evolved within the Bank, becoming an integral part of its financial services. This growth reflects the Bank's commitment to supporting businesses by providing tailored financial solutions that enhance supply chain efficiency and address the unique needs of both suppliers and buyers. The SCF function aims to improve liquidity, reduce risks, and foster stronger business relationships, ultimately driving greater economic activity and growth.

Treasury and Financial Markets

Treasury and Financial Markets (the Group) is dedicated to managing the Bank's market and liquidity risks while offering a comprehensive range of financial market products to both local and global clients. By leveraging the Bank's strong market position and extensive global network, the Group caters to the unique business needs of its clients. With a team that is experienced, diverse, and dynamic, Treasury ensures competitiveness and efficiency in its trading activities.

Treasury Front Office

Treasury Front Office is responsible for managing the Bank's interest rate, foreign exchange, liquidity, and equity price risks within a comprehensive framework approved by the Board. It oversees key functions such as Assets and Liabilities Management (ALM), Trading, and Sales for both Conventional and Islamic Banking. Treasury maintains a flexible and responsive approach to ensure strong performance in varying market conditions.

As a leading player in the financial market and a top Primary Dealer in government securities, Bank Alfalah's Treasury aims to provide superior services in foreign exchange and government securities investments.

The experienced trading desk plays a pivotal role in the foreign exchange and fixed income markets, while the treasury sales desks offer tailored solutions for interest rate and foreign exchange exposures to a diverse client base. Treasury also conducts roadshows to promote government debt and securities to foreign investors. It delivers a broad range of conventional and Islamic financial solutions to meet specific client needs, including structured products for investment and hedging. For three consecutive years, Bank Alfalah has been ranked the No. 1 primary dealer in Pakistan by the State Bank of Pakistan (SBP).

Capital Markets

Leveraging its active involvement in Capital Markets and their development, the Bank has established a robust presence, offering comprehensive investor relations services and playing a pivotal role in fostering market growth. This commitment to excellence has earned the Bank multiple awards and recognition in the industry.

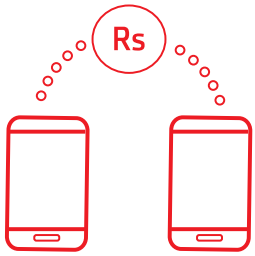
FX EARNINGS

PKR 9.5 BILLION

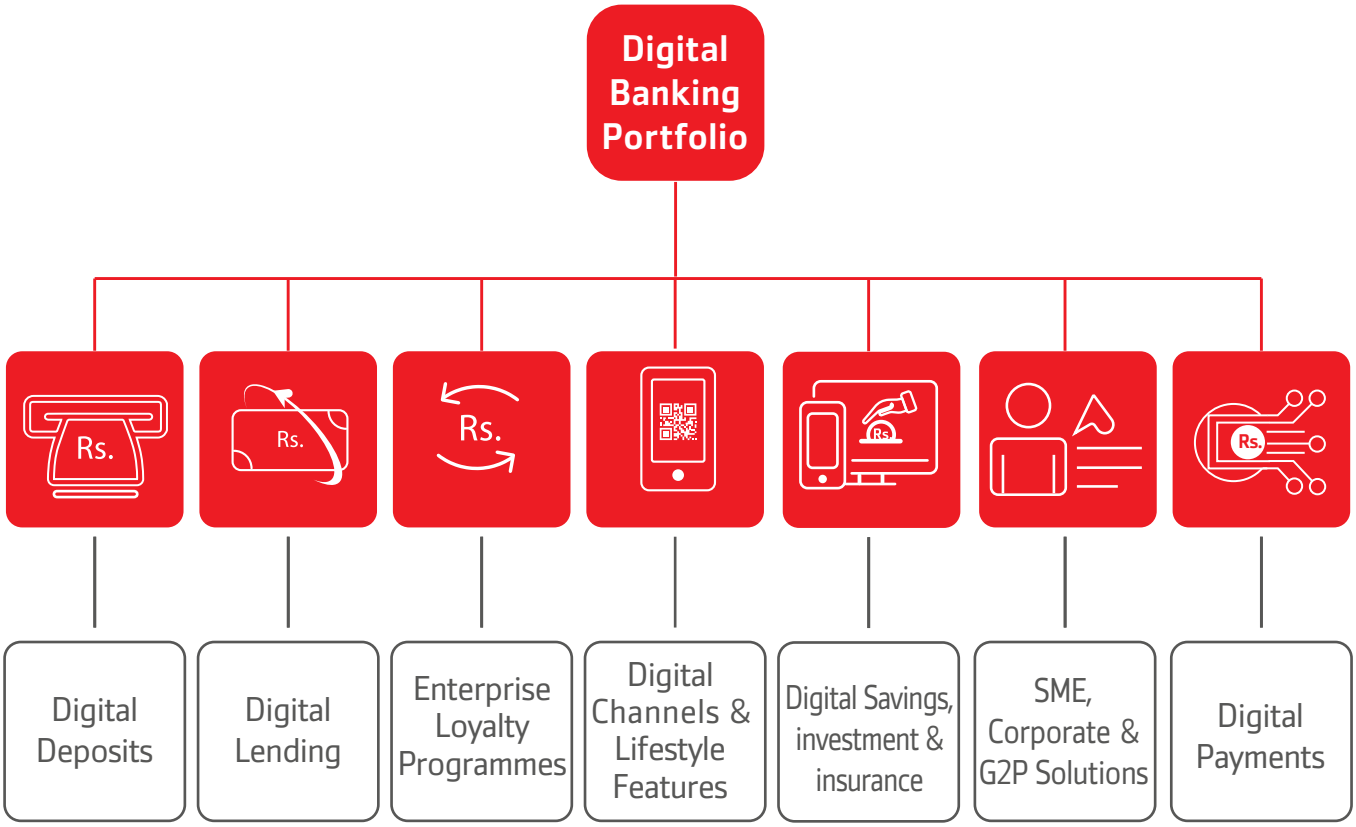
GAIN ON SECURITIES

PKR 13.9 BILLION

Digital Banking



As a leading financial institution, Bank Alfalah's unwavering commitment to innovation, customer-centricity, and cutting-edge technology has propelled itself to the forefront of the digital banking landscape. With a wide array of financial products and channels catering to both conventional and Islamic customers, including the Alfa app, digital payments and financing solutions, ATMs, deposit machines, enterprise wide loyalty programmes, payroll wallet accounts, digital savings, investment and insurance products agent network and as one of the largest banks providing Government to Person (G2P) disbursements in both rural and urban areas, the Bank has successfully positioned itself at the forefront of digital expansion by providing best-in-class digital banking solutions in Pakistan. As a result, the Bank has been awarded the coveted 'Best Digital Banking' award three times in a row (2022, 2023, 2024) at the Pakistan Banking Awards.



THROUGHPUT

PKR 6.0 TRILLION

MIGRATION RATIO

84%

This excludes branchless banking transactions, other banks' cards on Bank Alfalah channels and Bank Alfalah credit cards on POS

Digital Deposits & Investments

- **Digital Account Opening (Alfa RAPID)**

  RAPID allows users to open a Conventional or Islamic bank account entirely online, eliminating the need to visit a branch. Leveraging the power of the Internet, the Alfa app and RAPID portal ensure that banking is accessible to everyone, anywhere. It offers a quick and seamless on boarding process, utilizing advanced biometric technology through the phone's camera, along with the flexibility to choose services like the mobile app, debit card, or cheque book. The Alfa app also automatically retrieves unique passcodes, guaranteeing a secure, smooth, and authentic on boarding experience. Currently, the RAPID suite offers 30+ different account variants its product suite.

- **Alfa Wallet Accounts**

  Bank Alfalah has been a significant player in the Branchless Banking industry since before 2014. Bank Alfalah offers a variety of wallet accounts which can be directly opened through the Alfa Application. All FT, UBP, Airtime transactions are accessible for the mobile wallet users, inculding issuance of debit card throught Alfa app.

- **Roshan Digital Account**

  Bank Alfalah's Roshan Digital Account (RDA) is tailored to meet the needs of Non-Resident Pakistanis (NRPs) living worldwide and Resident Pakistanis with declared overseas assets. With just a few taps, NRPs can open either a Foreign Currency or PKR-based account, benefiting from an easy, secure, and entirely digital process. This account provides a host of advantages, including options for investments, car and home financing, and digital transactions.



- **Alfa Term Deposit (Conventional and Islamic)**

  Alfa Term Deposits empower customers to start saving effortlessly, with the option to book a term deposit for as low as PKR 500. The process is streamlined, offering digital booking, early encashment options, maturity instruction changes, and WHT certificate downloads. With both conventional and Islamic variants available, customers can begin earning higher profits in just 10 seconds.

- **Digital Investments**

  Alfa is the first mobile banking app in Pakistan to allow mutual fund investments directly from the app. Customers can invest, redeem, reinvest, and switch between 13 mutual funds without visiting a branch or dealing with paperwork. Initial investments start at Rs. 500, with the flexibility to add higher amounts as desired. Both conventional and Islamic fund options are available through Sahulat and Sahulat Sarmayakaari Accounts. The app provides comprehensive investment details, current values, and risk profiling for a convenient and secure investment experience inculding instant account opening.

- **Digital Insurance**

  Bank Alfalah has introduced an end-to-end paperless insurance purchasing process, making available an entire set of insurance options within Alfa including Term Life, Health Insurance, Accidental Insurance, Transaction Insurance and more under both conventional and Takaful variants.

- **Goal-based Savings**

  Bank Alfalah's Goal-Based Savings product is designed to help customers save towards specific aspirations, whether it's a trip for Umrah, a new car, or any other dream. This unique savings plan allows users to set and work towards their financial goals through a convenient, auto-debit feature.

- **Digital Home Remittances Account (HRA)**

  This innovative product, available in both Conventional and Islamic versions, allows customers to receive money from anywhere globally using their mobile number as their account number. The Alfa HRA features a debit card for ATM withdrawals and merchant transactions in Pakistan, while also allowing functionality to pull funds on the app and agent network. It functions as a savings account, earning profit on received remittances. Customers can also make bill payments, mobile top-ups, transfers, and QR payments via the app.

- **Asaan Mobile Account**

  Asaan Mobile Account (AMA) platform is a revolutionary initiative undertaken by branchless banking (BB) providers and State Bank of Pakistan.

The AMA platform has been launched under the National Financial Inclusion Strategy (NFIS).
Asaan Mobile Account is designed to allow individuals an easy gateway to mobile payments in Pakistan without having a smartphone or internet connectivity. The aim is to facilitate general masses, especially the low income segments, to digitally open their BB accounts and use the available financial services in a swift, easy and affordable manner.

Digital Lending & Financing

- ### Instant Loan
  The Alfa app enables instant personal loan application and approval, eradicating the necessity for branch visits and ensuring rapid disbursement. The Existing-to-bank customer base goes through an algorithm for eligibility, which can then apply for personal loans through Alfa. The Alfa app facilitates instant personal loan approvals and disbursement, removing the need for branch visits.

- ### Alfa Overdraft
  'Alfa Overdraft' is the first-ever digital overdraft facility in Pakistan that provides a credit line of up to PKR 100,000 to payroll customers to manage and overcome their monthly financial need.

- ### Agent Financing
  Bank Alfalah provides agents enrolled in the Bank Alfalah Agent Network with a credit facility of up to PKR 100,000 based on their average throughput volumes. This support addresses short-term working capital needs for branchless banking transactions and facilitates agents to grow their business.

- ### Instant Credit Card
  Bank Alfalah introduced a real-time credit card approval feature whereby the consumer may select their preferred limit and card variant through the journey and get it approved. The entire procedure takes less than five minutes, and there is no physical documentation. Delivery of the physical card takes 3 to 5 business days. With this feature, existing to bank consumers may now apply for a credit card on the Alfa app without having to visit a bank.

- ### Buy Now Pay Later
  Bank Alfalah's BNPL (SBS) Installment Plans feature the industry's largest vendor portfolio (including AlfaMall). Customers can fulfill their needs and luxuries with flexible tenures and low markup rates. From mobile phones to motorbikes, items are delivered to customers' doorsteps with insurance coverage on select products. The BNPL facility is available digitally on Alfa Mall, QR (Alfa), and the Alfa Payment Gateway.



- ### Alfa Islamic BNPL
  Bank Alfalah is proud to be the pioneer bank in launching the industry's first Islamic Buy Now Pay Later product that enables nationwide credit card customers to shop online and pay for it in up to 10 equal monthly instalments at 0% mark-up and no processing fee. The proposition can be accessed through Alfa Mall and select Alfa Payment gateway merchants.

The product becomes a star proposition for the customers as it creates the convenience of breaking large shopping amounts in manageable Shariah compliant instalments with no associated charges.



- ### Instant Auto Loan
  Bank Alfalah's Instant Auto Loan is set to elevate its consumer finance offerings even further with the industry's first Instant Auto Finance, catering to diverse customer preferences and requirements. Alfa Instant Auto Finance revolutionizes the way customers experience vehicle financing by integrating end-to-end digital process with only a few taps on Alfa Mobile App from initiating loan requests to managing repayments and even initiating pay-off requests.

- ### Merchant Financing
  Bank Alfalah offers digital merchant financing of up to PKR 1 Million through the Alfa Business Merchant App. This digital loan facility is designed to enhance local merchants' cash flow and encourage the acceptance of

digital currency, thereby increasing merchant penetration and supporting their business operatio

- **Digital Agri Financing**

Digital Agri financing options include input of dairy financing including livestock and equipment financing, equipment financing for essential tools such as fodder cutters, milk chillers and milking machines. Applicants have the flexibility to choose the type and quantity of animals/equipment they require financing for, along with the desired loan amount tenor. This is followed by a real-time credit assessment and digital acceptance of the agreement with instant confirmation of disbursement.

Orbits-Enterprise Loyalty Programme

Bank Alfalah's Orbit Rewards stands out as a unique loyalty programme in the industry, engaging a wide range of customers, strengthening and diversifying existing relationships, and attracting new users to the Bank's digital platform.
One can earn them on current and savings accounts, debit and credit cards spend, auto, personal and home loans, Investment products, Bancassurance, SMS alerts and transactions through branches, Alfa (mobile app) and internet banking, all at the same time.
Multiple ways to earn means more Orbits to spend.
Choose from a wide range of gadgets and appliances from alfamall.com, instantly redeem orbits on BAFL POS terminals or just pay your bills through Alfa app.

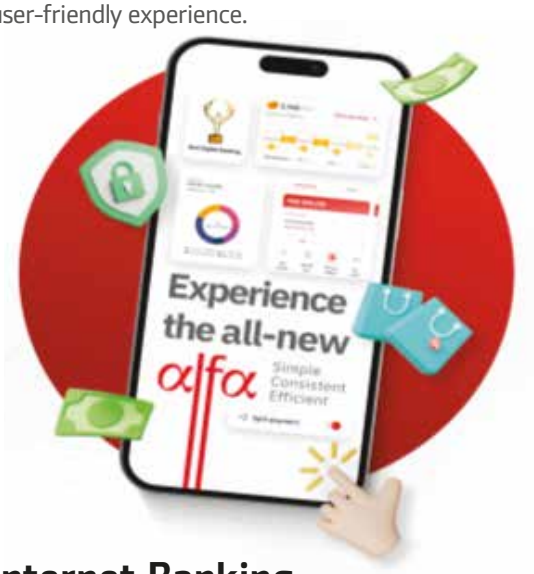
Digital Channels

- **Alfa**

Bank Alfalah's exclusive mobile app, "Alfa", offers customers an integrated platform for both financial and lifestyle services, allowing them to manage daily and specific needs seamlessly.
Alfa boasts a customer base of over 2.5 million registered users, with more than a million monthly active users. The app enables users to open new accounts, monitor their accounts and credit cards, transfer funds, pay utility bills, buy airtime and mobile top-ups, invest in Digital TDRs and Mutual Funds, apply for digital financing, and handle various payments including taxes and school fees. It also supports non-financial services like updating CNIC expiry dates, generating Withholding Tax Certificates, requesting Cheque Books and Banker's Cheques, dormancy removal and managing Debit Cards, all with just a few taps.

With the new ALFA app, transactional banking is now on auto pilot as it streamlines customers' finances, allowing them to effortlessly schedule payments for utility bills, mobile recharges, fund transfers and more, giving them more time to focus on what matters the most. This shift transforms the role of banks from mere transaction facilitators to integral partners in managing the financial lifestyle journeys of customers.

With the belief that "banking is not somewhere you go, but something you do", the new Alfa App manages the lifestyle finances effortlessly, anytime and anywhere. The Alfa App offers a comprehensive suite of digital banking features that simplify banking and provides a seamless, user-friendly experience.



- **Internet Banking**

Bank Alfalah is dedicated to simplifying the customers' lives with the Internet Banking (IB) facility, offering seamless and efficient digital banking services 24/7 from anywhere globally.
Beyond the core services of Utility Bill Payments, Mobile Top-ups, Credit Card Bill Payments, and Funds Transfers, customers also have access to various value-added options, such as Check Book requests, Banker's Check issuance, SMS Alerts activation, and Personal detail updates.

There is no need to remember separate credentials; one can simply use Alfa and scan a QR code to easily access Internet Banking through the advanced device mapping service.



• WhatsApp Banking

WhatsApp Banking allows customers to access a wide range of banking services through WhatsApp, including information on Banking Services, Roshan Digital Account, Premier Banking, Loans, Offers & Discounts, and Credit & Debit Card Activation. Customers can engage in live chats with agents for further inquiries, ensuring a seamless and convenient experience. The service handles approximately 125,000 interactions per month through a combination of rule-based bots and live chat assistance.



• SMS Banking

SMS Banking is a pull-based service that allows customers to perform financial transactions and access information by sending predefined codes to the bank's registered short code. This is a subscription-based service.
By subscribing, customers can check their Account Balance, view Last 5 Transactions, obtain Credit Card Information, process Permanent Blocking of Debit Cards, Temporary Blocking of Internet Banking and ALFA, manage E-Commerce Transactions, request a Cheque Book, inquire about Orbits Points, and pay bills for their registered Mobile Number and Credit Card via short code 8287.

Additionally, non-subscribers can update their CNIC Expiry Date or tag their account with a RAAST ID. This service is particularly beneficial for customers in tier 2 and tier 3 cities, providing essential financial access without the need for smartphones or internet data. It simplifies transactions and reduces the need for branch visits.

Moreover, it acts as a backup during connectivity issues due to security concerns, internet faults, or network disruptions, making it a versatile solution.

• ATM Network

Bank Alfalah is transforming its cash handling capabilities to enhance customer convenience for swift transactions. Customers can withdraw funds easily at approximately 1,200+ ATMs nationwide, available around the clock.
Bank Alfalah's ATMs have been revamped with a new application-like UI/UX design to offer a more user-friendly and visually appealing omni channel experience to the customers, with touch screens updated through software without changing the hardware. It is the Pakistan's largest ATM network with the omni channel experience.
Bank Alfalah has introduced a new feature on its ATMs, allowing customers to make withdrawals using thumbprint scans. This biometric authentication enables withdrawals of up to PKR 1 million daily and PKR 200,000 per transaction, without the need of having a physical card.

• CDMs and CCDMs

Bank Alfalah has a vast network of 550+ Cash Deposit Machine (CDM). This strategic expansion and the formation of key partnerships have enabled businesses to effortlessly deposit large sums of physical cash and convert it into Digital Currency. These initiatives have solidified the bank's reputation as a leader in cutting-edge banking solutions and fostered a smooth transition towards the digital era.
This facility is available 24/7 for any walk-in-customer and offers a variety of transactions on the go, including:

- Instant cash or cheque deposit into Bank Alfalah or any other bank account
- Card-less experience
- Cash Management
- Wallet Account Opening
- Bill Payments and Airtime Purchase



• Digital Sales & Service Centers

The Digital Payments S&SCs are payments hubs to cater to the digital payments acceptance needs of the merchants in the vicinity along with the digitisation of cash in traditionally cash reliant areas through a comprehensive suite of channels and products. The Digital Payments Sales and Service Center provides a seamless Omni-channel user experience which encourages acquisition of accounts, upselling and cross-selling of products and transaction migration to digital channels. These Centers are equipped with self-service kiosks, ATMs, Cash Deposit Machines (CDMs), and RAPID (digital customer onboarding) Tablets, for which special approval was sought from the SBP to open accounts at the S&SC.

The S&SC boasts features that allow customers to withdraw and deposit cash 24/7. All ATM's at the S&SC are equipped with both an updated new interface that more closely resembles the sleek Alfa banking app and are also enabled with a biometric subscription package, allowing customers to withdraw up to PKR 1 million from their Bank Alfalah account in a single transaction.

These centers also cater to the existing digital customers and provide a "phygital" stop to cater to digitizing cash needs on the go, saving individuals the trouble of waiting in queues at the branch. Bank Alfalah also offers QR Merchant onboarding, Merchant account opening, Buy Now Pay Later, prepaid card issuance and a host of other digital, paperless solutions via newly developed merchant app. An enhanced banking experience is being offered by 24/7 self-service availability accompanied with in-person service during standard hours.
Deeper and lasting customer affinity has been created through these centers because of the high satisfaction from a lower turnaround time and quick digital solutions. Market areas in the major cities in Pakistan will benefit greatly from have an S&SC in their vicinity, helping with reducing cash in circulation.



• Digital Lifestyle Branch

Bank Alfalah's Digital Branch represents embedded banking into everyday life; it embodies a dynamic and adaptable environment tailored to meet the diverse needs of today's customers. Imagine stepping into a branch that combines the functional aspects of a bank with the comfort and vitality found in a restaurant, co-working space, and a 'Buy Now, Pay Later' (BNPL) store. This concept epitomizes Bank Alfalah's vision: to cultivate an ecosystem where banking seamlessly integrates with the modern lifestyle of its clients.
The concept of merging food, workspaces, and retail arises from our research indicating that customers experience greater satisfaction in such environments compared to conventional bank branches. Accordingly, we have embraced modern-day technology and innovative banking solutions to bring banking services to where our customers prefer to engage, ensuring a harmonious blend of convenience and contemporary living.
Here are some of the standout features of this digital wonderland:
Restaurant-Style Comfort (Premo): The Digital Branch has collaborated with Premo by Xanders to offer a welcoming and tranquil environment, enabling customers to enjoy coffee or a meal while carrying out their banking activities. This departure from traditional bank queues encourages a more pleasant dining experience intertwined with financial management. This initiative has garnered substantial success thus far, with an overwhelmingly positive response from customers.
Co-Working Space by Work Hall: The co-working space provides a conducive environment equipped with high-speed Wi-Fi, charging stations, and ergonomic seating, catering perfectly to professionals on the move. This initiative has proven particularly popular among startups, fintechs, entrepreneurs, and students, fostering an environment where these entities can seamlessly integrate with traditional banking activities.
BNPL Store: At The Buy Now, Pay Later store located within the branch. one browse and purchase their favorite items, with the convenience of flexible payment plans that allow you to spread the cost over time using any bank's card.



Digital Locker: Secure one's valuables confidently with Bank Alfalah's advanced digital locker service, providing peace of mind and convenient access at any hour. This facility operates round-the-clock, utilizing biometric authentication along with

Debit Card authorisation for secure locker access.
Digital Lobby with Consumer Finance Desk: Discover the future of banking in our digital lobby, where customers can seamlessly open accounts using our Virtual Services Machine, and get instant booking of Consumer financing products (credit card, personal and auto loans). The knowledgeable staff is always available to assist the customers in navigating this process effortlessly.

Cash and Cheque Deposits: Depositing cash or checks has never been easier. The advanced machines facilitate quick and straightforward transactions, allowing you to efficiently deposit funds into any bank account in Pakistan. This service is not exclusive to Bank Alfalah customers.





• Agent Network

Bank Alfalah has significantly ramped up its efforts to enhance financial accessibility and inclusion through its growing Digital Branchless Banking Network. With the number of Alfa Pay Agents now exceeding 36,000, the bank is delivering a wide array of financial services to communities that have traditionally been underserved.
Bank Alfalah's branchless banking network is designed to facilitate a broad range of financial services for its customers, including:

- Wallet Registration and Upgrades: Enabling seamless digital wallet services that make financial transactions simpler and more secure.
- Cash In/Out Transactions: Offering fast and easy access to cash services, a critical feature for individuals without access to traditional bank branches.
- Money Transfer Services: Providing a secure platform for transferring funds both within Pakistan and internationally.
- Mobile Top-ups and Utility Bill Payments: Customers can conveniently recharge mobile balances and pay utility bills through the Alfa Pay network.
- Fee Collection: Catering to educational institutions and micro-finance organisations, ensuring efficient fee payment processes.
- Government-to-Person (G2P) Disbursements: Supporting disbursement of government welfare payments, such as those from EOBI and BISP programs.
- Home Remittances: As a key player in the remittance market, Bank Alfalah offers home remittance services that are reliable and free of charge, with funds instantly available at over 850 branches and agent locations.
- QR-based Purchases and Buy Now, Pay Later (BNPL) Options: Facilitating convenient consumer spending through QR code technology, coupled with flexible BNPL payment solutions.



• Digital Facilitation Desks

The Digital Facilitation Desks (DFD) is an AI-powered solution designed to enhance customer experience by providing on-site, real-time query resolution at the branches using technology, significantly reducing the need for traditional channels like call centers.
Key Features of the Digital Facilitation Desk are as below

- 200+ Services Offered: A comprehensive suite to address diverse customer needs.
- Automated, motion sensor operated voice recorder with biometrics (Liquid Fluid Detection) to record conversation and authenticate customer.
- First Call Resolution: Quick guidance and resolution using digital CRMs
- Conversation Recording: Ensures service standards and accountability.
- Visibility of Digital Offerings: Promotes awareness of our digital products and services.
- Secure, Paperless Transactions: Facilitates safe transactions in a streamlined environment.
- Complete Consumer Finance Services: Access to all financial solutions directly at branches.
- Customer Education: Actively informing customers about nearby digital channels.
- Enhanced Digital Awareness: Fostering knowledge of our digital banking solutions.





The DFD enhances security with robust verification protocols, including:

- Biometric Verification (BMV): Ensures secure identity confirmation.
- Active and Passive Voice Recording: Captures conversations to uphold quality and security.
- E-Form Based Auto SMS Authentication: Immediate SMS confirmations for specific requests.
- Contact Centre Quality Assurance: Rigorous validation of recorded service requests.

Digital Payments

• QR Proximity Payments

Bank Alfalah is at the forefront of transforming QR payments, strategically positioning the platform for long-term adoption. The bank is proud to be the only mobile app accepting QR payments for both major financial schemes: MasterCard and Visa, in addition to RAAST P2M.

Significant transaction volumes were recorded in mobile, electronics, food, and grocery sectors. Additionally, customers are using Alfa QR to settle utility bills, with QR codes conveniently printed on bills, allowing customers to scan and pay without needing to visit a branch.



• Alfa Business App

Launched by Bank Alfalah in 2022, the Alfa Business App is an advanced B2B digital payment platform that has revolutionised supply chain transactions in Pakistan. As a testament to its innovation and market impact, the app was awarded the Best Digital Technology Award at the ICAP Awards 2024. The app is designed to provide an all-encompassing digital ecosystem, tailored specifically for distributors, merchants, and businesses in need of fast, secure, and high-value digital payment solutions. Its Digital Merchant Onboarding is entirely paperless, simplifying the process of integrating businesses into the platform. Merchants can sign up and begin accepting payments almost instantly, eliminating the traditional barriers of physical form submissions.



• Virtual Debit Card

In order to enable the growing e-commerce industry, Bank Alfalah under the umbrella of Digital Banking of Bank Alfalah, envisioned to provide its customer a Virtual Debit Card (VDC) used instantly for Online Shopping / transactions, while offering convenience, security and more control over limits.

• AlfaMall

AlfaMall is Pakistan's 1st banking led eCommerce marketplace, where orders are paid in advance and delivered with trust. It is also the 2nd largest pre-payment online shopping website integrated with Bank's financial App, utilizing the Alfa Payment Gateway, an in-house developed functionality. Customers, whether banked or unbanked, can transact through AlfaMall using BNPL or full payment options. To strive towards customer's excellence and continual progress, we have introduced several new Business verticals for various customer segmentation i-e eCommerce accessibility to Branchless Banking agents, Same day delivery, B2B marketplace, and Alfa BNPL which is accessible to all bank's credit card customers. Since the inception, AlfaMall has been consistently strived to enhance our eCommerce platform by introducing innovative features. In addition to these ground

breaking innovations and record-breaking achievements, AlfaMall has also made its mark at globally recognized award-winning e-commerce events.

• Alfa Payment Gateway

Alfa Payment Gateway is pioneer of the digital and instant merchant onboarding. With its innovative solutions and seamless processing, Alfa Payment Gateway hosts a large online merchant base of 3000+ merchants.
Alfa Payment Gateway is unique in its approach, catering not only to corporate merchants but also offering tailored solutions for small businesses without websites, including those operating via social media or WhatsApp. This allows even the smallest merchants to accept digital payments seamlessly and expand their customer base. Innovative products and services linked to the gateway include Card on Delivery, Pay by Link, BNPL, Merchants like You Analytics and Card Bin Based Discounts.

• Digital Fee Collection

Digital fee collection streamlines the process of collecting payments for various organisations, including schools, societies, clubs, corporate clients, and real estate. BAFL offers a secure and convenient platform for managing fees, reducing the need for manual processing and minimizing errors. By integrating with multiple payment channels (Alfa App, CDM, IB & Agent Network Channels), BAFL facilitate timely and efficient transactions, enhance transparency, and provide detailed financial reporting.

Government-to-persons (G2P) Corporate and Micro / SME solutions

• Employee Old Age Benefits (EOBI) Pension Wallets

In collaboration with the Employees' Old-Age Benefits Institution (EOBI), Bank Alfalah utilizes advanced technology and secure channels to ensure the efficient and transparent transfer of retirement benefits. This effort significantly enhances the financial security and well-being of the esteemed elderly citizens who have contributed to the nation's growth.



Bank Alfalah manages the monthly disbursement of over Rs. 3.7 billion to more than 500,000 pensioners across Pakistan, demonstrating its commitment to supporting the retirement needs of this vital demographic.

• Digital Payroll Solutions

This innovative solution enables direct salary disbursement into employees' mobile accounts, with a special focus on empowering blue-collar workers who have traditionally been paid in cash.

- Wide Adoption: Over 350 corporate and MSME firms have adopted the Alfa Payroll Solution, issuing more than 300,000 payroll cards to previously unbanked blue-collar workers, promoting financial inclusion.
- Service Options: Both Islamic and Conventional Payroll services are offered, tailored to meet individual client needs and preferences.
- Corporate Portal: The Corporate Portal allows companies to manage salary disbursements with flexibility and efficiency. It features:
- Maker/Checker Model: A two-step verification process to ensure accurate processing and reduce errors.
- Disbursement Reports: Easy download of comprehensive reports for transparent record-keeping.

• Benzair Income Support Program (BISP)

In 2024, BAFL has been merited with the contract by BISP to serve 7 clusters out of 15, attaining the largest portfolio for BISP; 4 clusters of 2.4Mn+ beneficiaries are directly mandated with BAFL while 3 clusters of 1.8Mn+ are served as a Joint Venture with the Bank of Punjab)
In totality, as per the new contract, BAFL will serve 4.3 Million beneficiaries i.e. 47% of BISP mandate.

The digital transfer into wallets and cash-out to BISP beneficiaries remain in a secure biometrically enabled environment with a trusted network of 20,000+ agents across Pakistan. At the time of tranche disbursements, the bank officials and agents secure the beneficiaries' trust by providing them their due amount in full without any charges. The technology is secured through live finger print detection, real time transaction monitoring, geo-mapping (to prevent device frauds) and billions of Rupees of mark-up free digital financing to agents to manage their liquidity at the time of tranche disbursements.



Making Customers' Lives Easy Through Innovation

Innovating the customer experience means adding more value to the customer's relationship with bank's business. While there are many ways to do this, Bank Alfalah remains at the forefront of digital innovation and technological advancement. It is our priority to provide best-in-class services to our customers. Given below are the initiatives that the Bank has taken to enable and promote innovation to make customers' lives easy.

Digital Banking

The New AlfaMall

The launch for 'The New AlfaMall' marks a significant technological advancement, bringing enhanced features, improved user experience, and strengthened partnerships. As AlfaMall continues to push boundaries in eCommerce industry and swiftly becoming Pakistan's #1 e-Commerce marketplace for BNPL and #2 overall, the launch celebrates the platform's evolution into a more robust, secure, and efficient ecosystem, benefiting both customers and vendors, selling a variety of products at retail prices.

New Features in the AlfaMall include

1. Installments for All Bank Credit Cards at 0% markup
2. Fashion Category Launch
3. Hunarmand section for artisans/ handicraft artists to showcase and sell their products to customers using the ecommerce technology.
4. Personalized Landing Page
5. Filtered search
6. Loyalty Points
7. Live Order Tracking
8. Product Comparisons
9. SKU Rating Option
10. Customer Reviews on Purchases
11. 24/7 Customer Support
12. Chat Option with Sellers.





Merchants Like You

'Merchants Like You' is an advanced analytics tool developed for the first time in Pakistan by a payment gateway. The tool allows the merchant that are on boarded on Alfa payment gateway to review their position in the market in comparison to their competitors who are also on boarded on APG. By studying key analytics such as market share, sales turnover, feature based sales etc. merchants are able to make informative decisions that would help their increase their sales and hence increase their market share.

Digital Dashboards

Customers can now see a consolidated view of their assets, liabilities, relationships and net worth within the Alfa app, including linkages to various offerings under the view.

RAAST P2M

Raast QR is Pakistan's first instant payment system by State Bank of Pakistan that enables person-to-merchant digital payment scheme among individuals and businesses instantaneously. ALFA Business has integrated RAAST P2M scheme for offering QR to accept Merchant Payments.

Alfa's RAAST QR is an all in one QR for Raast P2M and VISA scheme.

Product features include Low MDR, Fund transfer on Merchant's IBAN, no charges for consumers and business transactions can be monitored on Alfa Business app and Merchant portal.

RAAST Prepaid Cards

Innovation is always about reducing friction and providing a better consumer experience. In every case of digital payments, consumers have a pressing reason to transact digitally and per complete convenience. P2M (Pull) payments via QR prepaid card can cater to this behavior quickly and seamlessly.

- Instant Issuance - QR card can be created from the app instantly and printed at merchant locations
- Fast payments - The whole transaction flow is performed by the merchant with little intervention from customers

Bank Alfalah has recognized the opportunity presented by RAAST, to make early in-roads and capture this segment.



Transaction Insurance/Takaful

The plan provides cover in case of loss of cash from the account/card (all cards) of the customer due to fraudulent/unauthorized transaction into the accounts. This plan has a built-in life cover benefit which provides complete financial security by paying a defined amount as per the selected option to the family in case of a customer's death due to any cause.

Transaction Insurance/Takaful is an unprecedented product engineered to safeguard customers from financial risks associated with fraud while also providing coverage to the assured's family in case of risks associated with life.

Tax Filing through Alfa

the ability to submit their tax returns directly through the Alfa app, utilizing the Befiler platform. The new "File My Tax" feature, prominently accessible within the app, provides customers with a straightforward and intuitive interface, ensuring they can easily navigate through the tax filing process. The seamless integration of Befiler within the Alfa app means that users no longer need to switch between multiple platforms or deal with complex procedures to file their taxes. This guided tax filing process ensures that customers have all the necessary information and support at each stage, making it more accessible, efficient, and user-friendly. Users can input their financial details, income sources, deductions, and other relevant information required for accurate tax return preparation.

Personal Finance Management

Bank Alfalah has introduced a comprehensive Personal Financial Management (PFM) feature within the Alfa app to enhance customer financial well-being. This intuitive tool helps customers manage and track their finances, providing detailed breakdowns of income, expenses and savings. The PFM feature automatically categorizes transactions, offering a clear picture of spending habits and financial status.

Voice Biometrics

Voice biometrics is a deep fake proof technology that identifies a person by their voice, similar to how fingerprints and Facial recognition work. Each person's voice is unique, and our system can recognize over 100 different characteristics in a person's voice. This makes it nearly impossible for someone else to imitate. When a customer calls, they no longer need to remember pins or answer difficult security questions or be duped by social engineering fraudsters. They simply speak, and the system confirms their identity quickly and easily. This is a passive voice bio system, which verifies a person through natural language processing as opposed to saying a specific phrase which is prone to deep fake voice emulation.



Customer Experience And Transformation

Service Culture Innovation

The Bank's focus has been on fostering a transformative organisational culture, designating it as the Year of Service.

- "At Your Service 2.0" has revitalized commitment to customer-centricity, grounded in three core pillars: Empathy, Generosity, and Responsibility.
- A pivotal aspect of this cultural shift is the Service Culture Enablement programme within SQMP, aimed at equipping the frontline with the right mindset through targeted training.
- Recognizing exceptional service, the Smile-O-Meter programme, an initiative that recognizes and rewards frontline staff for their positive interactions, was introduced.
- The Banks dedication to instilling a service culture remains unwavering, with regular Branch Manager Morning Huddles to ensure the staff is motivated and embodies the right mindset.

A testament of Bank Alfalah's commitment towards enhancing its customers' experience in 2024 was winning 'Best Bank for Customer Engagement' for the sixth time at the Pakistan Banking Awards.

Innovative And Diversified Product Suite

Our diverse product suite of Current, Savings and Term Deposits is one of the best in the industry with respect to pricing, various processing, and accessibility. Our featured products are specially designed for various consumer segments such as businesses, self employed individuals, females, senior citizens, agriculturalists, and minors for customised banking services to fulfill the needs of the targeted segments in an optimal way.These specialized products provide customized solutions for each segment, including discounted financing rates, advisory services, and technical support. Further, the Bank offers an easier documentation process for customer onboarding, advocates gender diversity, and promote financial inclusion in the country.

This year, the Bank further enhanced its product offering by becoming the first bank in the industry to offer a weekly profit payment frequency on it Bank Alfalah PKR Term Deposit. This industry-first offering in terms of payout frequency has specifically been tailored according to the needs of our Ultra-High Net Worth Infinite Banking Customers looking for lucrative returns on their fixed deposits along with other products catering to their wealth creation needs.

Consumer Banking

Home Finance

Bank Alfalah has firmly established itself as a leader in Pakistan's Housing Finance sector, widely recognized for its diverse financing solutions and unwavering commitment to customer satisfaction. Since its inception in 2003, the bank has been providing both Conventional and Sharia-compliant Islamic financing products.

As of December 2024, Bank Alfalah leads the industry with the largest housing finance portfolio, valued at PKR 23 billion. This represents a 10% growth, even as the industry as a whole saw a 4% decline. This success reflects the bank's strategic vision, which has propelled its market share from 7% to an impressive 11% over the past four years.

In a key milestone, Bank Alfalah disbursed PKR 1 billion through its Roshan Apna Ghar product, enabling expatriates to purchase homes in Pakistan while boosting foreign inflows. The bank has also shown its support for renewable energy, assisting over 1,100 households in adopting solar energy solutions, contributing approximately 12 megawatts of clean energy to the national grid.

Continuing to strengthen its leadership position, Bank Alfalah introduced eight innovative products to its housing finance portfolio over the last four years. In addition, the bank has formed strategic partnerships with the Pakistan Mortgage Refinance Company (PMRC), leading builders, and digital real estate aggregators to further support the housing finance ecosystem. Bank Alfalah has also been active in organizing roadshows and awareness sessions on housing finance, hosting webinars focused on financial inclusion for expatriates, onboarding over 150 solar vendors to promote green energy, and launching the Mera Ghar Meri Pehchaan initiative to promote financial inclusion for women.

Embracing digital transformation, Bank Alfalah launched the RAPID Home Finance portal in 2024, revolutionizing the customer experience by streamlining the loan application process, making it faster and more efficient. The introduction of an online E-Tracking system also allows customers to receive real-time updates on their loan application status. Additionally, the bank enhanced lead generation through its Alfa app, website, and WhatsApp banking channels, ensuring seamless access to services. Bank Alfalah offers quick, convenient, and affordable home financing solutions, with flexible monthly installments and both fixed and variable pricing options, helping customers achieve their dream of homeownership.

Bank Alfalah's exceptional achievements and strategic initiatives have solidified its position as the market leader in Pakistan's housing finance sector. By embracing innovation, driving digital transformation, and meeting the diverse needs of its customers, the bank continues to offer affordable, inclusive, and customer-focused housing finance solutions across the country.

Auto Finance

Bank Alfalah's Auto Loan product suite offers industry-leading solutions tailored to meet customers' needs for affordability, convenience, and flexibility. As a market leader in new acquisitions and ENR (Ending Net Receivables), the bank provides financing for various vehicle categories, including new and used cars, catering to diverse customer segments. These segments include salaried individuals, self-employed businesspersons, and those with income streams from sources such as land/agriculture, pensions, foreign remittances, rental income, and fixed deposits. Financing is available for locally manufactured or assembled new and used vehicles, with amounts up to PKR 3 million.

To enhance affordability and eligibility, the product offers unique features such as co-borrowing, car replacement options, balloon payments, residual value financing, and deferred insurance and registration products. These innovative features make vehicle ownership more accessible. Additionally, a significant number of returning customers choose Bank Alfalah's Auto Loan to upgrade their vehicles after completing their previous financing, reflecting strong customer loyalty.

As a result of strong strategic drive, Bank Alfalah Auto Business has attained Industry no.1 position in Auto Loans new acquisitions and one of the largest industry portfolio.

The Bank has also revolutionized the customer experience through its launch of Industry first Alfalah Instant Loan via Mobile App. This is cutting edge digital solution elevating customer convenience and reshaping the conventional norms through loan disbursement in minutes, receive/book the vehicle from dealership with no hassle of visiting bank or submitting documents. Another digital mark is Rapid Auto Loan (RAL) platform, creating a seamless and paperless digital landscape for auto financing. This platform enables Pakistani nationals, both existing-to-bank (ETB) and new-to-bank (NTB) customers, to apply for Auto Loans quickly and conveniently. Customers can digitally initiate their auto loan journey from any device, such as a mobile phone, laptop, or computer, eliminating the need for physical visits and paperwork. This initiative not only enhances customer convenience but also aligns with the bank's efforts to promote a green, sustainable environment. As the bank continues to expand its digital footprint, future initiatives will focus on further reducing turnaround times (TATs), elevating the digital experience, and providing world-class Auto Financing solutions. This creates significant opportunities for OEMs & partners to collaborate and jointly serve a growing customer base through Bank Alfalah's digital platform, ensuring easy access to financing for all eligible individuals.

Personal Loan

Bank Alfalah offers fast, affordable, and convenient solutions to address immediate financing needs through its Personal Loan products. To cater to evolving customer expectations, the bank has introduced digital loans/channels that provide a seamless and hassle-free experience.

With innovative digital touchpoints such as the RAPID Personal Loan, WhatsApp Banking, and the ALFA App, customers can now access personal loans with ease. These platforms allow users to initiate loan requests, submit applications, and upload supporting documents digitally, ensuring speed, transparency, and convenience from anywhere, at any time.

To further enhance accessibility, Bank Alfalah has partnered with leading market players to offer durable goods such as e-bikes and solar solutions through digital platforms, including ALFA Mall, promoting sustainable and eco-friendly choices.

As a champion of diversity and inclusion, Bank Alfalah has launched the Pehchaan Finance programme, empowering women to make informed financial decisions. This initiative provides tailored financing solutions for women, enabling them to achieve their goals, whether it's pursuing higher education, traveling, purchasing digital devices, financing electric scooters, or renovating their homes.

Strengthening its personal loan portfolio, Bank Alfalah has also introduced the Revolving Line of Credit, a versatile product designed to meet both short-term and long-term financial needs. With competitive interest rates and a seamless digital application process, this offering ensures customers can manage their finances more efficiently and with greater flexibility.

Cards

Bank Alfalah Credit Card has been a trusted and industry-leading brand since 2004, earning widespread

recognition and loyalty from stakeholders. With a diverse range of credit card variants—including Classic, Gold, Ultra, Optimus, Platinum, Premier Platinum, Infinite, and American Express—it continues to cater to the evolving needs of its customers. As the first in Pakistan to deliver maximum value through various payment networks and strategic partnerships, Bank Alfalah remains committed to innovation and customer satisfaction.

The bank offers its credit cards through multiple acquisition channels, including an extensive branch network, dedicated direct sales teams, and walk-in services, ensuring ease of access. Its target audience includes business professionals, salaried individuals, branch banking clients, and asset-based customers, with tailored solutions designed for each segment.

Bank Alfalah Credit Card is highly regarded for its comprehensive range of features, making it one of the most competitive options in the market. By consistently introducing innovative products and services to address emerging market needs, the credit card has solidified its reputation as a top-tier offering. The bank also ensures unmatched customer value through impactful discount and cashback campaigns, enhancing the overall credit card experience.

To further add convenience, Bank Alfalah provides value-added services such as step-by-step installment plans for product purchases, balance conversions, and lending facility transfers from other banks. The Credit Cover Premium programme offers additional peace of mind by covering credit card bills in the event of unforeseen circumstances such as death, accidental death, disability, or terminal illness.

With advanced security features like Tokenisation, impactful campaigns, and innovative offerings, Bank Alfalah has strengthened its brand loyalty among customers, maintaining its leadership position and setting a benchmark for excellence in the market.

Digital Solicitation of Credit Card through Instant Credit Card

Bank Alfalah offers Instant Credit Card through its mobile banking application, ALFA, providing pre-screened branch relationship customers with a seamless, end-to-end digital experience. This innovative solution enhances convenience, allowing customers to access banking services with ease and comfort. Customers can choose from five types of credit cards—Visa Classic, Visa Gold, Visa Ultra, Visa Platinum, and Master Optimus—and select their desired credit limit from the available options displayed in the ALFA app. The entire process takes less than five minutes and involves a few simple steps. Eligible customers receive instant card approval without the need for physical documentation or visiting a branch. The approved card is delivered to the customer's specified address within 1-2 days.

To further enhance customer convenience, Bank Alfalah has established dedicated email IDs for queries and facilitation related to Instant Credit Cards. Customers can directly share their concerns or apply for an Instant Credit Card through these channels, ensuring prompt responses from the relevant team. This initiative provides a more efficient and hassle-free way for customers to interact and resolve their inquiries quickly.

SME / AGRI

The SME, Agri & Commercial Division at Bank Alfalah is committed to expanding its portfolio by providing exceptional services to both existing and potential clients. Our strategy focuses on attracting new customers while continuously enhancing the quality of our current offerings.

This year, Bank Alfalah's SME performance has seen extraordinary growth, with a 53% YTD increase in lending exposure, rising from Rs. 34 billion in Dec 2023 to Rs. 52.3 billion in Dec 2024. The same was witnessed in our Agri Segment which has exceeded expectations, achieving impressive growth, with its portfolio rising from Rs. 18 billion in Dec 2023 to Rs. 25 billion in Dec 2024. In Trade Business, Bank Alfalah made trade throughput for Retail of USD 2.1 Billion which highlights our commitment to go above and beyond!

In addition to the above key achievements, under Supply Chain Financing, our throughput grew by 37% YoY, reaching PKR 63 billion in 2024, compared to PKR 46 billion in 2023 with highest-ever outstanding balance since its inception, with PKR 10.51 billion, representing a 44% YoY growth.

Inclusion of SMEs in the mainstream economy and providing non-financial advisory solutions to underserved areas remain central to our strategy. This focus is a cornerstone of Bank Alfalah's commitment to fostering economic growth and development.
We are building connections, forming partnerships, and driving collaboration to accelerate economic progress, create job opportunities, embrace technological advancements, and harness the power of the digital age for a brighter, more sustainable future for Pakistan.

The bank is actively developing innovative products such as "Mera Kaam Meri Pehchan," which targets women entrepreneurs in both the business and agriculture sectors, and the "SME Deposit Bonanza" for deposit holders. These initiatives aim to enhance agri-financing by ensuring that women farmers and entrepreneurs have equal access to financial resources. Our approach promotes gender-sensitive lending, offers customized financial products, and supports capacity building through financial literacy and entrepreneurial training programs.

After winning the State Bank of Pakistan's Innovation Challenge Fund to develop a psychometric model for evaluating SME creditworthiness, we have successfully implemented tools that gather data through psychometric assessments, including personality tests, cognitive ability evaluations, and skills assessments. This psychometric tool enhances our ability to assess credit risk, set thresholds for loan approvals, and adjust pricing and margins to minimize default risks in the future.

As macroeconomic conditions improve and interest rates decline, we foresee significant growth in the SME sector, creating opportunities to capture a larger market share. Bank Alfalah remains a key partner of the State Bank of Pakistan, with its efforts in the SME and Agri sectors being recognized and appreciated by both the Government and the Regulator.

Agri Financing

Bank Alfalah remains committed to revitalizing its Agricultural Financing Infrastructure through a specialized business model supported by dedicated functions. Over the years, the bank has successfully restructured its Agri credit operations to establish a sustainable growth framework. Key strategic measures include:

- Agri Finance Department – designated business unit dedicated to overseeing and guiding agricultural financing endeavors
- Agri Credit Risk Function – autonomous credit evaluation function responsible for credit underwriting
- Agri Credit Administration Centre - autonomous entity dedicated to loan administration and credit operationsloan origination system – credit initiation platform, eliminating the need for paper-based processes
- Career progression – field teams possess a clearly outlined hierarchy and a defined path for career advancement.
- Capacity building – focused efforts on refining the professional skills of our Agri Human Resources, achieved through both internal and external learning initiatives
- Extensive Agri Presence - establishment of a notable Agri footprint spanning across Punjab, Sindh, Baluchistan, and KPK

Our "Alfalah Zarie Sahulat" initiative in Rural Finance program encompasses an entire range of agricultural needs. This programme offers an expansive selection of meticulously crafted products, tailored to suit varying requirements, all backed by repayment options spanning short, medium, and long terms at reasonable markup rates.

BAFL's Agri. Asset Products	Description
Alfalah Musalsal Zarie Sahulat	• To meet short term working capital needs of the farming business • Providing Revolving Credit with essential operational flexibility in accordance with client cash flows • Allocating limits tailored to precise business necessities
Alfalah Tractor and Transport Zarie Sahulat	• Purchase of tractors, trolleys, pickups, motorcycles, trucks, refrigerator van, transport machinery ec. • Both financing and leasing options offered
Alfalah Machinery & Equipment Zarie Sahulat	• Financing for acquiring domestic or imported machinery and equipment to automate agricultural and non-agricultural enterprises
Alfalah Aabpaash Zarie Sahulat	• Improvement of irrigation system • Installation of tube wells (electric, diesel & renewable energy solutions) • Installation of sprinkler, trickles, drip / Pivot system for efficient irrigation system
Alfalah Poultry Zarie Sahulat	• Short-term working capital and fixed investment needs of poultry sector (Breeder, Hatchery, Broiler, Layer units)
Alfalah Dairy & Livestock Zarie Sahulat	Short-term working capital and fixed investment needs such as: • Dairy and fattening farms, • Opening of private veterinary clinics, • Veterinary outlets, and diagnostic laboratories.

BAFL's Agri. Asset Products	Description
Fisheries Zarie Sahulat	• Short-term working capital and fixed investment needs of fisheries (inland and marine)
Silos/Storage Zarie Sahulat	Fixed investment needs for Agricultural infrastructure vis.: • Construction of cold storage, godown, bins, silos, warehouse • Short term WC needs of the cold storages.
Agri Industrial Zarie Sahulat	• Finance facilities for seed, feed, meat, milk, food, fruit, vegetable processing / packing / polishing units.
Bills Guarantee Zarie Sahulat	The Agri Value Chain Finance initiative provides customized financial solutions in partnership with Agri SMEs and major Agribusinesses: • Financial support for inputs • Funding based on invoices or outstanding payments

Non-financial Advisory Services (NFAS)
Bank Alfalah's Non-Financial Advisory Services (NFAS) programme is designed to empower and educate customers through initiatives aimed at enhancing their efficiency. NFAS plays a critical role in developing the SME portfolio, mitigating risks, and differentiating the bank in an increasingly competitive market, making it an integral part of our business strategy.

Understanding the importance of SMEs in driving Pakistan's economic growth, Bank Alfalah has consistently partnered with its regulatory body to support both financial and non-financial advisory pursuits. Aligned with the State Bank of Pakistan's "Banking on Equality" framework, the bank recognizes the significance of providing women with access to financial and economic opportunities. The rollout of various initiatives reflects a commitment to global best practices in financial inclusion. Significant milestones include integrating financial literacy concepts into the O-level curriculum to educate young learners. This effort, along with others, has been recognized by the President's Office, validating our contributions to advancing financial inclusion and addressing literacy gaps. Furthermore, Bank Alfalah has received multiple national and regional awards under SBP's "Empower Her" campaign during Women Entrepreneurship celebrations.

Bank Alfalah's commitment to raising awareness and championing women-centric initiatives has enabled engagement with female business students, women-led startups, agri farmers, and women from various business sectors. Through the Agriculture Finance Literacy programme, over 2,600 farmers have been reached via 114 financial literacy sessions held across Pakistan. Looking ahead to 2025, Bank Alfalah remains focused on promoting SME banking by enhancing financial literacy, developing tailored banking solutions, and driving digital transformation to ensure that banking becomes more accessible and efficient for SMEs.

Islamic Banking

Innovation through RAPID for IBG Products

- **Alfalah Islamic Payroll Account**
  Alfalah Islamic payroll accounts can now be opened via RAPID Customer or branch portal. Customers can open a payroll account by visiting their nearest branch or through the comfort of their homes.

- **Alfalah Islamic Auto Financing**
  Alfalah Islamic Auto Financing can now be availed via RAPID Customer or branch portal. Customers can now avail Auto financing by visiting their nearest branch or through the comfort of their homes. It provides convenience of applying from anywhere, fast track approval & paperless processing.

Islamic Premier Banking

As part of its ongoing commitment to enhancing the Islamic Premier Proposition, the Bank is excited to announce the launch of the Islamic Infinite Proposition. This offering is envisioned as the pinnacle of exclusivity and privilege within the local banking industry.

This wealth creation initiative is specifically designed for the ultra-high-net-worth (UHNW) segment. It adopts a holistic approach to address their sophisticated financial needs, providing bespoke solutions aimed at building, expanding, and preserving their wealth. What sets this proposition apart is its distinctive name, tailored marketing strategy, dedicated team, and customized processes including a variety of meticulously crafted products that will cater to the wealth management needs of the Bank's clientele, ensuring full Shariah compliance to attract their interest.

Corporate, Invesment and International Banking

Transaction Banking

Bank Alfalah remains committed to driving digital transformation by continuously enhancing its platforms and encouraging corporate clients to adopt digital solutions. The Bank believes that collective efforts from the banking sector, supported by regulatory initiatives, will result in significant progress in reducing OTC and branch-based transactions. As it strives to become a leading Transaction Bank, its focus remains on delivering innovative solutions that cater to its clients' evolving needs, while enhancing operational excellence. A key aspect of this strategy is transforming manual processes for routing financial transactions into digitally enabled solutions, thereby eliminating the need for in-person visits and contributing to a more environmentally friendly financial ecosystem.

1. **Digitalisation of LC (Import) Forms:**

- By extending the bank's client portal (AT - OBDX) to clients for submitting data digitally, the bank has eliminated the need for physical LC forms.
- Impact: Improved efficiency and reduced paperwork, leading to faster processing of import transactions. Enhanced client experience through a digital platform.

2. **Customisation to Eliminate Physical Deposit Slips:**

- The customisation efforts have paved the way to eliminate the need for physical deposit slips at a portfolio level.
- Impact: Streamlined deposit processes, reduced paper usage, and lowered operational costs. Enhanced efficiency in handling deposits.

3. **STP Facility for Corporate Customer TDR Booking:**

- The introduction of Straight Through Processing (STP) allows corporate clients to book TDRs through the bank's portal, eliminating the need for physical requests.
- Impact: Reduced administrative burden, quicker TDR processing, and improved operational efficiency. Enhanced customer satisfaction by providing a self-service option.

4. **Digitalized Cheque Book Issuance Requests:**

- The digitalisation of cheque book issuance requests for valued corporate clients eliminates the need for physical requests with client signatures.
- Impact: Faster issuance of cheque books, reduced paperwork, and improved customer convenience. Streamlined internal processes for cheque book requests.

5. **STP RTGS (Real Time Gross Settlement):**

- Clients can initiate and process RTGS requests through Alfalah Transact (OBDX), with real-time transaction status updates.
- Impact: Reduced client interactions with Relationship Managers (RMs) for RTGS inquiries, enhanced RM productivity, and improved customer experience through real-time transaction updates.

6. **Reverse Bill Aggregation Solution:**

- Client can now pay their invoices digitally through our RBA solution integrated with 1Link's 1Bill service, using multiple Alternate Delivery Channels (BAFL/Non BAFL) and empowering biller to on-board smoothly with Bank Alfalah instead of 1Link, avoid paying their significant set up charges.

- Impact: Coverts walk-in customers into digital users, easing branch traffic, resources and Go Green by reducing in-person visits/paper based transactions.

7. **E-Collection Solution:**

- Enables clients to route their collection proceeds digitally through BAFL's E-Collection solution, empowering the distributors of corporate clients to make payments against their invoices within BAFL's ecosystem.
- Impact: Coverts walk-in customers into digital users, easing branch traffic, resources and Go Green by reducing in-person visits/paper based transactions.

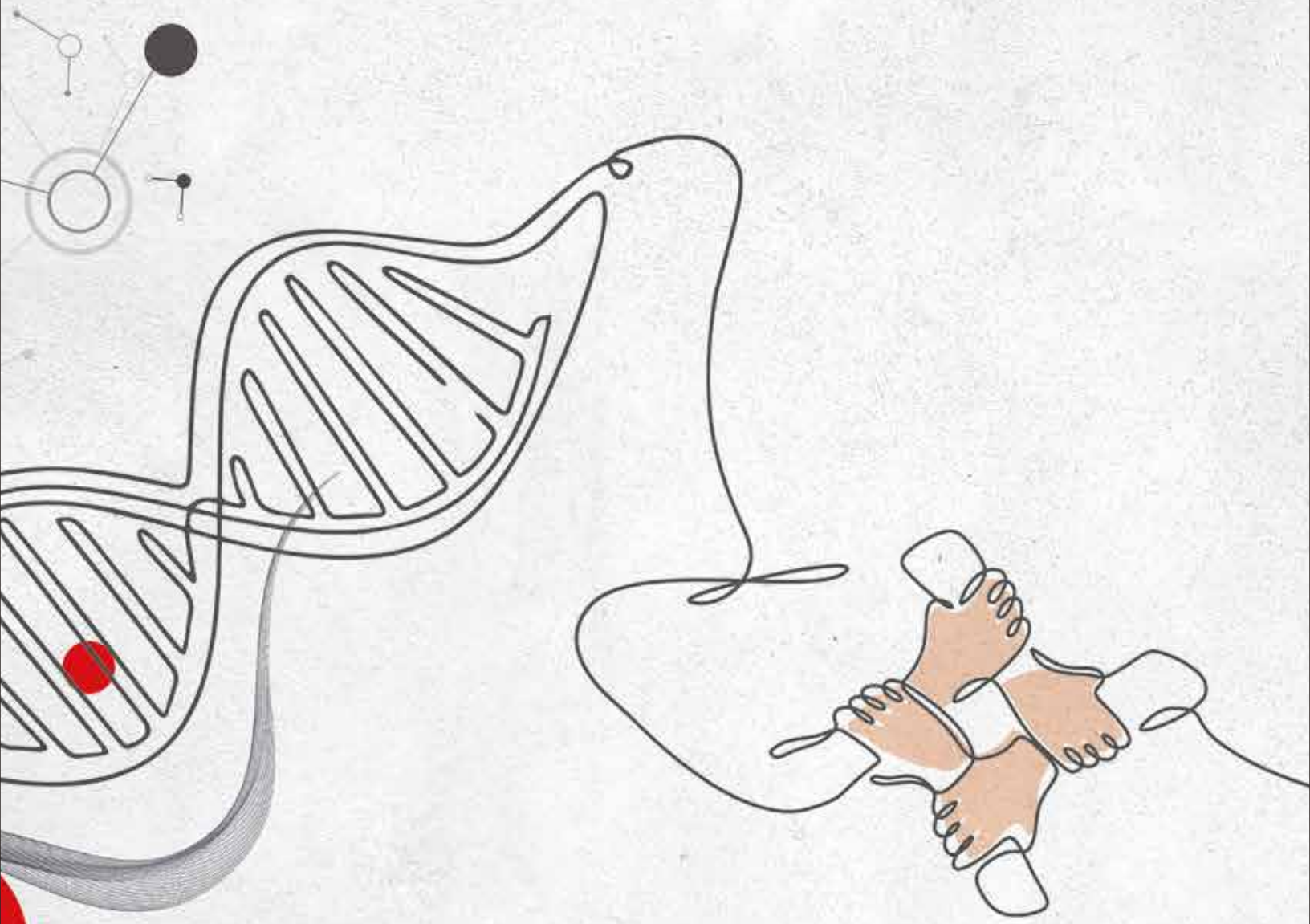
Overall, these success stories demonstrate how leveraging digital solutions and automation can significantly improve a bank's operational efficiency, reduce costs, and enhance the customer experience. They also highlight the importance of adopting Straight Through Processing (STP) and self-service options to streamline various banking processes.

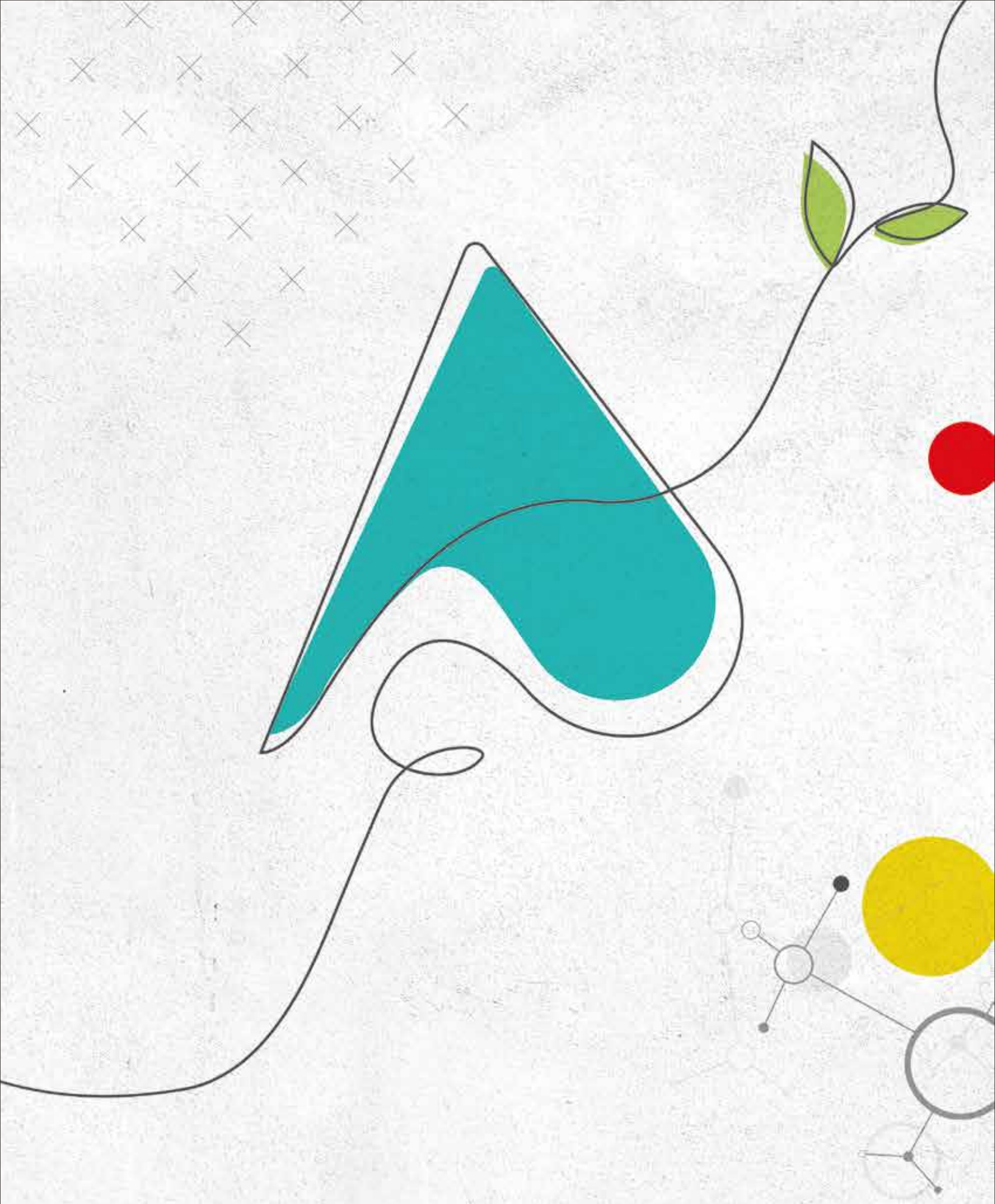
Significant Events / Changes in Organisation

There are no significant changes from prior year with respect to:

- the ownership and
- business model of the Bank.

STAKEHOLDER RELATIONSHIP AND ENGAGEMENT





Stakeholders' Information

Customers

Bank Alfalah acknowledges that customers today are increasingly financially savvy and more attuned to their evolving needs. This has made Customer Centricity a core principle for us, serving both as a guiding tool and a moral compass. It drives our commitment to continually elevate customer experiences by prioritising quality and delivering exceptional service. In a strategic shift, the bank has moved beyond operational excellence to focus deliberately on fostering a culture of service, reflecting our determination to not only meet but consistently exceed customer expectations.

To cater to the dynamic needs and preferences of our customers, we offer innovative products and seamless processes shaped by insights from customer feedback, complaints, regulatory research, global market trends, and industry best practices.

Our commitment to customer-centricity is evident in our comprehensive product suite, which spans branch banking, consumer finance, corporate and SME solutions, wealth management, Islamic banking, and digital banking platforms.

To gain a deeper understanding of customer needs, we have reinforced our feedback mechanisms. We conduct Relationship Management Assessments to evaluate the outreach and performance of relationship managers, ensuring customer satisfaction remains a priority. This multifaceted approach highlights our dedication to fostering meaningful relationships and building a robust service culture.

The Voice of Customer (VOC) programme plays a pivotal role in gathering real-time insights, enabling us to respond swiftly and effectively. Complementing this, the Voice of Employee surveys assess the support provided by internal units, helping identify and resolve recurring issues. By engaging senior management in these processes, we ensure improvements are implemented across all levels of the organisation.

Furthermore, our customer engagement strategy leverages a range of channels, including call centres, social media platforms, surveys, awareness sessions, roadshows, and targeted advertising campaigns, allowing us to connect with customers seamlessly and effectively.

Employees

Bank Alfalah firmly believes that investing in human capital is the key to achieving its strategic objectives. The Bank ensures that employees remain motivated and committed through productive capacity building programmes, appreciation via various platforms, and engagement in activities other than core business operations. Besides developing professional skills of the team, the Bank promotes an environment of learning and a well-rounded lifestyle through initiatives such as:

- Periodic 'Employee Happiness' surveys
- Sharing of success stories of individuals
- A platform for employees to express gratitude to each other
- Sponsorship Programmes to seek guidance for mentorship from senior leaders
- Year round learning and development programmes
- Financial assistance schemes for professional qualifications / tertiary education for top performers
- Sabbatical leave for employees who wish to pursue higher education
- Access to a variety of learning material on the Bank's Learning Management System
- Awareness campaigns and activities to keep employees engaged

The Bank acknowledges the contributions of its employees, particularly female staff and employees with differently abled employees. Bank Alfalah is proud to be an equal-opportunity employer.

Shareholders/Institutional Investors

One of the Bank's significant goals is to deliver long-term value to its shareholders. Shareholders' trust sets the strategic direction of any institution, and their support further facilitates the achievement of key objectives. Engagement through AGMs and EOGMs certify that shareholders actively participate to ensure that the business remains sustainable in the years to come. Press releases and financial reports (quarterly, semi-annually, and annually) are disseminated promptly to ensure shareholders' engagement at all times.

Suppliers, Service Providers and Vendors

Bank Alfalah considers suppliers at every stage of the product lifecycle as they have a significant role in providing end-to-end services, ranging from sourcing raw materials to help ramping up production and finding better options for the organisations. When the market starts becoming saturated, companies need to work closely with their suppliers to get the best out of their products for fulfilling their requirements.

The goal of suppliers is to ensure that they meet or exceed the buyer's expectations in terms of quality, delivery, and cost. There are many benefits of effective supplier management, including improved quality and delivery of goods and services, reduced costs, and strategic relationships with suppliers.

Analysts and Rating Agencies

The Bank regularly engages with analysts on details of information already disclosed to the regulators, with due regard for regulatory restrictions imposed on inside information and / or trading to avoid any impact on the Bank's reputation or share price. The Bank organises Analyst briefings / conference calls to apprise the attendees on operational and financial performance. The Bank also engages with Credit Rating Agencies, which assign ratings to the Bank's equity as well as its financing arrangements.

Regulatory Bodies

To ensure sound business operations, regulatory compliance, and a transparent legal environment, engagement at the regulators' level is carried out frequently throughout the year. Engagement channels include periodic reporting and meetings held with the regulators, both locally as well as overseas, or their authorised representatives. The Bank has always appreciated the support of the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Pakistan Stock Exchange, and other regulatory bodies of the Bank's local and international operations.

Community and Society

The Bank engages with the general public through Sustainable Corporate Social Responsibility (CSR) initiatives. This helps the Bank identify the need for intervention in sectors such as education, health, welfare, environmental sustainability, leadership development, and promotion of sports, arts, and culture.

Media

The media is instrumental in communicating the Bank's vision, mission, and core beliefs in order to inform and educate customers and stakeholders. The Bank utilises conventional and digital media to reach its audience. Whether its television and print or the increasingly popular social media, the Bank aspires to expand its footprint, establish its brand, and inform and update its customers regarding its initiatives and tailor-made offerings. Without the press, the Bank would not be able to develop a relationship of trust with its stakeholders.

The Bank fully uses the impact of media to keep all its stakeholders informed and aware of its performance. The media's role is immense in spreading information pertaining to the Bank, whether it's information on financial literacy, green banking, digitisation, DE&I initiatives, regulations, advertisements or promotions. The Bank continually strives to maintain frequent and open communication with the media to create brand awareness and strengthen its brand image.


Customers
Depositors
Borrowers
Analysts and Rating Agencies
Credit Rating Agencies
Analysts
Regulatory Bodies
State Bank of Pakistan, Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange, Federal Board of Revenue
Community /Society
General Public
NGOs
Media & Marketing
Facebook | Instagram
LinkedIn
TikTok | WhatsApp
Banking AlfaChat
Suppliers, Service Providers and Vendors
External Service Providers, Outsourcing Arrangements, Business Partners
Shareholders/ Institutional Investors
Sponsors
Investment Companies
Institutions
Individual Investors
Employees
Executive Officers
Other Staff
Stakeholders and SDGs
Prosper together with strong and mutual trust
Ensure transparency across the organisation
Prioritise with utmost effort
5 GENDER EQUALITY
9 INDUSTRY INNOVATION AND INFRASTRUCTURE
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
1 NO POVERTY
14 LIFE BELOW WATER
15 LIFE ON LAND
4 QUALITY EDUCATION
11 SUSTAINABLE CITIES AND COMMUNICATION
17 PARTNERSHIP FOR THE GOALS

Stakeholders' Engagement Policy

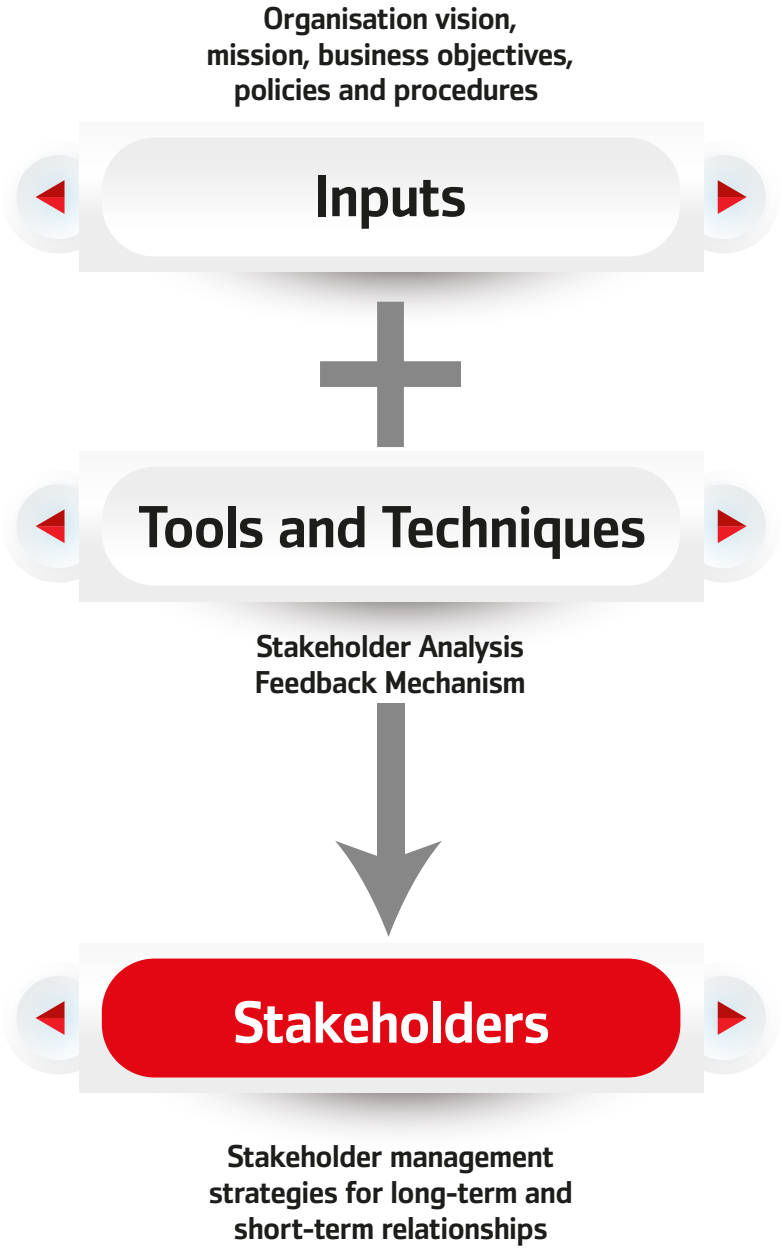
Board's Focus on Stakeholders' Engagement

The Board has set a framework and guiding principles for the management to ensure transparency and regular interaction with stakeholders, particularly shareholders, and investors. The Bank's management strives, through various platforms such as branches, digital channels, media, and social media platforms, to understand the views and sentiments of its stakeholders.

Managing the Relationships

The Bank holds its key stakeholders in high regard and follows an end-to-end engagement process to keep them informed and involved. Internal as well as external stakeholders are engaged regularly or as and when needed. The Bank continually improves its offerings and services, aiming to meet and exceed stakeholders' expectations.

Stakeholders' Identification Process



Legitimate needs, interests of key stakeholders and industry trends

Stakeholder	Legitimate needs and interests	Industry trends
Customers	• Best-in-class products and services	• Innovation; Digital platforms for providing services; Service agility
Employees	• Career progression; Work-life balance; belonging needs; Transparency	• Timely pay; Training; Swift on & off-boarding; Health and Wellbeing
Shareholders and investors	• Maximised returns and regular dividends; • Timely dissemination of all material information in accordance with the regulatory requirements	• Profitability, trust and ongoing engagement
Vendors, suppliers and service providers	• Fair and transparent competition among the vendors. • Timely payments. • Long-term relationship via strategic sourcing deals and agreements. • Preserve the confidentiality of vendor information. • Highest professional and ethical standard and absolute business integrity at all times.	• Transparent competitive bidding process • Robust enlistment process of vendors who have sound track record of service delivery
Analysts and Rating agencies	• Accurate information; Regular connectivity	• Forward-looking opinion on credit worthiness of underlying entity or instrument
Regulatory Bodies	• Compliance with laws and regulations;	• Trusted partner
Community / Society	• Social welfare and community support	• Sustainability; Corporate Social Responsibility
Media and Marketing	• Timely and accurate information	• Timely and accurate information

The Bank takes care of all legitimate needs of its stakeholders, aligns itself with industry trends and also remains upto the benchmark.

Stakeholder Engagement Process and Frequency of Such Engagements



CUSTOMERS

Engagement

- Branch Banking
- Internet / Mobile Banking
- Call Centres
- Complaints
- Social Media
- Advertisements
- Feedback surveys
- Holding Responses
- Services to customers through touchpoints

Frequency

- As and when the need arises

Their importance to the Bank

- Brand reputation
- Customer satisfaction



EMPLOYEES

Engagement

- Trainings, employee policies, awards and awareness
- Services through touchpoints
- Grievance Managment
- Awareness about employee benefits
- Sessions with senior management through townhalls
- Compensation and benefits

Frequency

- Daily

Their importance to the Bank

- Engine to run the business
- Ambassador to the customers



SHAREHOLDERS AND INSTITUTIONAL INVESTORS

Engagement

- Financial Statements
- AGM/EOGM
- Press Releases/ Announcements
- Corporate Briefings
- Grievances
- Dividend Distribution
- Investments
- Feedback surveys

Frequency

- Quarterly
- Half yearly
- Annual
- As and when the need arises

Their importance to the Bank

- Value increase
- Good returns
- Reputation



VENDORS, SUPPLIERS AND SERVICE PROVIDERS

Engagement

- Procurement of goods and Services
- Staff and other outsourcing arrangements
- Health and Safety trainings provided to vendors

Frequency

- Daily
- As and when the need arises

Their importance to the Bank

- Good business relationships
- Cost-effectiveness
- Quality output/service



ANALYSTS AND RATING AGENCIES

Engagement

- Ratings Reports
- Results Release

Frequency

- Quarterly

Their importance to the Bank

- Independent view providers for the customers
- Build trust
- Support credibility



REGULATORY BODIES

Engagement

- Compliance with Laws and Regulators
- Proactive Engagement and Connection with various Regulatory Agencies
- Meetings and Regular Discussions with regulators

Frequency

- As per regulatory timelines

Their importance to the Bank

- Transparency
- Check and balance



COMMUNITY

Engagement

- Employment
- Health
- Safety
- Welfare
- Education
- Economic Capital
- Environmental Capital
- Social Capital
- Leadership Development
- Promotion of Sports, Arts and Culture

Frequency

- As and when the need arises

Their importance to the Bank

- Socially responsible citizenship
- Sustainability



MARETING, MEDIA AND VISIBILITY CHANNELS

Engagement

- Products and Services Outreach
- Regulatory Information
- Awareness through Advertisements and Promotions
- Press Releases

Frequency

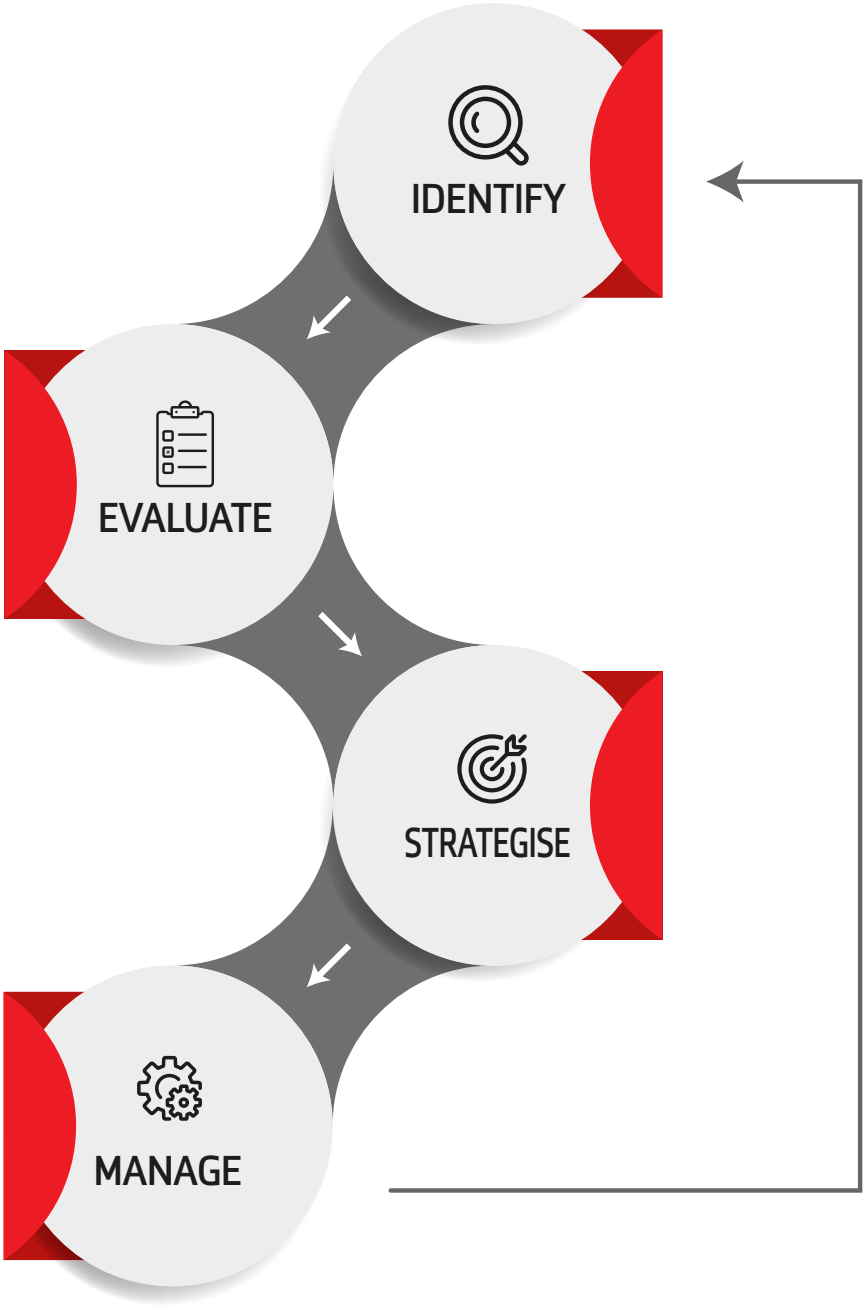
- As and when the need arises

Their importance to the Bank

- Public image
- Brand awareness

Relationships Affecting the Bank's Performance and Value

The Bank's key stakeholders are at the core of its strategy. We set the objectives in accordance with their requirements, protecting and promoting their interests, and aligning the operations, ensuring strict compliance with regulatory requirements, through stakeholder relationship management. The diagram below depicts how stakeholders are linked to the performance and value-addition process.



Successful Stakeholder Management
+ stakeholder registry

Feedback is incorporated in the process

Stakeholders' Engagement

Customers

Customer Experience and Complaint Management

The Customer Experience Unit serves as the focal point for advancing customer interests and driving the Bank's customer-centric agenda. This agenda primarily focuses on:

- Ensuring ethical and responsible conduct with customers,
- Enhancing service levels,
- Promoting service innovation,
- Gaining deeper customer insights through consistent research, and
- Fostering the evolution of a strong service culture within the Bank.

Specifically, the Customer Experience Unit undertakes the following initiatives to promote a customer-centric culture:

Consumer Protection Policy

Bank Alfalah has a robust consumer protection policy that covers a wide range of guidelines to oversee customers at every stage of their interaction with the bank. This includes areas such as product development, sales practices, marketing activities, communication protocols, and customer handling. Additionally, the Live Service Monitoring (LSM) Unit ensures prompt resolution at branches by addressing immediate concerns through corrective measures in real-time.

Promoting a Service-Oriented Culture (in collaboration with HCG)

The Bank has focused on driving cultural change across the organisation, designating this year as the "Year of Service." The launch of "At Your Service 2.0" has reinforced our vision of customer centricity and a service-oriented culture through three key pillars: Empathy, Generosity, and Responsibility. To empower our frontline staff, we introduced the Service Culture Enablement programme through SQMP, which equips them with the right mindset through targeted training. Additionally, the Smile-O-Meter programme rewards frontline employees who serve customers with a smile, monitored through avenues like Video Mystery Shopping, Live Service Monitoring, Physical Visits, Service Appreciation, and WOW Stories. Initiatives such as Branch Manager is morning huddles and floor times ensure colleagues consistently prioritise customers and maintain the highest standards of service. The Customer Experience team supports these efforts through campaigns like "ABC of Business Etiquettes," which focuses on appearance, behaviour, and communication, and "Workplace Ethics," which emphasises greetings, body language, soft skills, and customer confidentiality. Furthermore, the Customer Diversification programme educates frontline staff on serving diverse customer segments, enabling them to provide personalised consulting experiences. These initiatives collectively reinforce our commitment to building a strong, customer-centric service culture.

Service Appreciation, and WOW stories.
The Bank has been continuously emphasising the importance of instilling a service culture and have been enabling this through the Branch Manager morning huddles and floor times. This ensures that the colleagues always keep customers as the highest priority and maintain the highest servicing attitudes. Furthermore, the Customer Experience team creates campaigns to help employees understand how to better serve customers. The Bank has a campaign called "ABC of Business Etiquettes that talks about how employees should look, behave, and communicate with customers. Another campaign, "Workplace Ethics," focuses on greetings, body language, soft skills, and customer confidentiality. We also educate frontline on how to cater to various customer and provide personalised consulting experiences through the "Customer Diversification" programme.

Quality Assurance

The bank has a robust Quality Assurance framework that covers a wide range of products and channels, including digital platforms, branch banking, SME, Corporate Banking, Premier Banking, consumer finance, centralised operations, corporate payroll accounts, contact centres, and support functions. The primary objective is to identify gaps that contribute to delays in turnaround times and proactively address them to ensure compliance with established service standards. To strengthen our monitoring capabilities,

we have introduced additional performance indicators throughout the year, increasing the total to 206, of which 102 are unique.

Knowledge Initiatives

The enhancement of staff awareness is a central focus of our comprehensive knowledge improvement Programme, which aims to deepen understanding not only of products, processes, and services but also of essential soft skills and branch-level interaction basics. To reinforce our customer-centric approach, we implement various campaigns such as Live By Values, WOW Stories, and BSL Champions. Our Knowledge Portal serves as a convenient one-stop hub, providing easy access to all product-related information. This streamlined approach is designed to simplify the consultation process for both frontline staff and customers. Additionally, we monitor employee knowledge through monthly Basic Fact Awareness (BFA) tests, which are incorporated as KPIs for all frontline staff, including those in branches, CFG/Digital Service centres, Contact centres, and Direct Sales. 80,921 staff were tested using the BFA, ensuring they remain updated.



Customer Insights

The Customer Insights department is committed to systematically gathering customer feedback through multiple channels, including ROBO calls, manual calls, SMS, and digital surveys. With rigorous monitoring, we have launched over 44 campaigns, covering various business areas and significantly expanding our outreach, leading to a 40% increase in surveying activities and engagement with approximately 560,000 customers. We prioritise strategic surveys to assess both customer and employee engagement levels, ensuring a comprehensive understanding of our stakeholders. Our efforts are further supported by open market research, application seeding processes, social media analysis, AI exploration, and engagement surveys within employees. Additionally, we are devising a feedback pull mechanism through QRs and ensuring holding responses are sent to 85% of dissatisfied customers. The expanded focus group scope enables us to conduct large-scale open market research, providing critical insights into competitors. By actively participating in global and local research initiatives and exploring emerging trends and best practices, we continue to drive continuous improvement across the organisation.

Attrition Management Unit

The Attrition Management Unit (AMU), established in 2022, has been providing invaluable insights into exiting customers while driving efforts toward retention. Through detailed analysis, AMU enables the Bank to assess, evaluate, and enhance its offerings by identifying and addressing customer concerns effectively. This includes conducting deep dives into the reasons behind product cancellations and customer exits, ensuring continuous improvement and a proactive approach to customer retention.

Transformation

The Transformation team leads the exNOME initiative, a flagship programme aimed at improving organisational efficiency, customer experience, and digital innovation. As part of exNOME, all high-impact customer projects across the bank have been brought together under a single committee to ensure that customer-centricity remains a top priority. These projects span various functions within the bank, focusing on process simplification, digitisation, and skill enhancement, while leveraging cutting-edge technologies like AI, robotic process automation (RPA), and analytics. Notable achievements include the implementation of paperless workflows, digital cheque clearing, and the automation of backend operations. The Transformation team fosters a culture of innovation, empowers frontline staff, and champions data-driven decision-making, ensuring operational excellence and an enhanced customer journey.

Process Optimisation Unit (POU)

The Process Optimisation Unit (POU) is the driving force behind continuous improvement, identifying inefficiencies and redesigning processes to achieve streamlined operations. The POU team works closely with both centralised operations and frontline staff, regularly engaging with them to understand their challenges and provide support to improve workflows. Key initiatives include the bank-wide implementation of IP phones, the optimisation of BEX (a system managing branch visits and related activities), and a focus on transitioning to paperless, automated

solutions to eliminate manual tasks. By enhancing customer touchpoints and revamping internal workflows, the POU ensures smoother operations that contribute to an exceptional customer experience. The unit's efforts reinforce the commitment to sustainability and operational agility.

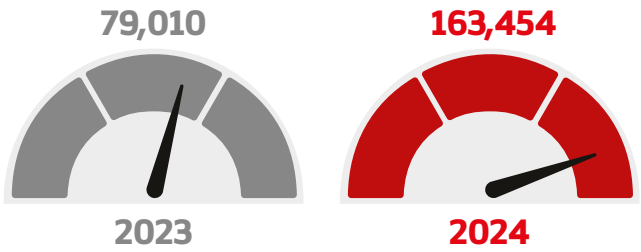
CRM and Digitisation

The CRM and Digitisation team is spearheading the development of an innovative in-house Customer Relationship Management (CRM) system, a pioneering initiative aimed at consolidating multiple systems into a single, user-friendly platform. By providing front-end staff with an omni-channel experience and advanced features, the team seeks to elevate both customer and employee interactions to a world-class level. Developed in collaboration with the technology team, this system will continue to evolve after launch, eliminating inefficiencies and enhancing customer engagement. The CRM & Digitisation team is at the forefront of driving seamless digital transformation across the organisation.

Complaint Management Unit

At Bank Alfalah, customer satisfaction is the cornerstone of our success. The Bank fosters a customer-centric culture, supported by a robust complaint-handling mechanism rooted in fairness, transparency, promptness, and accessibility.

To ensure convenience, multiple channels are available for complaint registration. All branches, CFG/Digital Service Centres, Contact Centres, and Direct Sales Staff are equipped to log complaints directly into a Complaint Management System. Additionally, a user-friendly website, direct emails, a mobile app, and drop boxes at branches provide further avenues for submitting complaints. Each complaint is promptly logged into our advanced system, and a well-defined escalation matrix prioritises urgent matters to ensure timely resolution. Furthermore, root cause analyses are actively conducted, with insights shared with Senior Management and Business Segments to proactively address issues and minimize grievances.



In 2024, the Bank received 163,454 complaints, achieving an impressive average resolution time of 4.3 working days.

Employees

Bank Alfalah is a strong advocate for fostering a culture change within the banking industry. The Bank firmly believes that a positive and supportive organisational culture is key to building a satisfied and engaged workforce. This belief is rooted in the understanding that when employees feel valued, it results in greater productivity, creativity, and job satisfaction.

In line with this vision, the Bank prioritises the creation of a diverse and inclusive environment. By embracing diversity, Bank Alfalah aims to bring together individuals with varied perspectives and backgrounds, encouraging innovation and collaboration across all levels of the organisation.

The ultimate goal is to provide a safe and stimulating space where employees not only find their purpose but are also excited to come to work every day. This culture of inclusivity and engagement is integral to ensuring that employees thrive, both personally and professionally, contributing to the Bank's continued success.

The Bank Alfalah Culture Strategy rests on the following pillars:

- One Bank, One Team
- Focus on Customers
- Inspiring and Empowering the People

The Bank's Values are a sub-category of the Culture, with which all the employees are mandated to align themselves:

- You (Customer Care)
- Your Needs (Collaboration)
- Your Way (Creativity and Innovation)
- The Right Way (Conduct and Integrity)

Bank Alfalah has clearly defined four core values that are integral to its organisational culture. These values are accompanied by specific behaviors and competencies that guide employees in embodying them. By understanding and practicing these values, personnel are able to develop a holistic understanding of their significance and their role in shaping the culture of the Bank.

When employees align with these values, they contribute to fostering a positive and inclusive culture. This alignment creates a workplace that is conducive to the success and well being of all employees, regardless of age, race, religion, gender, ability, or any other individual characteristics.

All initiatives proposed are a product of the feedback received from the employees themselves, and as a result have a direct impact on the business, behavior of the staff, and customer loyalty. Culture has been inculcated into the Bank's overarching 5-year strategy, evidencing the senior management's commitment towards ensuring a positive experience and environment for all employees.

Talent Acquisition and Advisory

- **Talent Acquisition**
  To maintain an uninterrupted talent pipeline and to support our diverse business operations, the Bank inducts mid-level and fresh graduates through hiring programs. All prospective candidates are evaluated through a structured recruitment process. This year, the Bank onboarded 4479 individuals through lateral and batch programmes with our primary focus on ramping up the frontline workforce.

- **Human Capital Group Advisory**
  The Human Capital Group (HCG) Advisory function continues to support all business functions in areas such as employee retention, handling grievances, conducting employee engagement sessions, and so on. As part of this function, the talent classification exercise is carried out for critical positions to maintain bench strength of senior talent. There is a focused approach to building a talent pipeline through succession planning to ensure successors at all leadership levels and critical positions. Development plans are devised for high performers, which include their training and coaching needs.

Learning and Development

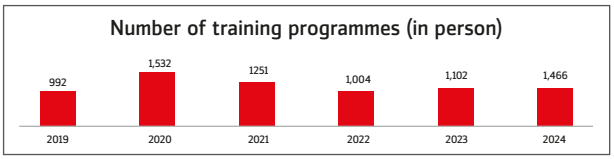
'Opportunities to Learn and Grow' is one of the main pillars of the Bank's 'People Happiness' charter. The Bank aims to invest in employee development and training opportunities so that our employees continue to hone their skills and advance their careers. Specific focus is placed on job role enrichment, upskilling employees, and professional development to enhance the skillset of the workforce.

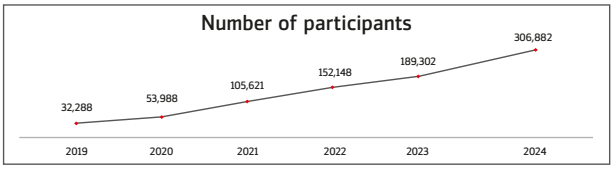
Strengthening the employee induction programmes is another focus area to ensure a smooth transition of new joiners by equipping them with knowledge about the Code of Conduct, Culture, Systems, Policies and compliance. The Bank hosts two programmes by the name of Start Right – for all new joiners, and Ready to Perform – for front-line employees.

Carrying forward the momentum from the year before year, 2024 remained an exceptional year for learning and development. The year witnessed a digital transformation of learning methodologies, revamping the physical learning spaces. From virtual infrastructure up-gradation to extending innovative learning opportunities, the Learning Division made concerted efforts to equip employees with the best skill-set, enabling them to discover new and better ways to serve the customers.

In line with the Employee Happiness Charter to extend opportunities to learn and grow, learning interventions were offered virtually as well as in person. Training interventions and e-Learning modules were offered in various disciplines.

Given below is a glimpse of learning quantum during the last 6 years:





The Banks extended focus remained on capacity-building in line with regulatory frameworks and global compliance obligations, with several initiatives undertaken in this regard. With the help of in-house and external subject-matter experts, various learning Programmes were arranged on Anti-Money Laundering, TF Risk Assessment, and CFT Obligations, Trade-Based Money Laundering and Cyber Security Awareness. Realising contemporary trends and future-proofing the employees, learning initiatives have been taken to increase their digital quotient. Frontline teams were upskilled in product and process knowledge, and enhanced levels of customer service.

In line with the Bank's strategy to create a client-focused culture, Bank Alfalah launched its Customer Loyalty Programme, **"At Your Service 2.0,"** this year. The Programme aims to enable staff to become loyalty leaders by embodying three essential behaviors: Empathy, Responsibility, and Generosity, whether interacting with external or internal customers. The Learning and Development team devised a comprehensive training plan to ensure that the entire workforce, including senior officials, undergoes this programme. In 2024, over 90% of Bank staff attended this programme.

To upskill Premier Banking Staff, the Bank Alfalah Learning team devised a comprehensive **Premier Banking Bootcamp.** This tailored programme is meticulously designed to elevate investment product knowledge and enhance financial market understanding among premier staff. The training content encourages participants to think creatively and propose scenario-based wealth and investment plans according to clients needs. Premier Boot Camps were conducted across the country, and the first cohort of Relationship Managers (RMs) have successfully graduated.

Through this Premier Banking certification, Premier RMs were trained and assessed on Product Knowledge, Control and Compliance, ensuring a high standard of service to clients. The Learning team is steadfast in its commitment to continuous upskilling and empowering staff to operate at their fullest potential, enthusiastic about propelling this initiative to the next level. This advanced phase is designed to further enrich RMs' expertise in the capital market, refine risk assessment skills, and cultivate portfolio-building proficiency. Successful RMs will have the opportunity to pursue professional certifications such as IFMP and CFA.

To align with the Bank's agenda for Islamic Banking, the Learning Division signed an MoU with NIBAF to bring the industry's best Islamic Banking Certification Course (IBCC) to Bank Alfalah premises. This in-house facility provides an opportunity for maximum staff to benefit from the course, comprising 16 comprehensive modules on a wide range of Islamic banking concepts and practices. This Programme aims to upskill Bank Alfalah staff to become Islamic Banking specialists, playing a role in devising Shariah-compliant products and services for customers. The first cohort completed their certification in March 2023.

In continuation of the Bank's **Diversity, Equity and Inclusion** initiatives, **Project Uraan** was launched in 2023 and actively promoted in 2024 . The project aims to empower and equip women at the grassroots level with the necessary tools to strengthen themselves in a formidable position at the workplace. The Learning team devised a customised training Programme for junior and mid-level female staff to upskill them and enhance their capabilities for career progression, empowering them to capitalise on their leadership abilities.

A skill gap analysis was conducted, and customised learning modules were introduced to develop cognitive thinking and socio-emotional skills, breaking internal bias to lead their career progression. This was followed by 1-1 coaching sessions with designated mentors, who would meet with targeted female staff at a set frequency, assessing their progress on the goals set during and post-completion of Programmes, and creating visibility in front of stakeholders. Human Capital Group

(HCG) developed a talent pool of females who went through this Programme and kept track of their progress via nominated coaches. HCG Business partners played a pivotal role in sharing career opportunities

In line with the Bank's vision of financial inclusion and SBP's financial literacy Programme **(National Financial Literacy Programme, 2022-27),** Bank Alfalah has overachieved the given target for the last two years and reached out to more than 7,000 beneficiaries per year across 26 cities in Pakistan. Field trainers were deployed to raise awareness through classroom/street theaters in assigned areas for the target audience. The Bank Alfalah Learning team facilitated SBP and partnering institutions, and collaborated with the development sector to raise awareness of this programme

The Learning and Development team introduced the **Teller to Seller (T2S)** Programme, initially in major cities and later expanding nationwide. In 2024, Phase 4 and 5 of this Programme was launched and was very well received. All Customer Service Officers (CSOs) along with frontend branch banking staff have gone through classroom training followed by on-the-job training in branches. This initiative empowers operations staff, particularly CSOs, to generate referrals and cross-sell products during customer transactions. Positive feedback during training indicates its success, with staff members generating substantial referrals that contribute to business opportunities.

Leadership trainings were also organised for executives. Knowledge sessions were organised for various businesses, with a special focus on SBP initiatives. Additionally, to induct young talent at Bank Alfalah, customised Batch Learning Programmes were conducted for Management Trainees and Customer Service Officers.

The Learning Team will continue to introduce learning solutions for employees to enhance their personal and professional skills and nurture a learning culture for organisational growth.

Diversity, Equity and Inclusion

Bank Alfalah strives to position itself as the employer of choice by nurturing an environment where employees feel a strong sense of value and respect. The Bank's emphasis on Culture and inclusion is demonstrated in its 5-year strategy, with 'Culture' standing as a fundamental pillar. This exhibits that Bank Alfalah choses to be an inclusive employer

Encouraging diversity of ideas is an integral part of Bank Alfalah's vision and mission, actively promoting employees to approach tasks innovatively. The Bank's values are clearly defined, outlining behaviors and competencies for its employees, and fostering a comprehensive understanding among them. This alignment leads to a positive culture and a workplace that accommodates everyone, regardless of their backgrounds.

Bank Alfalah firmly believes that Diversity, Equity and inclusion are catalysts for inspiring creativity, driving innovation, increasing productivity, and ultimately

enhancing profitability. The Bank's DE&I strategy rests on the following pillars:

- Developing gender intelligent leaders
- Introducing and monitoring diversity indicators
- Creating measures to facilitate work-life balance and conducive work culture

The Bank's dedication to cultivating a diverse workforce and fostering an inclusive work culture is apparent through its recognition on various platforms.

Bank Alfalah was honoured with the title of **Most Inclusive Organization** at the Global Diversity, Equity & Inclusion Benchmark Awards 2023, achieving best practice levels across all 15 categories in the framework, demonstrating its unwavering commitment to fostering an inclusive and equitable environment. GDEIB framework is developed by the Centre of Global Inclusion, USA, and serves as standards for organisations around the world to compare and improve their DE&I practices

In addition, Bank Alfalah was awarded second place **Employer of Choice** at the Gender Diversity Awards organised **by Pakistan Business Council & International Finance Corporation.**



The Bank is honoured by these accolades and remains committed to furthering its path towards becoming one of Pakistan's leading employers in diversity and inclusivity.

Female Representation in Bank's Workforce

Women make up to 20.6% of Bank Alfalah's total workforce, with many holding key leadership positions as mentioned below, reflecting the organisation's commitment to promoting gender diversity and fostering an inclusive workplace.

- Chief Financial Officer
- Group Head Retail Banking
- Head Corporate Credit Risk
- Regional Business Head Retail South
- Head Premier Proposition
- Head Culture Enablement
- Head Service Distribution and Digital Adoption
- Head Systems, Policies and Procedures
- Head AML Compliance
- Head Digital Operations
- Head Cost Control and MI
- Head Digital Innovation and Integrations
- Head Corporate Communications
- Regional Business Head - Corporate Islamabad
- Area Manager(s)
- Team Leader(s) Asset Sales



Gender positioning by
Bank Alfalah
Employment level



Men: 13,016 (79.4%)

Women: 3,384 (20.6%)

Policies and Initiatives Promoting Gender Equity

Since 2018, the Bank's focal point has revolved around implementing robust Diversity, Equity, and Inclusion (DE&I) policies and Programmes. Throughout this period, a sequence of initiatives have been launched and distinguished with unique branding to foster Diversity, Equity and Inclusion (DE&I) within the Bank.

- **Childcare Allowance -** In its quest to create a workplace conducive to family life, Bank Alfalah offers childcare allowance to working mothers and single fathers. With this the Bank support its working parents by aiding them in arranging daycare or caregiver services, thus enabling them to maintain a work-life balance.

- **Maternity and Paternity Leave -** Recognising the distinct responsibilities of both parents, particularly during the initial days of welcoming a newborn, the Bank offers a maternity leave of 6 months for working mothers and a paternity leave of 5 days for working fathers.



- **Maternity Cover Incentive -** The implementation of a Maternity Cover policy assures seamless workflow during an employee's maternity leave period. The Bank provides a unique opportunity for employees to step in as 'Maternity Cover' for a duration of 6 months, covering the responsibilities of those on maternity leave. Employees assuming this role receive a monetary incentive upon completion of the 6-month period. In addition this serves as a development opportunity for employees as it diversifies their experience and gives them the chance to learn new skills.

- **Iddat Leave -** Bank Alfalah introduced an unprecedented leave offering, unparalleled in various industries. The organisation provides a fully paid Iddat Leave lasting 130 days exclusively for women employees, ensuring job security and peace of mind during periods of grief following the unfortunate events of a spouse's death or divorce.

- **Hybrid, Remote & Flexible Working Policy -** Bank Alfalah strives to establish a work atmosphere that acknowledges the significance of adaptable work schedules. This one of a kind policy is designed to empower employees with the choice to work in ways that best suits their professional and personal needs while ensuring business objectives are consistently met.

- **Communication Channel for Women –** Bank Alfalah maintains a dedicated platform tailored for women, ensuring consistent engagement with its women workforce. This channel serves as a means to disseminate and introduce new initiatives, and reinforce guidelines on addressing harassment. This interactive approach significantly contributes to fostering a more supportive work environment for women.

  Employees can easily connect with the organisation through email and phone, ensuring accessibility for sharing concerns related to the work environment, work-life balance, growth opportunities, and more. This accessibility reflects the commitment to listen and support employees facing any challenges.

- **Employee Volunteering Leave -** Bank Alfalah provides a leave option of up to two working days, enabling employees to contribute their skills and time to serve the communities around them.

- **Celebrating International Women's Day –** In 2024, Bank Alfalah observed International Women's Day throughout its various locations, acknowledging the valuable contributions of its women employees. These celebrations serve as an opportunity not only to recognise existing efforts in fostering gender-inclusive workplaces but also to underscore the ongoing commitment to advancing this initiative. The Bank facilitated panel discussions and group sessions across branches and back offices, providing all employees with an opportunity to contribute their perspectives on enhancing inclusivity within the organisation. Additionally, the Bank sponsored external events such as Shevolution to showcase its efforts for the community at large and collectively strive for a gender-inclusive space.

- **Uraan** – designed specifically for women to help them grow in their respective career trajectories. The target audience for this Programme are women who have been in the same role for a long time but have the potential given that they develop their soft skills. For this purpose, a year-long learning roadmap is designed for these women along with assigning mentors from the same fields who can support them in developing the competencies needed for growth.



- **Uraan Learning Journey -** The attrition analysis reveals a notable trend where a considerable portion of women depart due to prioritising family responsibilities or seeking enhanced career opportunities.

  Addressing the latter, a customised learning pathway has been developed to empower women to advance their careers within Bank Alfalah. This roadmap provides a clear outline of the skills and competencies required for progression to higher levels within the organisation.

- **Ignite Sponsorship Programme for Women –** The Ignite Sponsorship Programme for women is a mentorship and coaching initiative tailored exclusively for women, offering personalised one-on-one coaching sessions with senior leaders. All mentors and coaches involved in the Programme have undergone specialised training in Leading as Coaching and are actively engaged in the Leadership Development Programme, ensuring a high standard of quality and support within the initiative.

- **SheLEAD (Bank Alfalah's Signature Leadership Development Programme for Women) -** Developing women to prepare them for leadership roles is at the heart of the Bank's inclusivity agenda. This Programme enables women to drive their careers forward, overcome self-limiting beliefs, and build strategic networks. It is an initiative aimed at cultivating a pool of women leaders poised to assume senior leadership positions within the organisation.

- **Celebration of Festivals of the Minority Groups**
  Bank Alfalah celebrates religious diversity by recognising and respecting the beliefs of all employees. As a gesture of support and inclusion, the Bank distributes festive giveaways to employees from minority religions during their religious events, fostering a sense of belonging and unity.





- **Disability Inclusion**
  In compliance with the State Bank of Pakistan's regulations, the Bank established a policy for Persons with Disabilities through a comprehensive engagement process involving all pertinent stakeholders. The policy primarily concentrates on ensuring equal employment prospects and creating an accessible work environment

for individuals with disabilities, while also aiming to raise awareness and sensitivity among existing employees. The Bank developed a comprehensive strategy alongside specific initiatives to drive this effort forward.

The Bank has introduced a Disability Allowance for employees referred to as Persons with Disabilities (PwDs).

A few initiatives include making the Bank's premises accessible – for this purpose, department audits were conducted that resulted in infrastructural changes at key locations. In addition, Bank Alfalah currently has sixteen Model branches that offer complete accessibility and independence to Persons with Disabilities. The branches are equipped with accessible entrances, height adjusted counters and ATMs, talking ATMs, dedicated token system, privilege passes, braille stationery, wheelchair friendly lockers, sign language interpreters, tactile flooring, etc.

To promote inclusion and empowerment, the Bank provides tailored employment and internship opportunities for Persons with Disabilities, enabling them to gain valuable experience, develop their skills, and build fulfilling careers.

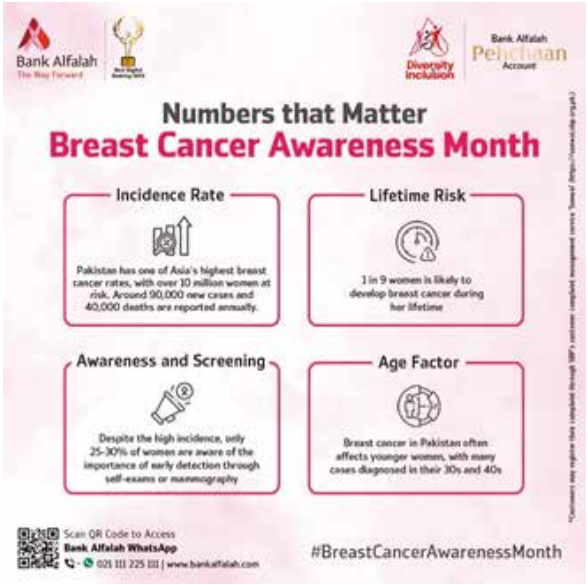
Additionally, the Bank organised sign language training for individuals from the Model Branches, Talent Acquisition team, SME team, and Culture team - those who engage most frequently with Persons with Disabilities - ensuring effective communication and a more inclusive experience.

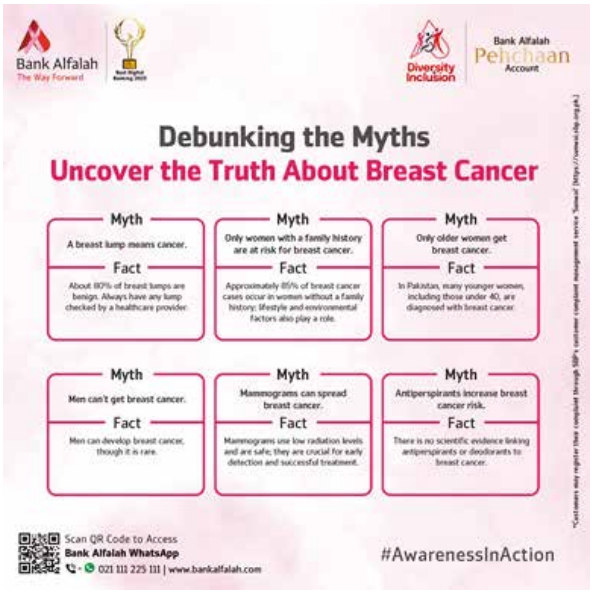
To ensure targeted efforts for Persons with Disabilities, the Bank encourages partnership with organisations that work solely with Persons with Disabilities. The partnerships include support in terms of training the potential Persons with Disabilities employees on the basics of banking, awareness sessions on financial inclusion and training of the Bank's employees on how to best interact with Persons with Disabilities.

A few examples include, Bank's partnership with NowPDP, ConnectHear, I-Care Foundation, Deaf Reach Foundation, and so on.



- **Breast Cancer Awareness** Throughout October, the Bank leads a comprehensive breast cancer awareness campaign focused on breaking societal taboos, educating individuals about risk factors, and promoting early detection. As part of this initiative, the Bank released targeted communications to help employees distinguish facts from myths, recognize key symptoms, and access guidance for those experiencing them. The campaign also emphasized raising awareness through an interactive session with women, fostering an open conversation on the topic in collaboration with the Samina Alvi Foundation and the Bank's senior management. To further reinforce its commitment, Bank Alfalah illuminated its head office and the flagship branches in pink and distributed pink ribbons across branches, symbolizing solidarity and support for the cause.









People's Happiness and Employee Engagement Survey

Bank Alfalah finds that having a data-driven approach to every project ensures that new initiatives are employee-centric at their core. The Bank has a multifaceted approach to measure Culture at the organisation. To ensure a healthy work culture and seamless employee experience, the Bank conducts an Annual Happiness and Engagement Survey. The significance of the survey is as follows:

- Measures Engagement - Using validated psychometric survey scales to accurately assess the level of engagement among employees.
- A Venue for Open Feedback - Providing a direct channel for participants to voice their opinions and concerns to management.
- The 'How' to 'Increasing Employee Engagement' - Create direct initiatives and interventions to address problem areas and reduce attrition.
- Direct Organisational Growth - Obtaining actionable data crucial for implementing strategic improvements across all facets of the business for organisational growth.



Employee Wellbeing Initiatives

Mental

Launching soft skills e-learning Programmes such as:

- Empathy
- Values
- Building High Performance teams
- Emotional Intelligence
- Essential Workplace Behaviors
- Handling Difficult Customers
- Effective Communication Skills
- Service clinics
- Customer Service Excellence Programme
- PWD awareness
- C.A.R.E
- Becoming Stress Resilient
- Gender Stereotypes
- Learning Bytes

Physical

- Gym reimbursements
- Health benefits
- Work from home policy
- Flexible working hours policy
- Maternity Leaves
- Participation in corporate cricket tournament

Emotional

- Thankful Thursdays
- DEI Initiatives for persons with disabilities and female employees
- Employee Wellbeing journey
- Sessions on mental well-being with Karwan-e-Hayat (to be launched)
- Including families and communities in celebrations (International Children's Day with employees' children and Child Life Foundation)

Financial

- Benchmarking living wage
- Lower interest rates in the industry
- Revision in benefits (SLCL, fuel, bank maintained car, handset mobile phone allowance)
- Employee Assistance
- Childcare allowance
- Maternity Cover Benefits

Career

- Focus on Culture & Values
- Engagement with new joiners (check-in surveys)
- Internal Elevations
- HR Help Desk and HCG ChatBot for any HCG Related inquiries for employee experience
- Leadership Development Program
- Welcome Back Program
- SheLead Program
- Ignite – Sponsorship Program

ALFA LEAD Management Trainee Programme

Annually, Bank Alfalah recruits fresh graduates who go through a rigorous four-stage process involving a Gamified Assessment, Video Interviews, a Virtual Assessment Centre and Panel Interviews. In 2024, the Bank inducted 17 talented individuals to be upskilled as Future Leaders.

The Bank actively participated in Career Fairs across multiple cities, further strengthening its outreach efforts. Through these events, Bank Alfalah connected directly with potential candidates, offering them valuable insights into the Management Trainee Programme and the career opportunities available within the organisation.

To expand its reach, the Bank also leveraged social media campaigns, ensuring it connected with graduates nationwide. These campaigns were designed to highlight the benefits of joining the Bank, showcase success stories, and provide information about the selection process, attracting a diverse pool of talented individuals interested in launching their careers with Bank Alfalah.

The ALFA LEAD Programme ensures that all Management Trainees at Bank Alfalah are effectively engaged through a comprehensive learning plan and regular interactions with the Senior Management.

Key components of the Programme include:

- Learning Management System (LMS): Provides access to various training resources and modules to enhance their knowledge.
- Learning Projects: Practical projects that allow trainees to apply their learning in real-world scenarios.
- Branch Rotations: Exposure to different branches to gain insights into the operational aspects of the Bank.
- Departmental Rotations: Ensures trainees gain hands-on experience in various departments to understand the interconnectivity of the Bank's functions.

Together, these elements create a holistic development experience, preparing Management Trainees for leadership roles within Bank Alfalah

Exceptional Employee Experience

To deliver an exceptional professional experience to its employees, the Bank has devised the following:

- Seamless onboarding and induction;
- People-friendly policies and procedures;
- Performance-based, fair and transparent structure; and
- Continuous engagement and rewards.

Additionally, the organisation administers a series of surveys tailored for new joiners to stay updated on their onboarding experiences, challenges encountered, and insights gained within the workplace. These surveys focus on their relationships with line managers and colleagues. The surveys include:

Welcome to Bank Alfalah Survey
This survey is dispatched within 30 days of a new employee's arrival through Oracle Human Capital Management System (HCM) to gain knowledge about their onboarding experience.

30 and 90 Day Check-In Survey
Sent within the initial 30 and 90 days of employment through Oracle HCM, this survey delves into various aspects of the employee's experience, encompassing job role, location, expectations, challenges faced, cultural assimilation, and the employee-supervisor relationship.

First Work Anniversary Survey
Launched on the employee's first work anniversary via Oracle HCM, this follow-up survey to the 90-Day Check-In aims to gather comprehensive feedback on the overall employee experience, covering facets such as job role, organisational alignment, supervisor rapport, challenges, achievements, work-life balance, and learning and development.

Additionally, the organisation conducts surveys targeting all employees to comprehend their workplace experiences, challenges encountered, and their relationships with line managers and colleagues. These surveys encompass:

Know Your Benefits Campaign
Initiated to educate staff about existing benefits and policies, this ongoing campaign regularly disseminates information on employee entitlements via email. The campaign enhances employee awareness regarding available benefits and the process to avail them.

Furthermore, the Bank offers several initiatives:

Sabbatical Leave
Providing employees the opportunity to enhance their academic qualifications without risking job security.

Go Green Initiative
Undertaking digital transformation by digitising major HCG processes, reducing paper consumption. Employees can conveniently access the Human Capital Management System (HCM) for e-forms related to various functions, to name a few, such as mobile hand set allowance, staff loan adjustment, salary slip generation, financial assistance for Employee Welfare Programme, and other Business and ITG related processes. The Bank continues to automate and digitise additional processes to promote sustainability and efficiency.

Learning Resources
The staff needs to be emotionally, physically and mentally resilient. HCG is constantly working to support employees through tough times via Programmes, including tailored e-learning Programmes 'Becoming Stress Resilient' and 'The Well-being Journey,' through which employees find tips on how to remain motivated and resilient.

Family events
The Bank organises events for its staff and their families. The aim of such events is to foster a sense of belonging







Employee Relations
Providing employees the opportunity to enhance their academic qualifications without risking job security.

- **Conduct and Integrity**

  At Bank Alfalah, employees are expected to conduct themselves in accordance with high standards of personal and professional integrity, and compliance with all the laws, regulations, corporate policies and procedures in force. To instill in the employees the true spirit of the culture based on the corporate values, the Bank considers it one of the prime responsibilities to organise awareness sessions on conduct and integrity regularly. Every possible effort is made to cover all aspects of the conduct an employee is expected to follow at the Bank.

  We regularly host engagement sessions on Treating Employees Fairly with Line Managers to acquaint them with the skills and competencies required to enable a conducive environment.

  A process to raise a grievance is in place and the Bank runs internal campaigns to reinforce and create awareness about Employee Relations and its processes

  This aims to create a safe working space for all employees with a solution-based approach where employees can raise their concerns regarding:

- Discrimination
- Maltreatment
- Harassment
- Intimidation
- Unfair Treatment
- False Accusations

Sessions were organised for the female staff to minutely cover the topic of 'Protection against Harassment of Women' at workplace to make them realise that Bank Alfalah is uncompromisingly committed to offering a work environment where all its staff feel safe and have equal growth opportunities. These sessions are meant to empower the employees so that they can make informed decisions and work with their full potential towards organisational growth, while securing against internal and external compliance issues.



Rewards and Financial Services

The Bank is dedicated to fostering a positive and empowering work environment for its employees. The Rewards and Financial Services function focuses on designing and managing competitive compensation structures, employee benefits, and performance-based incentives. This includes developing comprehensive rewards Programmes, overseeing salary and bonus schemes, ensuring effective talent retention strategies, and recognizing outstanding performance. Additionally, focusing on financial wellness initiatives, retirement planning, health and wellness Programmes to support the overall well-being and long-term success of employees.

- **Employee Benefits**

  The Bank offers employee-centric policies and benefits based on best market practices like Health & Life Insurance, Staff Finances, Sabbatical Leave, Maternity & Paternity Leaves, End of Service Benefits, and Flexible Working Options.

- **Remuneration Policy Implementation**
  Bank Alfalah has a Remuneration Policy in place. For details about the Remuneration Policy, please see the Governance section of this Annual Report.
- **Gender pay gap statement under SECP Circular 10 of 2024**

  The male vs female mean and median ratios for the year 2024, as required by SECP Circular 10 of 2024 are as follows:

Tier	Mean Gender Pay Gap	Median Gender Pay Gap
Tier-1	0.97 : 1	1.05 : 1
Tier-2	1.15 : 1	1.14 : 1
Tier-3	1.15 : 1	1.16 : 1
Tier-4	1.17 : 1	1.12 : 1



- **Employee Health & Wellness**
  i. Apart from the Bank's Health Insurance Policy for Hospitalisation and Follow-up Treatments, Bank Alfalah has provided health card facility having discounts on outpatient services to the employees and their families.

  ii. Health and Wellness Programmes are organised at various offices across Pakistan focusing on overall wellness (including physical and mental well-being) of the employees while fostering healthy work-life balance.

  iii. Blood donation drives and Influenza vaccination drives are conducted periodically at Bank premises to ensure employee health and safety.

Employees contribute to the fund every month and the monthly contributions are matched by the Bank.







- **Bank Alfalah Employee Welfare Programme**

  The Employee Welfare Programme, which is contributory in nature and aims to provide financial assistance to employees in need for the following purposes:

  i. Medical Grant: Provides funds for medical emergencies/treatment of employees and their families (insured dependents), where health insurance limit is exhausted as per the Bank's hospitalisation policy, and coverage for critical ailments.
  ii. Marriage Grant: Provides funds for daughters' marriages.
  iii. Educational Grant: Provides funds to pay admission fees for professional/postgraduate degrees of employee's children.



- During 2024, over 507 employees with grants amount PKR 75.67 million were facilitated through the Bank's Employee Welfare Programme.

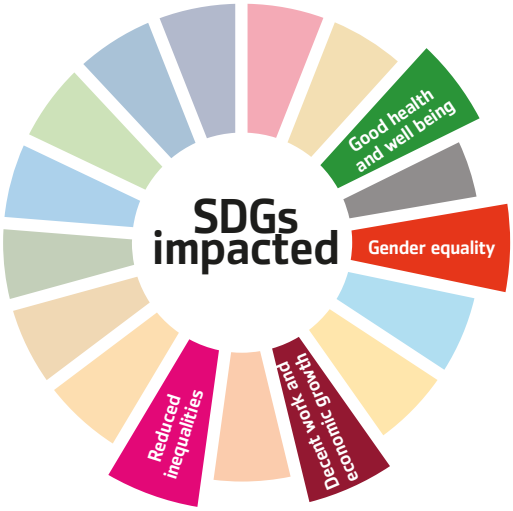
- Employee Quick Connect

The Bank has provided employees with a centralised platform where they can access updated HCG policy, guidelines and documents with a single click. This provides hassle-free access to important documents.

- **Community Building**

The organisation is socially responsible and is generous in partnering with or supporting other social organisations to advance the holistic objective of uplifting the community. Employees are encouraged to participate in and support various community projects, including collaboration with different foundations to conduct blood donation drives across Pakistan. All employees have access to blood provision in case of emergency.

Our actions in Human Capital relate to following SDGs.



3
To ensure safe and healthy workplace ensuring overall well-being of the employees.

5 10
Fair hiring process and no discrimination irrespective of locality, gender or ethnicity of employees.

8
To improve professional efficiency Bank Alfalah gives highest importance on training and workshop.

Shareholders and Investors (including Institutional Investors)

Bank Alfalah, being a public listed company, ensures timely disclosure of all material information to the shareholders through the Pakistan Stock Exchange. The Bank has an Investor Relations (IR) Department to effectively inform all stakeholders of any material development through various forums and organised quarterly presentations on results, operations, and concerning material developments. Investors can easily access our financials and analyst briefings, which are available on the Bank's official website.

Shareholders can reach out with their complaints over the phone or in writing, and the same are addressed promptly by the Bank.

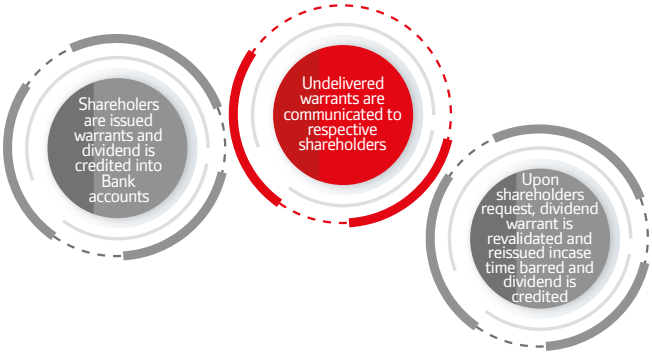
The Bank endeavors to resolve every investor grievance in a timely and effective way. In order to redress investor grievances, the Bank has a robust mechanism in place, which handles complaints such as share transfer matters and non-receipt of declared dividend. The Bank has dedicated staff in the Corporate Affairs Division for assisting with and handling shareholder/investor grievances.

Declaration, recommendation and payment of dividend

The Bank strives to maximise shareholders' returns in the form of dividends. The Bank follows the applicable regulatory framework for the declaration, approval and distribution of dividend. The annual dividend is approved by the shareholders at an Annual General Meeting (AGM) based on recommendation of the Board. The dividend is recommended by the Board after consideration and approval of the financial statements which were considered by the Board Audit Committee prior to Board's approval. All requisite approvals and clearances, where necessary as applicable, are obtained before the declaration of dividend.

- Shareholders Register: The Bank, by appointing a Share Registrar, maintains detailed information of its shareholders including bank account and contact details for proper distribution of cash dividends or stock dividends.
- Book Closure: The Bank announces book closure dates, during which, share transfer books remain closed.
- Dividend entitlement: Only the shareholders whose names appear in the Shareholders Register on the record date (book closure) fixed by the Bank are entitled to dividends.
- Payment of dividends: The Bank distributes cash dividends in the bank account of its shareholders.
- Unpaid / Unclaimed dividend: The Bank maintains detailed information on unpaid or unclaimed dividends. An unclaimed dividend is paid to the shareholder upon a formal request and as per the procedures.

  Process:



Steps taken to encourage minority shareholders to attend General Meetings

The Bank organises shareholders' meetings to have proper communication with its shareholders, especially minority shareholders. Each shareholder, irrespective of holding and voting power is important to the Bank. The Bank values them, their concerns, suggestions, and grievances, if any. At each Annual General Meeting (AGM) or Extraordinary General Meeting (EOGM), the Bank ensures two-way communication with shareholders.

The Bank has taken the following steps to encourage minority shareholders to attend general meetings:

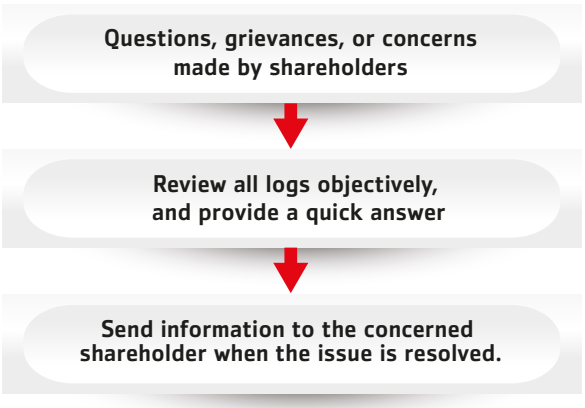
- Notice of the meeting is sent to all shareholders at least 21 days before the meeting. The notice details the agenda, venue, and timing of the meeting along with the text of the special resolution, if any, and other agenda requirements;
- Notice is published in English and Urdu languages in leading newspapers having nationwide circulation along with the Bank's website;
- Notice is also posted on the Pakistan Stock Exchange portal;
- The Annual Report of the Bank is sent electronically and in hard format (on request). It is also placed on the Bank's website for review of shareholders / investors. This enables minority shareholders to review the Bank's performance;
- Notice of the meeting includes proxy form (annexed with the Annual Report), which is a mode whereby the shareholders (including minority shareholders) can nominate anyone on their behalf to attend and speak at the meeting, in their absence;
- During the meeting, a detailed briefing on the

Bank's performance and plans is given to the shareholders; and
- All shareholders (including minority shareholders) are encouraged to ask questions and give suggestions relating to the Bank's operations.

Steps taken about redressal of investors' complaints

The Bank has an investor relations page on its corporate website. The contact details of the Bank's representative officers designated for assisting with and handling shareholders' grievances are mentioned on the investor relations webpage. For shares related issues (such as zakat deduction, withholding tax deduction, bank account details, etc.), shareholders are advised to contact the Shares Registrar of the Bank through contact details available on the Bank's corporate website. The Bank has also placed on its website, a weblink of the SECP's complaint cell for taking up matters not addressed by the Bank promptly.

Furthermore, to address general queries, suggestions, and complaints, the Bank has also placed all relevant details on its website on the 'Contact Us' link.



Matters raised at the last Annual General Meeting (AGM)

The 32nd Annual General Meeting 'AGM' of the Bank was held on 20th March, 2024 in Karachi. 757 shareholders (representing 75.73% of the total outstanding shares) attended the meeting via video link, in person or through proxies.

There were no significant issues raised in the meeting, however, shareholders sought clarifications on the Bank's financials and commented on the progress of the Bank. The CFO highlighted salient features of the audited annual accounts of the Bank for the year ended 31st December, 2023.

After the CFO's briefing on the Audited Annual Accounts for the year 2023, the Chairman of the meeting invited questions, if any, shareholders wish to ask. The following were the questions asked by the shareholders in the meeting:

- **A shareholder appreciated the overall results of the Bank and enquired about CASA for the last year. He also commented that the growth in advances is relatively low and asked about the future strategy for the same. He commented that the advances against personal finances is risky.**
  The CFO replied that the low advances growth was due to a very tough economic environment. Due to the high interest rate, the advances demand was impacted. Therefore, we have been very cautious in extending advances. The CFO further said that CASA ratio at Dec end was 69.3%.

- **Another question was about the deposit market share of the Bank in Islamic banking.**
  The CFO said that the Islamic deposit market share of the Bank is 5.3%.

- **A shareholder appreciated the Management for the good financial results as well as the dividends and expressed his wishes for higher profitability in the coming years.**
  The CEO and CFO thanked him for good wishes.

- **A shareholder commented that the Bank's growth in the year 2023 was excellent, but the cash dividend to the shareholders should be much higher than what has been announced.**
  The CFO said that the dividends are declared by the Board based on the profitability, capital adequacy and future plans.

- **Another question was whether the bank would continue to focus on opening new branches in 2024 despite economic uncertainty in the country.**
  The CEO replied that opening of new branches is part of the Bank's strategy to grow the market share. He added that at present the interest rate is high and this will help to enhance Bank's deposits and profits.

- **A Shareholder commented that the dividend being paid to shareholders is good, however, it should have been increased. He enquired about the detail of derivative income, whether this income comes every year or it is retrospective.**
  The CFO replied that the detail of the derivative income is provided in the Note No. 22 of the Annual Report 2023. Usually the derivative transactions are dependent on customer requirement which vary from year to year as they are done to provide hedge to customers. It can be profitable or vice versa depending on the currency movement.

- **One shareholder enquired about the future outlook and strategy of the Bank in the coming years.**
  The CEO replied that the current year would be about economic consolidation. In view of the IMF Programme, we expect that there will be some tightening in the economy. The inflation pressure may be coming down if the interest rate starts decreasing. He added that the decline in the interest rate will put pressure on our spreads, however, it will be compensated by the growth in volumes. The CEO said that we will try to continue our growth and deposit pace.

- **Another shareholder appreciated the Management for good results and expressed his wishes for higher profitability in the coming years.**
  The CEO thanked him for good wishes

The meeting concluded with a vote of thanks to the Chair by the Company Secretary.

Investor Relations

The Bank believes in regular engagement with stakeholders to reinforce their confidence and maintain their trust. We strive to not only meet but exceed stakeholder expectations by fulfilling all their requirements.

In order to facilitate investors, the Bank has a two-pronged strategy. Bank Alfalah houses a fully functional Investors Relations (IR) Department having relevant experience in Capital Markets. The second leg of the strategy pertains to operational logistics matters relating to the Bank's in-house staff and contracted third parties (Share Registrar).

The Bank, via its dedicated Investor Relations (IR) Department, has made concerted efforts to engage all relevant stakeholders and keep them abreast of all significant developments within the Bank.

Corporate Briefings and Road Shows
At the end of each quarter, the Bank organises analyst briefings to brief them on the quarterly performance of the Bank, and also apprise them of our strategy going forward.

Additionally, the Bank also organises an Annual Corporate Briefing session, to where stakeholders are invited, including shareholders and research analysts from the industry, which provides our management with an opportunity to engage with stakeholders on a one-on-one basis, and listen to their views on the macro environment in general and the Bank in particular.

The Investor Relations team also regularly connects institutions and potential investors virtually, or at our premises to apprise them of our performance and strategy.

Furthermore, the Bank has made a concerted effort to attend international roadshows, which allows it to engage with a global audience who might be seeking to explore opportunities offered by Pakistan.

Disclosures as required by the regulatory authorities are available on the Bank's website and are also disclosed to the stakeholders via the Pakistan Stock Exchange notice board. Additionally, financial statements and analyst briefing presentations are readily available on the Bank website.

Corporate / Analyst and Shareholder Briefings
Analyst and shareholder briefings are a unique opportunity to share business updates that are relevant to analysts' coverage areas and provide input for their research into changing markets. The Bank apprises investors about the economic environment, business avenues and development indicators of the country, financial performance, competitive environment, investment decisions, and challenges faced as well as the business outlook. These factors support investors in their decision-making about the Bank. Quarterly analyst / corporate briefings are held through teleconferencing. Business analysts are also provided information as and when required without compromising on confidentiality.
During the year, the following briefings were held:

Results period	Date
Annual – 31st December, 2023	21st March 2024
Quarter ended – 31st March, 2024	30th April 2024
Half-year ended – 30th June, 2024	22nd August 2024
Nine months ended – 30th September, 2024	24th October 2024

Investor Relations Section on Corporate Website
The Bank has a dedicated section on its website for the investors. This section contains various reports and vital information for shareholders, including quarterly financial reports, annual reports and quarterly analyst briefing presentations. The URL is https://www.bankalfalah.com/investor-information and https://www.bankalfalah.com/financial-reports/ respectively.

Suppliers, Service Providers and Vendors/Outsourcing Arrangements

Vendors need to be managed effectively to reduce the risk of supply chain disruption and ensure that the goods and services provided are delivered on time and as per the expected standard. Beyond this, an effective vendor management process helps the Bank build stronger relationships with its vendors which may, in turn, lead to opportunities to negotiate better rates.

The Bank has a Board approved Procurement Policy. This policy establishes procurement standards, which are primarily based on three pillars, i.e. Integrity, Transparency, and Accountability. These pillars are applied to all activities before awarding any contract/business including contracts for capital expenditure, i.e. purchases or construction work.

Decision-making criteria at all stages are clear, justifiable, and objective (with a written record where needed) with no room for discretion at any time, especially in the evaluation and comparison of bids.

Through this policy, the Bank achieves the following objectives:

- Improve vendor selection
- Harness cost savings
- Speed-up vendor onboarding
- Reduce the risk of supply chain disruption
- Strengthen supplier relationships
- Negotiate better rates

Furthermore, Bank Alfalah's dedication to fostering diversity, equity, and inclusion is exemplified in its vendor enlistment strategy, showcasing significant advancements. Notably, there has been a commendable increase in the inclusion of female vendors, constituting approximately 31% of the banks current vendor base. This accomplishment reflects the unwavering commitment to cultivating an environment where diverse perspectives are not only recognised but embraced, and underscores not only representation but also a substantial investment in supporting and empowering women in business. This aligns seamlessly with our mission to create equal opportunities and promote financial inclusion.

Outsourcing arrangements

To enable financial institutions to effectively manage the risks arising out of outsourcing, State Bank of Pakistan updated the Guidelines on Outsourcing Arrangements. The instructions are called 'Framework for Risk Management in Outsourcing Arrangement by Financial Institutions' (FI). The framework is based on international standards and best practices. These instructions aim to create a proactive approach in FIs on various aspects of outsourcing, including governance, risk management, in-sourcing of services, group outsourcing, information technology outsourcing, and collaboration/outsourcing arrangements by FIs for financial technologies.

The Bank, based on its assessment, has identified the following third party services that are classified as material outsourcing arrangements. Their cost is disclosed in the financial statements.

Service Provider	Outsourced Activities & Nature of Service	Cost in 2024 (Rs. in Mn.)
Wackenhut Pakistan (Pvt) Ltd.	- Cash Transportation Services (This includes the physical transfer of banknotes from one location to another. The locations include branches, ATM points and cash processing cells) - Cash Management Services (This includes Offsite ATMs/ CDMs/ CCDMs cash & machine management)"	421.6
Security Organizing System Pakistan - (Pvt) Ltd.	- Cash Transportation Services (This includes the physical transfer of banknotes from one location to another. The locations include branches, ATM points and cash processing cells) - Cash Management Services (This includes Offsite ATMs/ CDMs/ CCDMs cash & machine management)"	1,394.7
Askari Guards (Pvt) Ltd.	- Cash Transportation Services (This includes the physical transfer of banknotes from one location to another. The locations include branches, ATM points and cash processing cells)	42.3
Phoenix Armour (Pvt) Ltd.	- Cash Transportation Services (This includes the physical transfer of banknotes from one location to another. The locations include branches, ATM points and cash processing cells)	57.8
Constellation Printing Company	- Cheque Book Printing Services (This includes the printing of cheque books)	104.6
Apex Printery (Pvt) Ltd.	- Cheque Book Printing Services (This includes the printing of cheque books)	232.4
IT Technology Consultants Limited (ITCL)	- Card Personalisation (This includes EMV Chip Card Personalisation and Switching Support at Bank Alfalah Bangladesh)	18.9
Idemia Pakistan Pvt Ltd	- Card Personalisation (This includes Premier Visa Infinite Metal Cards Personalisation)	73.2

Analysts and Credit Rating Agencies

Credit rating agencies provide value for investors and market participants by rating the creditworthiness and ability of the Bank to repay its credit and debt obligations. By providing a rating, credit rating agencies put different entities on an equal footing, providing a comparable rating for different types of entities and different types of bonds. A credit rating takes into account many factors, including the financial health of the entity, cash flows, lien priority, entity governance, history of debt repayment, bond term, and future economic outlook relevant to the entity.

The Bank engages with PACRA for entity and instrument ratings. The credit rating is updated on an annual basis and the rating report is submitted to the State Bank of Pakistan and made public within the regulatory period after the notification of the rating by the credit rating agency. Furthermore, the Bank discloses its credit rating prominently in its published annual and quarterly financial statements, and on its website.

The Bank also engages with analysts through quarterly investor calls / corporate briefings. The purpose of these sessions is to maintaine transparency over the Banks results and performance.

Regulatory Bodies

Bank Alfalah assigns high importance to compliance with laws and regulations by implementing the same at all levels of the Bank in true letter and spirit. Promoting high standards of integrity and ethics, the Bank has developed and enforced a robust compliance model with three lines of defense across the organisation for ensuring effective management of compliance risks.

Furthermore, the Bank considers regulatory compliance and reporting a key responsibility, among other compliance requirements, which is carried out by the Bank appropriately as prescribed by various regulatory bodies. We believe in being fair and open in all the reporting to and dealings with the regulators with a vision to maintain a transparent relationship with regulatory bodies.

The Bank has a dedicated Compliance and Business Solutions group that managers regulatory correspondence and ensures that the Banks various functions are compliant with regulatory requirements. This group also facilitates regulators for various requirements raised by them.

Society

As a prominent and responsible entity operating in the country, the Bank continually looks for opportunities to give back to society. The Bank believes in developing the community in a sustainable way forward.

The Bank contributes to society through its Corporate Social Responsibility (CSR) initiatives, whereby it undertakes various activities to benefit society at large. This is done through multiple initiatives such as ration distribution and donations to communities in need, plantation drives to aid the environment, financial grants to enable quality education, medical treatment for the underprivileged, infrastructural developments, and interactive sessions aimed at personal development.

Please refer to the Sustainability section of this Annual Report for details on the engagement with the community / society.

Media and Marketing

Bank Alfalah's marketing strategy is built on the foundation of reaching and resonating with audiences at a mass level, ensuring that the brand becomes a household name. The Bank strives to create campaigns that do not just speak to people but speak about them-their aspirations, challenges, and evolving financial needs. By aligning its brand voice with the pulse of the community, the Bank fosters deeper engagement and stronger emotional connections, making Bank Alfalah one of the most talked-about brands in the industry.

The Bank's approach is rooted in a multi-channel strategy that leverages conventional and digital platforms, including television, radio, print, outdoor advertising, and the ever-evolving landscape of social media. This dynamic mix allows it to amplify its messaging, reinforce brand presence, and educate both existing and potential customers about our innovative banking solutions.

As part of its marketing strategy, the Bank ensures that it is present at every customer touchpoint, creating a seamless and impactful brand experience. By deploying campaigns across Above-the-Line (ATL), Below-the-Line (BTL), and Through-the-Line (TTL) platforms, it maximizes engagement and reinforces its identity to challenge destiny. The Bank's initiatives are carefully crafted to resonate with diverse audience segments, ensuring that its message is not only widespread but also relevant.

With a strong emphasis on digital transformation, the Bank has expanded its presence across high-engagement platforms, leveraging data-driven digital marketing and targeted social media activations to create a truly immersive brand experience. Its digital-first approach has enabled it to tap into new consumer behaviors, using advanced analytics and machine learning to curate hyper-personalized content and real-time interactions.

- Some of the prominent marketing campaigns during the year were:
- Strengthening brand presence through sports

- Driving economic growth through remittance campaigns .
- The current account campaign to empower customers through fee waivers and provide hassle free banking solutions.
- A modern & engaging approach to the revamp of the Alfa App, for which the campaign was meticulously crafted to target the right audience, particularly tech-savvy individuals and digital-first customers

Bank Alfalah's marketing approach is rooted in executing 360-degree campaigns that not only create an impact within the banking industry but also resonate with the masses. By consistently crafting campaigns that reflect its vision of being a caring and people-first bank, the Bank ensures that our messaging strikes the right chords and makes a lasting contribution.

Impact Created

In 2024, the launch of the New AlfaMall received the most extensive media coverage, achieving a total of 206 mentions. This coverage was significant, highlighting the growing role of digitisation in shaping the banking landscape. Innovating the digital e-commerce experience by providing customers with a seamless, one-stop shopping platform. Improving financial accessibility while paving the way for a more integrated and customer-centric digital ecosystem.

Other topics that received coverage include digital banking, sustainability, partnerships, financial results and other industry news. These topics indicate that the company is engaged in various activities that interest the media and the public.

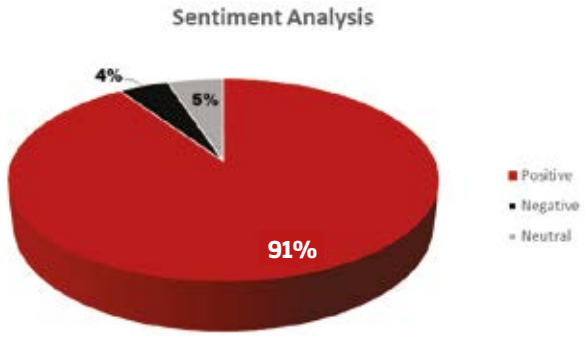


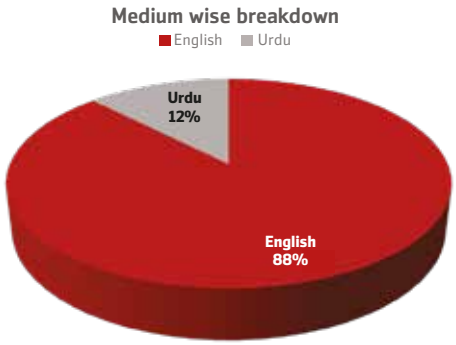
Media Coverage

The Bank received over 1,348 total media hits in newspapers, digital and TV publications. This number indicates high media engagement and interest in the company's activities. The coverage was primarily positive, with over 96 percent of the mentions being positive, 5 percent neutral, and 4 percent negative. This is an excellent outcome as positive media coverage can enhance the company's reputation and increase customer trust and loyalty.

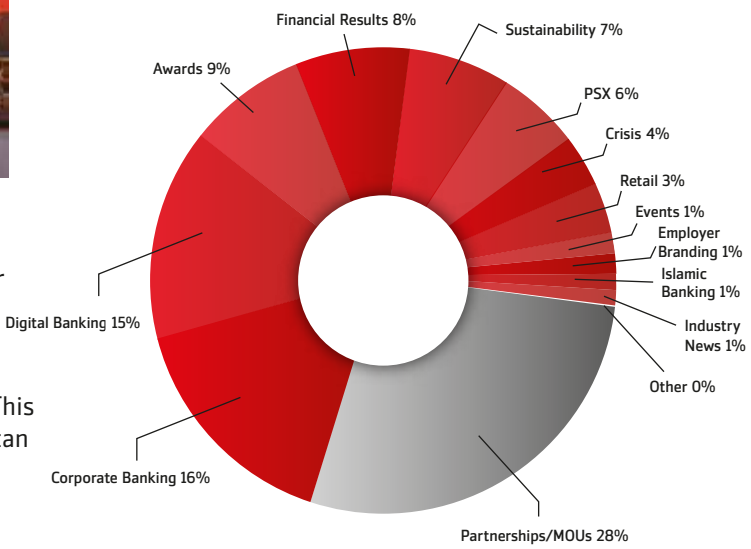
The coverage was primarily in English newspapers, with 88 percent of the mentions in English and 12 percent in Urdu. The Bank received coverage in both tier-1 and tier-2 and 3 news outlets. Tier-1 news outlets covered over 63 percent of the company's media mentions, while tier-2 and 3 outlets covered over 37 percent. This indicates that the company is successful in engaging with both mainstream and niche media outlets.

Sentiment Analysis



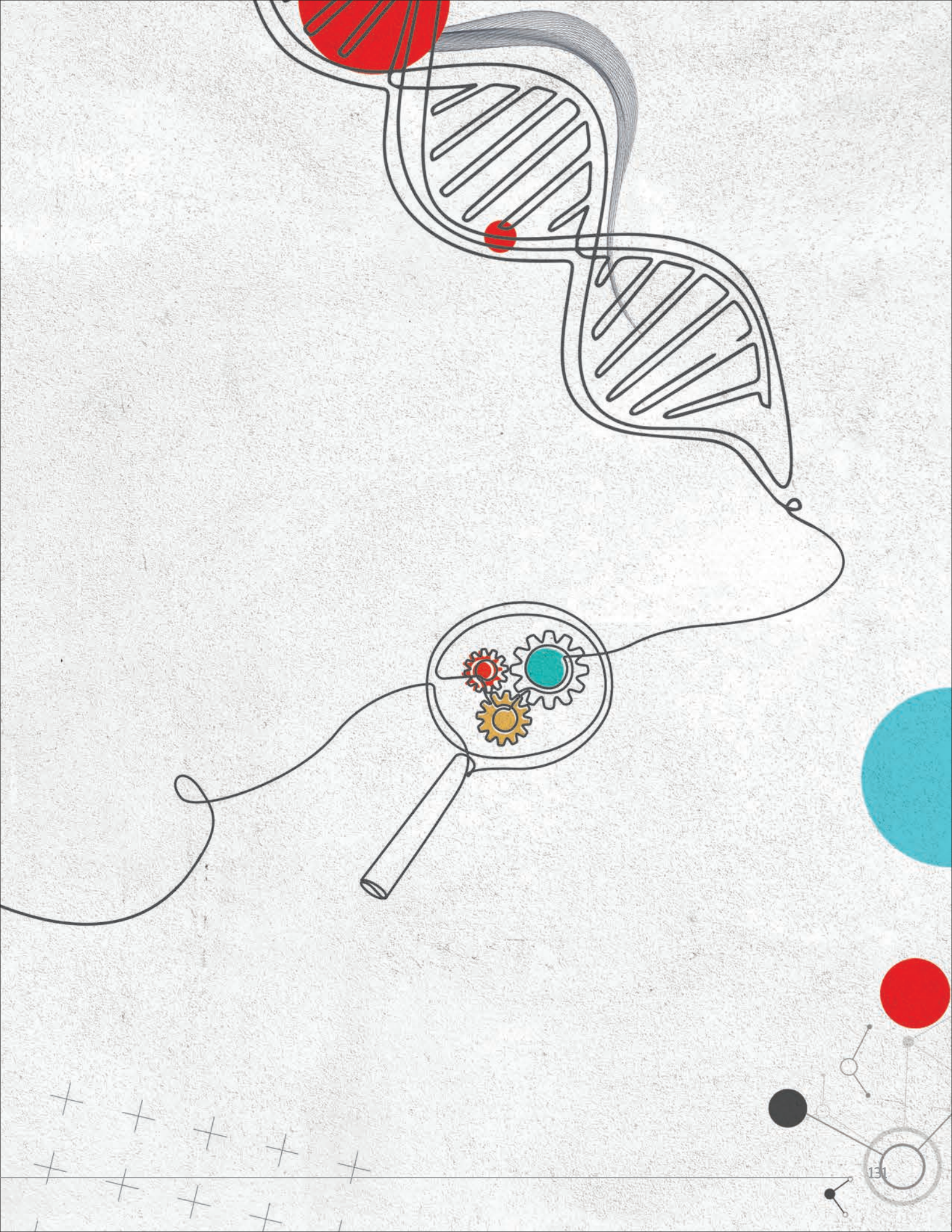


Press Mentions

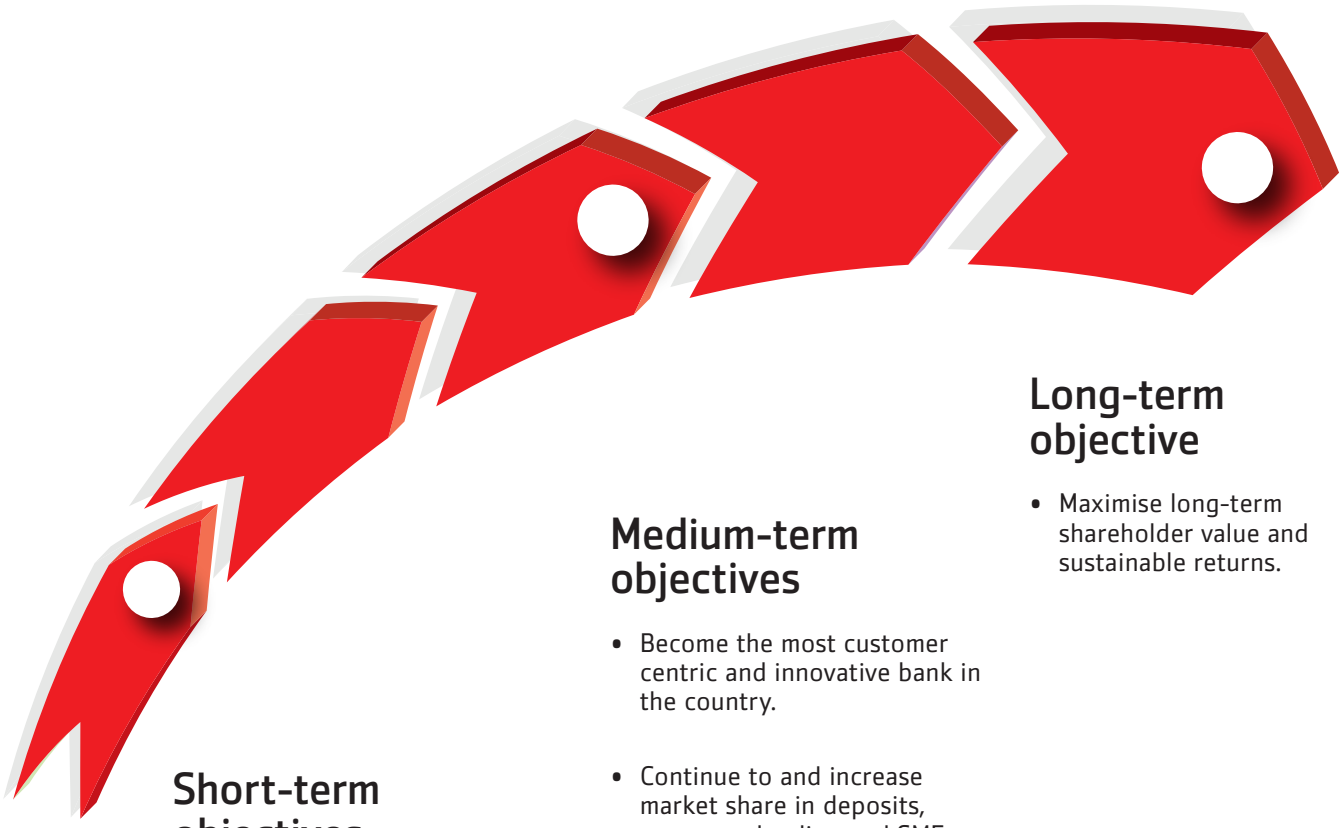


STRATEGY, KEY PERFORMANCE INDICATORS AND RESOURCE ALLOCATION





Strategic Objectives



Short-term objectives

- Deliver superior customer service.
- Develop innovative products to serve customer needs.
- Continue to enhance our controls and compliance framework, and follow prudent and robust risk management practices.
- Continual improvement in processes to increase operational efficiencies.
- Invest in human capital and become the employer of choice.

Medium-term objectives

- Become the most customer centric and innovative bank in the country.
- Continue to and increase market share in deposits, consumer lending and SME financing.
- Become the top employer of choice amongst banks.
- Become a leading ESG bank in Pakistan.
- Become a leading transactional bank in the country.
- Maintain a sound capital base with a controlled Risk Management Framework.
- Maintain and build on Leadership position in treasury and corporate banking.

Long-term objective

- Maximise long-term shareholder value and sustainable returns.

Strategies to Achieve Objectives and Key Performance Indicators

The Bank constantly reviews its strategic objectives to align with the economic, political, social, global, demographic, technological, and regulatory environments, which have an impact on the Bank's performance, operations, and resources.

Strategic Objectives	Strategic Initiatives	Plans/Strategies for Meeting Objectives	Key Performance Indicator (KPI)
Increasing market share in deposits, consumer lending, and SME financing.	**Grow market share in deposits.**	• Expand branch network in strategic locations. • Relocate underperforming branches for better customer growth. • Increase share in affluent space by attracting high-net-worth clients. • Pivot from wealth management to wealth creation for affluent clients. • Implement training and technology to improve sales and branch productivity.	Market share growth
	Maintain high market share in the consumer segment and become a dominant player in the flagship franchise.	• Increase market share in Consumer Finance to maintain dominance. • Ramp up acquisition through digital onboarding for consumer products. • Launch new consumer services to attract and retain customers. • Leverage technology for data-driven decision making and efficiency gains.	Market share growth
	Continue to build on the Bank's SME offerings.	• Enhance SME offerings with subsidised and risk-sharing schemes. • Implement anchor-based lending strategies for SME clients. • Target high-yield commercial acquisitions for SME portfolio growth. • Ramp up trade finance by acquiring new business from non-borrowing customers.	Market share growth
Become a leading transactional Bank in the country.	**Become a market leader in digital banking**	• Promote financial inclusion through digital banking. • Expand credit access through digital banking. • Offer innovative and affordable digital banking services. • Enhance customer experiences in digital banking. • Develop the digital banking ecosystem.	Market share growth

Strategic Objectives	Strategic Initiatives	Plans/Strategies for Meeting Objectives	Key Performance Indicator (KPI)
	Focus on domestic and regional trade.	• Expand trade touchpoints for wider reach. • Emphasise export solutions for trade clients. • Scale Oracle Banking Digital Experience (OBDX) platform across SME, Commercial, and Islamic segments to accelerate digitalisation. • Launch OBDX platform in the UAE.	Become a leading transaction bank
	Increase penetration in cash management and employee banking	• Expand cash management offerings for diverse needs. • Extend OBDX platform to the UAE for regional reach. • Foster stronger client relationships in cash management. • Target larger clients for employee banking business growth. • Emphasise cross-selling in employee banking. • Digitise employee banking processes for improved convenience. • Enhance employee banking customer experience.	Become a leading transaction bank
	Accelerate the supply chain finance initiative.	• Promote Islamic Supply Chain Financing (SCF) to expand reach and cater to specific market needs. • Offer risk protection through participation arrangements for increased stakeholder confidence. • Market the technology platform as a key differentiator and value proposition.	Become a leading transaction bank
	Increase market share in home remittances.	• Enhance relationships with existing remittance partners to leverage their reach and expertise. • Improve pricing competitiveness to match or undercut competitor offerings and attract customers. • Expand sub-agent network to increase remittance touchpoints and accessibility for customers.	Become a leading transaction bank

Strategic Objectives	Strategic Initiatives	Plans/Strategies for Meeting Objectives	Key Performance Indicator (KPI)
	Maintain and increase market share in acquiring business	• Pioneer a cutting-edge payment platform and services to align with customer needs and lead the market. • Optimise portfolios and reduce costs to enhance profitability.	Become a leading transaction bank
Developing a caring culture, investing in human capital, and positively impacting the community.	Build the BAFL Culture	• Drive a "One Bank, One Team" culture aligned with mission and values. • Deliver superior customer and employee experiences through collaboration, customer-centricity, and inclusivity.	Build employee-driven culture
	Nurture and develop human capital	• Focus on nurturing and developing the Bank's Human Capital through strategic initiatives, innovative technology integration, employee recognition programmes, enhancing the overall employee experience, strategic hiring practices, and growth initiatives.	Build employee-driven culture
	ESG initiatives	• Implement SBP's Green Banking Guidelines to manage environmental and social risks, develop green businesses, and reduce the bank's own impact. • Assess the Bank's environmental impact, set annual waste reduction targets, and prioritise funding for eco-friendly projects while limiting exposure to environmentally undesirable projects. • Ensure alignment with ESG indicators as determined by the Pakistan Stock Exchange (PSX)	Positively impact the community
	Corporate Social Responsibility	• Nurture talent through technology, initiatives, and recognition programmes. • Align CSR with UN's SDGs, focusing on women, education, climate change, and eco-friendly practices. • Hire strategically and expand reach for long-term sustainability.	Positively impact the community
Becoming the most innovative bank in the country and improving efficiency.	Re-imagine customer & employee experience	• Innovate and drive impact by improving and redefining customer experience. • Strengthen digitisation efforts at the Bank. • Transform service delivery methods. • Re-imagine the customer and employee experience at BAFL across all channels.	Innovation
	Maintain competitive cost/income ratio	• Drive cost efficiencies across the board through AI, analytics & technology. • Maintain cost discipline in the Bank and look at innovative ways to reduce cost.	Improve Efficiency

Strategic Objectives	Strategic Initiatives	Plans/Strategies for Meeting Objectives	Key Performance Indicator (KPI)
	Build the Advanced Analytics capability across the Bank	• Build the Advanced Analytics capability across the Bank. • Foster a data-driven culture within the bank. • Develop automated dashboards organisation-wide for business insights. • Build AI & Machine Learning capability. • Provide instant management access to data-driven insights. • Enable predictive modelling and customer behaviour analysis for personalised services and growth.	Innovation
	Transform operations through Policies to Profit (Compliance)	• Implement unified processes and leverage proactive data analytics. • Provide valuable customer leads and reduce compliance alerts significantly. • Streamlined approach to enhance business opportunities. • Foster teamwork and solidify the Bank's commitment to sustainable growth. • Ensure efficient compliance and seamless business interactions.	Improve Efficiency
Introduce new initiatives to enhance bank franchise value.	Introduce and develop structured treasury and investment products.	• Strengthen the bank's treasury business with an Authorized Derivative Dealer (ADD) license. • Enhance derivative products and expand trading scope. • Maintain the top position as a primary dealer in GoP debt. • Optimise treasury systems for operational efficiency and real-time monitoring.	Enhance franchise value
	Develop an Alfalah Group Investment Banking (IB) Play	• Aim to become the market leader in IB with a focus on sustainability and advisory services. • Enhance coordination with Alfalah group entities for a comprehensive customer ecosystem. • Integrate IB and investment management divisions for a seamless customer experience.	Enhance franchise value
	Grow business in UAE and build USD / FCY revenue streams	• Tap into growth opportunities in the UAE. • Establish an International Investment Banking division.	Enhance franchise value

Strategic Objectives	Strategic Initiatives	Plans/Strategies for Meeting Objectives	Key Performance Indicator (KPI)
	Grow business in UAE and build USD / FCY revenue streams	• Focus on generating FCY revenues and supporting local businesses in UAE expansion. • Explore investing in a TechCo for digital transformation needs and export revenues from international clients.	Enhance franchise value
Maintaining a sound capital base with a controlled Risk Management Framework.	High-rated capital instruments and other funding	• Tier I and Tier II instruments to support the capital base. • Optimising Risk-Weighted Assets.	Capital adequacy and compliance with liquidity ratios
Maximising long-term shareholder value and sustainable returns.	Focus on increased profitability and Return on Equity Lowering a Weighted Average Cost of Capital	• Target revenue growth through new business opportunities. • Reduce costs leading to a lower cost-to-income ratio.	Higher operational efficiency

Future Relevance of KPIs

The Bank monitors its progress against all KPIs regularly. The Management, under guidance from the Board, strives to achieve targets in accordance with the strategy. It is ensured that short, medium, and long-term KPIs remain relevant and the Bank realigns its short medium-term objectives periodically, keeping achievements against KPIs in view.

President's video on the Bank's strategy

Please visit the link below for President's message on the Bank's strategy.
https://www.bankalfalah.com/financial-reports/ceo-review-2024/

Methods and Assumptions used in Compiling Key Performance Indicators

Key Performance Indicators (KPI) are the metrics utilised by the management to measure performance against strategic objectives. KPIs are designed carefully keeping in view quantitative and qualitative aspects.

Quantitative aspects relate to the Bank's financial base, ability to generate funds, deployment of funds in the most profitable avenues, profitability, market share, growth in share price, value addition over the book price of shares, adequacy of capital, and liquidity.

Qualitative aspects relate to customer and investor confidence, brand identity and loyalty, innovation, employee confidence, data security, strategic partnerships, and risk management.

KPIs are continually reviewed and worked upon by the management of the Bank. They are analysed, correlated with the external environment, and aligned with factors affecting the Bank's strategies and performance. They are visibly communicated and followed, in line with the strategy of the Bank. KPIs are compiled and discussed on a regular basis in management meetings and board presentaions.

Methods in Compiling Indicators

Quantitative KPIs

- Market share: The Bank focuses on gaining market share in deposits, advances, trade, remittances and government initiatives such as RDA. The growing share reflects the trust of customers in the Bank and is an indication of customers' preference to choose Bank Alfalah as the preferred transaction bank. The Bank constantly assesses this indicator through a comparative analysis of the volumes of peers, in order to grow and decide on various growth strategies.

- Share price and value addition over the book value of the share: This is a measure of shareholders' and investors' confidence in the Bank's performance. The Bank monitors this KPI closely and aligns its financial performance to build momentum in investor confidence.

- Profitability: The main elements of profitability, markup income and non-fund based revenue, are derived from effective balance sheet management, high earning assets and a sound deposit level. Furthermore, while the costs of doing business mainly due to investment in IT & Digital infrastructures may go up, the Bank willingly incurs such costs without compromising on profitable ventures. The Bank controls and manages the costs of driving sound profitability and evaluates its profitability levels (Earnings Per Share) in order to maximise shareholder return and ensure sustainable returns.

- Dividend payouts: Sustainable dividends are at the forefront of the Bank's strategy with a view of maximising shareholders' long-term returns. The Bank will continue to prioritise a consistent and healthy dividend payout over the coming years.

- Capital adequacy and liquidity ratios: Maintaining capital well above the regulatory capital adequacy limits (including buffers) and strong liquidity ratios indicate the Bank's sound financial footing. These are calculated based on various regulatory instructions. The Bank keeps a check and balance on these ratios and does not deviate from regulatory requirements.

- Ability to generate funds: The Bank had successfully generated funds through a Medium Term Note and multiple ADT-1 instruments. These reflect institutional investors' confidence in the soundness of the Bank's balance sheet, efficient liquidity management, and the Bank's ability to repay debts.

Qualitative KPIs

These are closely linked with the above quantitative aspects. Hence, the outcomes of these quantitative KPIs have a strong correlation with qualitative KPIs. The Bank continually invests its capital in a manner that ensures that we simultaneously continue to achieve and exceed set qualitative indicators. Given below are some qualitative KPIs, which the management tracks:

- Customer satisfaction: The Bank has conducted various customer surveys to collect direct feedback and has improved its customer satisfaction level over a period of time. The methods used are Digital Survey Platform (calls and SMS) and Customer Experience Management (monitoring quality of service at customer touch points).

- Quality service: The Bank does this by driving society towards digital innovation. The increased usage of the Bank's digital avenues such as Digital Lifestyle branch, Alfa app, QR Payments, Alfa Payment Gateway, CDMs, ATMs/KIOSK, and POS machines represent the enhanced quality of service that the Bank has provided to its customers. Further, the Bank's dedicated Customer Experience unit measures and manages performance quality through various service parameters across the Bank.

- Employee happiness: The Bank strives to enhance employee happiness since it has an important bearing on customer service and performance-oriented results. The Bank has made employee happiness a core element of its culture. This is evident from the Bank's regular practice of following a People Happiness Framework and monitoring happiness scores based on annual feedback from all employees. Please refer to 'Stakeholder Relationship and Engagement' section of this Annual Report for further details on employee culture, happiness and engagement.

Assumptions in Compiling Indicators

Please refer to the Outlook section of this Annual Report.

Resource Allocation Plans and Financial Capital Structure

The Bank's significant resources to achieve the objectives

The Bank considers all of its capitals as essential for operations and effectively ensures their availability, quality and affordability. Furthermore, the Bank plans its resources in a way that its ability to produce flows from them to meet future demand is always catered to while maintaining an optimum risk appetite and ensuring minimum regulatory thresholds.

With planning, the Bank ensures the connectivity of its capital with financial performance and outcomes. The Bank's strategies, resource allocation plans, and risk management arrangements are designed to enhance the future capital generation and maximise value creation for the Bank's stakeholders.

Financial Capital

The financial capital includes shareholders' equity, liquidity, cash flows and financing arrangements.

Share Capital and Equity

Shareholders' equity represents the capital commitments of shareholders and investors.

Such funding entitles them to income distribution, liquidation and voting privileges. Several regulatory ratios and requirements such as CAR are based on the shareholder's capital. Share capital, being an expensive source, is raised for strategic activities like expansion, acquisitions and mergers, and to meet regulatory requirements.

Deposits

Deposits remain the core resource for any commercial banking unit. Core deposits comprise Current Accounts and Saving Accounts (CASA). Deposits, like any other source, have an attached cost, which includes competitive returns to the depositors, remuneration for deposit-gathering teams and additional services to facilitate customers. The Bank's CASA mix remains healthy. The Bank raises term deposits at the right price while taking into accounting their maturities. The Bank's deposit base remains strong and numbers as at the close of this year are achieved through a segmented sales approach based on ideal customer personas and selective branch expansion in key areas.

Long-Term Financing (TFCs - ADT 1)

On the debt capital side, the principal component consists of long-term debt. Debt instruments include term finance certificates which are either repayable over a defined term or for perpetuity. Over the years, the Bank has successfully issued 7 term finance certificates, of which 5 have matured.

Other Borrowing

The Bank arranges other short-term borrowings to match its liquidity needs. In 2021, the Bank issued a Medium-Term Note, which has matured.

Plans:

- Generate low-cost/no cost deposits through the branch network and by providing excellent customer service;
- Issue TFC/ADT instruments, if required; and
- Increasing deposits and customer services with conversion of conventional banking customers to digital channels.

Linkage of this capital with SDGs



Human Capital

Bank Alfalah's emphasis has always been on the quality of human capital. The Bank's strength lies in its people. The Bank has a sound and seasoned management team, capable of delivering results by inspiring its employees to do things the right way. Learning objectives at the organisation are clearly defined to nurture and retain the best talent pool. Training, job rotations,

satisfactory pay-outs, appraisals, coaching and feedback, assistance for education and medical purpose, leaves, and other initiatives are taken to boost employee morale and confidence.

The Bank's objective is to ensure its welfare by keeping the welfare of employees at heart. The Bank's performance management systems are intended to inspire employees to strive toward targets that help the Bank accomplish its strategic goals. As a result, the Bank has created a performance-based culture that promotes the generation of value over long and short terms. The most valuable resource for success and growth continues to remain the Bank's human capital.

Plans:
- Foster a culture of happiness to achieve employee satisfaction;
- Train employees to better serve customers; and
- Focus on the concept of One Bank One Team.

Linkage of this capital with SDGs



Intellectual Capital

Intellectual capital includes patents, copyrights, software, licenses, knowledge, system and procedures.

The Bank considers technological advancement vital for attaining long-term growth and for sustainability. The journey of integration of technology into the banking sector has witnessed significant breakthroughs like branchless banking through digital channels with multi-purpose solutions. The Bank's vision to be the most innovative bank in Pakistan has seen the Bank deploy cutting-edge technology to equip its customers with end-to-end solutions.

Software upgrades, process reengineering, bringing technological solutions to meet customers' needs, secure channels, and digitisation are at the core of the Bank's progress and sustainability.

Plans:
- Adopting and integrating cutting edge digital solutions;
- **Enhancing** internal capacity to adopt technological advancements; and
- **Prioritising** customer satisfaction through constant innovation in products and processes.

Linkage of this capital with SDGs



Manufactured Capital

The manufactured capital includes building, equipment and infrastructure. The ambiance and space of the Bank's customer touchpoints are of prime importance. By effectively utilising the Bank's buildings, branch design, equipment, and infrastructure, the Bank aims to create an environment for its customers that will increase footfall. The Bank's Branch Design Manual focuses on safety, security, energy conservation, and getting the maximum benefit from natural capital. The Bank's geographical reach is also focused to achieve maximum customer interaction, particularly in unbanked areas.

Plans:
- Increase the number of easily accessible touch-points;
- Focus on creating branch spaces that enable and empower customers to relate and transact; and
- Mould an environment that fosters customer ease by leveraging the latest technology.

Linkage of this capital with SDGs



Social and Relationship Capital

The Bank's social and relationship capital includes customers, investors/shareholders, suppliers, vendors, partners, and employees. It has taken various initiatives to collaborate with them and enhance its brand image. The more positively engaged people are with the Bank, the greater the mutual benefits are.

Plans:
- Initiatives that help maintain customer loyalty;
- Retain brand image to become a go-to bank;
- Philanthropic activities to support society at large; and
- Complete transparency to win investor/shareholder confidence.

Linkage of this capital with SDGs



Natural Capital

The Bank, in achieving its objectives, utilises all natural resources efficiently. Sustainable use of nature's capital is one of its prime goals. The Bank has deployed lasting solutions for conservative usage of water and energy and implemented a Green Banking initiative to protect natural capital.

Plans:

- Conserve energy through solar panels, energy savers, etc.;
- Positive contribution to the environment through plantation and cleanliness drives;
- Promote a paperless environment;
- Focus on renewable energy financing; and
- Enhanced focus on Environmental, Social and Governance factors, including Sustainability.

Linkage of this capital with SDGs



Financial Capital Structure of the Bank

The Bank remained well-capitalised with a capital base above regulatory limits and Basel capital requirements.

Total Capital Adequacy Ratio stands at 17.96% against the required 11.50% (including a capital conservation buffer of 1.50%). Common Equity Tier-1 (CET-1) to total risk-weighted assets ratio stands at 12.83% against the required 6.00%.

The required capital adequacy ratio is achieved by the Bank through:

a. Adequate level of eligible capital
b. Adequate risk profile of asset mix
c. Ensuring better recovery management
d. Maintaining acceptable profit margins

The Bank prepares its Annual Budget, Business Plans, and Risk Appetite Statement for purpose of drawing out a growth map and future direction as well as identifying the Bank's Risk taking capacity. Bottom-up approach and detailed deliberations are used to prepare the annual budget. The growth prospects take into consideration prevailing economic and political factors in Pakistan and abroad.

Assessment of capital levels is done regularly. All business plans and budgets are reviewed by Senior Management and approved by the Board, ensuring enterprise wide capital adequacy. Additionally, the Bank aims to pay out a consistent stream of dividends to its shareholders, while maintaining adequate capital under stress scenarios and accounting for future business requirements, ensuring Board level approvals.

Furthermore, the State Bank of Pakistan has designated Bank Alfalah as a Domestic Systemically Important Bank (D-SIB) under the D-SIB framework, thereby mandating compliance with enhanced supervisory requirements. These include formulation of a Risk Appetite statement, Internal Capital Adequacy Assessment Process (ICAAP) document Macro Stress Testing / Scenarios Analysis and preparation of a Recovery Plan.

The Bank successfully issued Pakistan's first listed Additional Tier 1 Capital instrument of Rs. 7 Bn in 2018. Proceeds from the issue augmented our capital base and are being utilised for the expansion/growth of the Bank's business. The instrument has been rated 'AA+' (double A plus) with 'Stable' Outlook by PACRA, reflecting its diversified operations, healthy financial risk profile, strong sponsors and market presence. Further, during 2022, the Bank issued another tranche of ADT-1 of Rs. 7 Bn which is a 'AA+' (double A plus) rated instrument by PACRA.

The Bank will continue to maintain optimum capital to increase its risk-taking capacity, and capitalise on opportunities to protect the interests of stakeholders.

Key resources and capabilities providing sustainable competitive advantage

Key Resources

The Bank has a sustainable competitive advantage through the following key resources:



Physical Footprint

The Bank continues to expand its branch network to promote financial inclusion and increase the accessibility of financial services across the country. As of December 2024, the Bank has a network of over 1,100 branches committed to serving its customers' needs by offering innovative banking solutions.

Diversified Products and Services

The Bank provides a wide array of product and service offerings customised to meet a diverse range of customer needs such as deposit accounts, consumer loans, wealth management products and other payment solutions. The product offerings are designed to accommodate all customer segments whether its SMEs, senior citizens, females or blue collar workers etc.

Digital Banking

On the digital front, Bank Alfalah continues to make breakthroughs with its state of the art solutions through its vast suite of 100+ digital products and services. This has significantly enhanced banking for customers by introducing ease of use, reliability, quick turnaround times. etc. In particular, the Bank's lifestyle digital application, Alfa, continues to empower customers with 360-degree services while the Bank's digital onboarding facility, RAPID, has revolutionised digital account opening and self-services like debit/credit card and loan applications.

Compliance and Risk Management

The Bank's robust compliance and risk management policies and procedures ensure it continues to operate at the highest standards, effectively mitigating all potential risks. The efficient compliance framework monitors transactions, screens sanctions, detects and looks after several other internal controls. Moreover, the strong risk infrastructure of the Bank monitors market, liquidity, operational, trade pricing and other risks to ensure the Bank has optimal exposures with returns adjusted for appropriate risk levels.

Human Resources

Bank Alfalah takes pride in the capabilities of its human resources and the platform available for its employees to continuously learn, develop and improve through various trainings and e-learning courses. The Bank's focus on One Bank One Team, Inspires and Empowers its people and Employee Experience continues to foster a unified, customer-oriented, motivated and satisfied workforce.

Competitive Advantage

Overall, the Bank's various capitals are geared towards maintaining a sustainable competitive advantage. With these resources, the Bank ensures that it continues to perform at the optimal level and, as a result, provide the best-in-class services to all its stakeholders.
Through its capitals (financial/human/manufactured/intellectual/social and nature capital), the Bank possesses the capabilities to:

- Generate a strong equity, deposits and financing base
- Foster a high-performing and happy work culture
- Leverage technology to provide cutting-edge solutions
- Continually improve customer touchpoints and overall infrastructure
- Cement stakeholder trust by delivering on all fronts
- Promote initiatives and procedures that benefit the environment

These aspects allow the Bank to prioritise sustainable growth and gain a competitive advantage at all levels.

Value created by the business using these resources and capabilities

By using its resources and competencies, Bank Alfalah generates value for its stakeholders in the following ways:

Shareholders
Delivering solid and sustainable investor returns

Employees
Providing personal and professional growth and nurturing an inclusive working environment for employees

Customers
Ensuring the provision of optimal customer experience at front and back offices

Community
Contributing in health and social welfare of general public

Regulators
Maintaining a transparent working relationship with the regulators to promote overall business

Suppliers
Building and sustaining long term strategic supplier relationship with its partners

Effect of External Factors on Strategy and Resource Allocation

Technological Change

The rapidly evolving technological landscape in Pakistan continues to influence Bank Alfalah's strategic direction, presenting both challenges and opportunities for innovation and growth. As new trends emerge and customer preferences shift, the Bank remains committed to leveraging these developments to enhance its offerings and deliver transformative solutions.

Key Trends in Pakistan's Technological Landscape:

- Pakistan's IT Services market has estimated revenue of $2.46 billion in 2024, with Business Process Outsourcing (BPO) contributing $0.85 billion (Statista).
- Expected to grow at a CAGR of 7.31%, the market is set to reach $3.50 billion by 2029, driven by multinational companies leveraging Pakistan's cost-effective and skilled workforce.
- Increasing integration of technology into daily life is driving demand for cloud computing, cybersecurity, and digital payment services.
- Small and medium-sized enterprises (SMEs) are increasingly outsourcing IT functions to enhance operational efficiency, further fuelling the IT services market.

The Bank, in response to external technological change factors, implemented the following:

- Promoting Financial Inclusion and Cashless Transactions:
  - Innovative solutions like Prepaid and RAAST cards enable instant payments, QR-based usage, and seamless integration with digital platforms, promoting a cashless economy.

- Enhancing Customer Interaction:
  - ALFA's voice-assisted transactions, supported by AI-driven learning, provide secure, natural language-based commands for effortless banking.
  - Tools like Voice Biometrics and Conversational AI transform digital and contact center interactions, focusing on personalisation and efficiency.

- Digitizing Financial Solutions:
  - Initiatives such as Instant Auto Finance and Instant Credit Card offer fully digitized processes from application to disbursement, reducing turnaround times and improving accessibility.

- Leveraging Advanced Analytics:
  - By integrating large language models and AI-driven insights, the Bank enhances predictive analysis, reporting, and visualisation, driving smarter decision-making.

- Streamlining Operations:
  - Automation tools like OCR for account opening and real-time cheque clearing via kiosks enhance operational efficiency and customer convenience.

- Investing in Future-Focused Platforms:
  - Projects like the exNOME demonstrate the Bank's commitment to immersive, seamless customer experiences and scalable systems.

Through these initiatives, Bank Alfalah remains at the forefront of embracing emerging technologies, adapting to the evolving needs of its customers, and staying aligned with global digital trends.

Societal Issues

Societal challenges such as financial inclusion, climate change, diversity, health, poverty, and education profoundly shape the Bank's strategic direction and resource allocation. These issues are integrated into the Bank's operations, reflecting a commitment to addressing these pressing concerns.

Bank Alfalah actively engages in initiatives that contribute to community well-being and development. By focusing on healthcare, education, social welfare, leadership development, and the promotion of arts and culture, the Bank aligns its activities with societal priorities, including improving financial literacy, supporting underserved populations, and addressing environmental sustainability.

The Bank, in response to external factors, implemented a comprehensive strategy:

- Partnering with healthcare providers to enhance access to essential medical services and promote sustainable health initiatives.
- Advancing education through school construction, mentoring programmes, job opportunities for persons with disabilities.
- Conducting financial literacy sessions at universities and colleges to promote financial independence and inclusion.
- Introducing a monthly allowance of PKR 10,000 for employees with disabilities, reaffirming its commitment to inclusivity.
- Introducing Indexed-Based Tax Relief Allowance in 2024 to address financial challenges from changes in salary taxation for FY25, the Bank has now extended the relief through June 2025, reinforcing its commitment to employee well-being.

Through these targeted initiatives, Bank Alfalah continues to uphold its commitment to societal well-being and sustainable development, fostering resilience and equity within the communities it serves.

Environmental Challenges

Environmental challenges such as climate change, the loss of ecosystems, global warming and resource shortages are major threats to the Bank's future.

As part of its sustainability agenda, Bank Alfalah is leveraging innovative initiatives and technologies across its operations to build a more sustainable future. The Bank is dedicated to improving the monitoring of environmental impacts caused by its clients and its own operations. By incorporating the Environmental & Social Management Framework into the credit approval process, the bank underscores the importance of sustainable banking and sets a benchmark for green, environmentally conscious credit approvals.

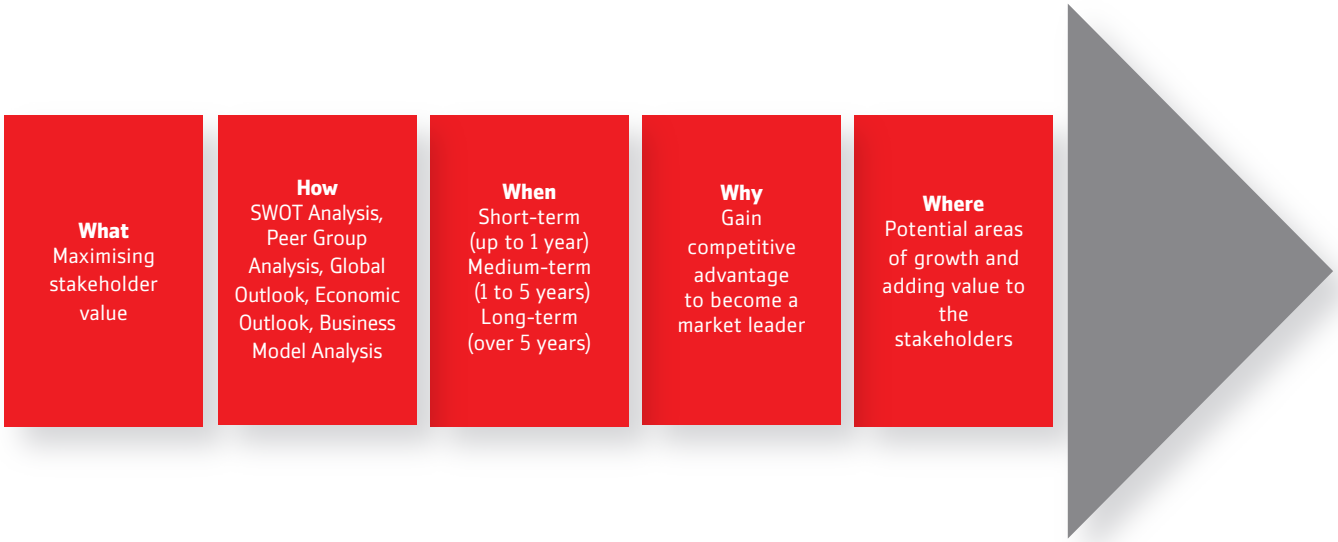
Bank Alfalah is expanding its green funding initiatives by allocating resources to businesses that directly or indirectly reduce carbon footprints. This strategy incentivizes customers to adopt renewable energy solutions and sustainable environmental practices. Moreover, the bank is actively financing large-scale green energy projects that contribute to energy-based environmental sustainability, with a particular emphasis on resource preservation.

Leading by example, Bank Alfalah has enhanced operational efficiency and reduced its own carbon footprint. This includes adopting green practices in branches, transitioning part of its ATM network to renewable energy sources, and promoting green finance solutions. Through collaborations with NGOs and environmentally focused organisations, the bank is championing broader sustainability initiatives that deliver measurable and impactful outcomes, paving the way for a greener future.

Strategic Decision-Making Process

Strategy Development Process

The Bank's strategies are formulated with an objective of maximising long-term shareholder value. The Bank's strategy is based on economic outlook, competitive environment, legal framework, customer behaviours and geo-political situations. The Bank develops strategies to achieve objectives, and measures progress with Key Performance Indicators. The strategy development process has its roots in the Board's strategic outlook, and strategy trickles down through the Management's approach for achieving set objectives.



Stage 1 - Self Analysis

Internal/External Environment Analysis

The Bank assesses global and economic outlook, geo-political situation, competitors' profiles and their product offerings. It then conducts a SWOT Analysis and Business Model Assessment. Shareholders' return maximisation and value addition are kept at the forefront during this entire process. It then identifies key influences on the present and future wellbeing of the Bank, and therefore decides on a strategy.

Vision and Mission Analysis

Analysing Vision and Mission statements helps identify what the Bank aspires to achieve in the future.

Stage 2 – Identifying Potential Areas of Growth and Value Addition

Based on the outcome of the analysis stage, the Bank identifies potential areas of growth to add value for all stakeholders, and to gain a competitive edge and unique position in the market.

Stage 3 – Strategy Formulation

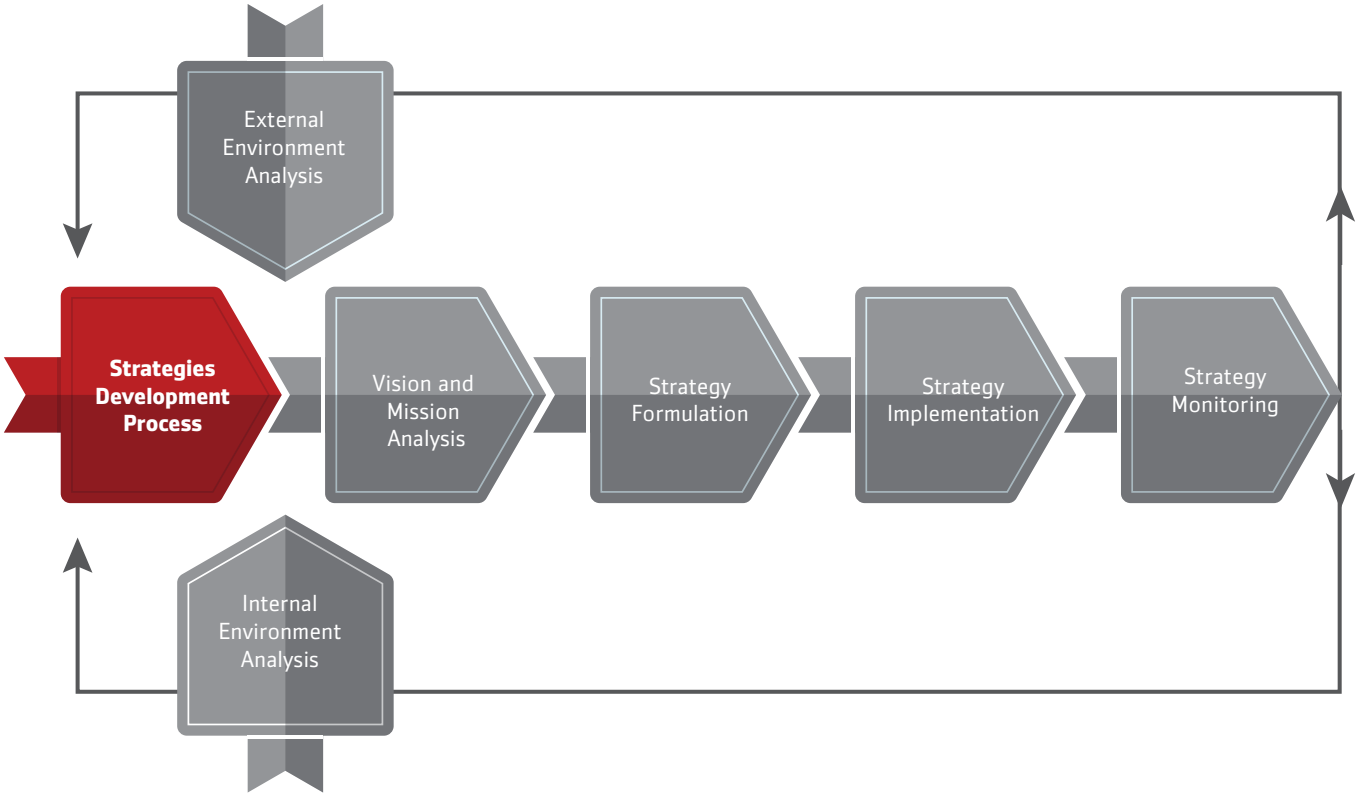
The Bank identifies strategies to achieve its objectives in accordance with the results of preceding stages. The Board of Directors governs the strategy making process. This stage drives strategic decision-making.

Stage 4 – Execution and Implementation

The Management of the Bank executes strategies, incorporating them in day-to-day business affairs.

Stage 5 – Monitoring

There is continuous monitoring of strategies implemented in order to identify further areas for value addition and realignment of strategies.



Organisational Culture:

The Bank's culture supports its strategy-building and monitoring process. The governing principles of culture set by the Board are followed by senior management and all employees.

- **Attitude towards risk:** The Bank has a robust risk management framework designed to identify, monitor, and resolve potential and existing risks arising from external as well internal factors. The Bank follows a zero-tolerance policy for carrying significant risks.

- **Mechanisms for addressing integrity and ethical issues:** The Bank's culture is the foundation for inculcating principles of integrity and ethical boundaries in its people.

Through a centralised Project Management Office, the Bank monitors the implementation of its key strategic initiatives at Senior Management level. The Bank has a transparent monitoring system in place where all strategic projects are tracked on a monthly basis to ensure timely delivery. Projects that are lagging behind are immediately flagged to the Senior Management and required decisions or actions are taken to expedite these. A comprehensive progress update on the Bank's strategic initiatives is shared with the Senior Management on a monthly basis and with the Board of Directors semi-annually.

Significant Plans and Decisions

Given below are significant restructurings, business expansions or closure of operations during the year.

Major capital expenditure during the year:

- During the year, the bank invested Rs. 19.8 billion on the purchase of fixed assets and intangibles which includes properties (land & buildings), equipment, fixtures, intangible assets, etc. A detailed disclosure of fixed assets is given in the financial statements. All the assets purchased were capitalised as the management intends to take benefit from them over their useful life, which spans more than a year. These additions are for meeting the business and operational needs of the Bank including but not limited to digital infrastructure, new branches, existing branch/office renovations, and strengthening IT infrastructure with an aim to operate within a secured environment and with the best customer data protection.

- The Bank opened 100+ branches during the year, taking the total branch footprint to 1,153. Further, the Bank also installed 130+ ATMs and 150+ CDMs to facilitate the customers.

- Major capital expenditure planned for next year: The Bank plans to open new branches under Annual Branch Expansion Plan, renovate existing branches and continue to invest in its digital and IT infrastructure.

Change in Objectives and Strategies

There was no significant change in objectives and strategies from last year.

RISK AND OPPORTUNITIES





Risk Management Framework

The Way We Manage Risk

Phase 1

Risk Identification and Assessment (RIA)

Map and anticipate main identifiable risks and regularly update assessments. Prioritise risks against the Bank's strategy and risk appetite.

Phase 2

Risk Ownership

Allocate risk ownership.

Phase 3

Risk Mitigation

Develop and implement policies and mitigation plans, which are executed based on prioritisation.

Phase 4

Risk Reporting

Risks are monitored continually against approved appetite. Deviations are logged, reviewed, owned, reported, and effectively mitigated.

Phase 5

Risk Framework Validation

Regularly check effectiveness of the process through wider assessment of the framework, and make necessary improvements in the process.

How We Share Our Risk Management Responsibilities?

The Board

Responsibilities:

- Approves strategic objectives and risk appetite
- Reviews key risks and mitigating measures
- Approves the risk infrastructure
- Assesses effectiveness through periodic reporting
- Defines risk management policies
- Formulates and maintains integrated bank-wide risk management framework
- Establishes a bank-wide strategy incorporating the risk management strategy

Board Committees:

- Board Risk Management Committee (BRMC)
- Board Information Technology Committee (BITC)
- Board Audit Committee (BAC)
- Board Strategy and Finance Committee (BSFC)
- Board Crisis Management Committee (BCMC)

Senior Management

Responsibilities

- Defines and proposes the risk appetite for onward approval from the Board and monitors it quarterly
- Oversees design and sustainable implementation of Enterprise Risk Management (ERM) and internal control systems
- Evaluates the adequacy of risk mitigation plans

Management Committees:

- Central Management Committee
- Digital Council Committee
- Central Credit Committee
- Control and Compliance Committee
- Asset Liability Management Committee
- Process Improvement Committee
- Governance Committee for Oversees Operation
- IFRS 9 Steering Committee
- IT Steering Committee
- Crisis Management Team

Credit & Risk Management Group

Responsibilities

- Develops risk policies, interprets and guides business units on risk standards, limits and regulations
- Monitor key ratios and risk levels through routine testing skills
- Reports to the management, Board and regulator

Risk Divisions:

- Risk Management Division
- Information Security
- Credit Policy & Portfolio Management
- Credit Administration
- Operational Risk
- Credit Division
- Consumer & Digital Risk
- CRM Governance & First line OR

Three lines of defense approach



First Line of Defence

- Identifies, takes and manages risks in their areas of responsibility
- Maintains day-to-day internal control

Second Line of Defence

Develops and promotes ERM framework to help managers identify, assess, manage, monitor and report risks

Third Line of Defence

Provides independent assurance of the effectiveness of the risk management, and internal control frameworks and activities

Risk Management Methodology

Bank Alfalah implements its risk strategy and engages in controlled risk-taking within its risk management framework. The risk management methodology defines the optimal course of action amid uncertainty by identifying, owning, mitigating, reporting and validating risk in line with its long-term objective of maximising shareholder value and ensuring sustainable returns. The Bank adheres to an integrated, structured and disciplined approach, realised through the implementation of effective and efficient risk management methodologies and policies that align strategies, processes, people, technology and knowledge to assess, evaluate and manage uncertainties that the Bank faces as it creates value.

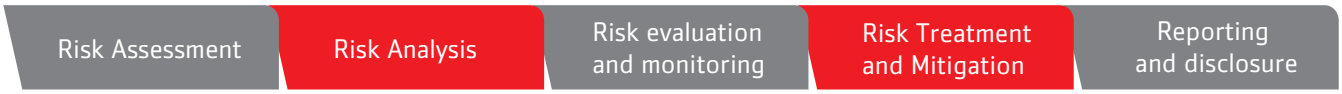
The methodology contains the following activities:

- Developing and implementing an enterprise risk management framework across all business groups in the country and locations outside the country;
- Identifying risks and maintaining risk exposure within the risk appetite of the stakeholders;
- Optimising resources in order to enhance value for shareholders;
- Establishing risk tolerance limits /risk appetite;
- Ensuring availability of sufficient capital as a buffer to absorb risks gauged through self-risk assessment as well as under the purview of regulatory guidelines; and
- Aligning risk management approach with regulatory and future business requirements.

An effective risk management framework along with a robust risk governance structure, strong capital, liquidity, market risk, compliance / money laundering and good quality of the credit portfolio, remain the cornerstones for the Bank's risk management methodology.

Risk Mitigation

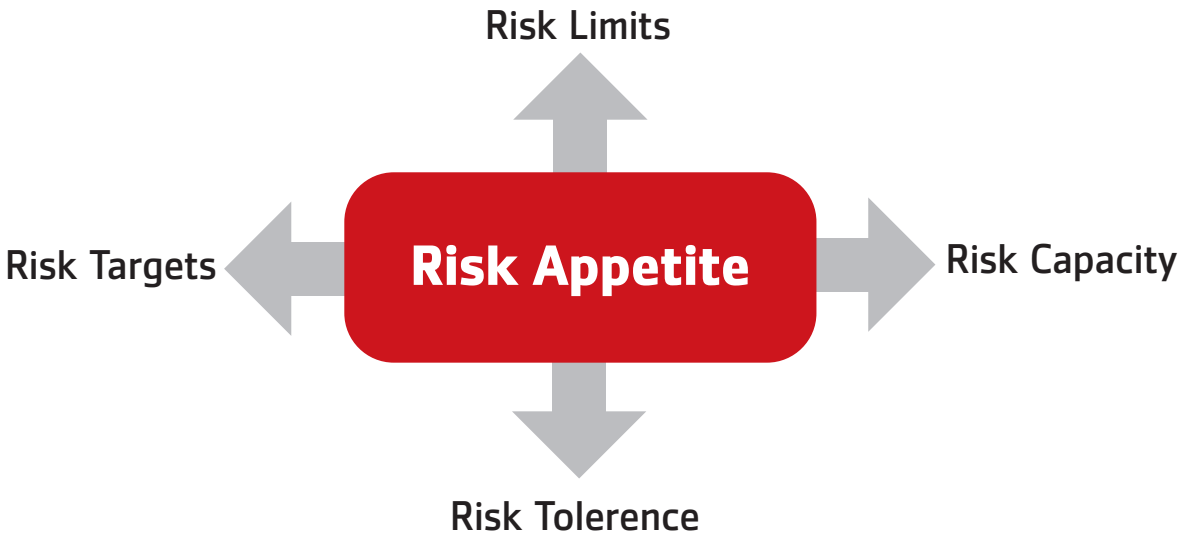
These need to be dynamic for sound risk management. Effective communication across the Bank, well established policies and procedures and action plans are the tactics to face business risks. The Bank has established such techniques based on international standards and benchmarks, regulatory instructions and Board's guidelines. The sub-section named 'Key Risks' given below covers all mitigation strategies against key risks.



Risk Appetite

Risk Appetite (RA) refers to the maximum threshold of risks level that the bank is willing to undertake in implementing its strategic and business objectives set by the Board of Directors. In setting the RA, including tolerance and limits, the Bank's resources including capital are allocated effectively and risk limits are set to remain within the boundaries of risk framework. RA strikes a balance between strategy, growth aspirations, operating plans, capital and risks that the bank deems material, based on their significance and regulatory requirements. The Risk Management Division of the Bank devises risk appetite every year which is then approved by the Board considering the Business plans and macro economic environment. The Bank's RA is reviewed considering historical trend, regulatory requirements, stress test results and senior management's views about economic situations versus the business objectives. Furthermore, to enhance the dynamism of the Risk Appetite framework, various economic zones have been defined based on the country risk matrix, with distinct tolerance thresholds and limits assigned to each zone for key risk parameters Application of the RA and its monitoring helps to ensure the Bank stays within appropriate risk boundaries.

Functions of Risk Appetite:
- Banks willingness to take a risk
- Internal (Soft) Risk Tolerance Limit
- Monitoring Risk strategies and approaches to mitigate risk
- Putting the Bank's risk capacity in best use



Risk Monitoring and Reporting

- Reporting to Board and Board's Risk Management Committee (BRMC): Meetings of the Board and BRMC take place on a quarterly basis, at minimum. The agenda consists of various risk related analysis & decisions that are based on business needs and situations including, but not limited to, macro-economic environment.
- Internal Capital Adequacy Assessment Process (ICAAP): The report covers risk areas like documentation lapses, concentration, liquidity, reputation, environmental, settlement, core risk etc. This is finally reported to Board.
    - ICAAP reporting is based on bank's own assessment of risks and calculating the adequate amount of capital that bank is required to maintain against those risks
    - The purpose of the ICAAP is to inform the Board of the ongoing assessment of the bank's risks, how the Bank intends to mitigate those risks and how much current and future capital is necessary having considered other mitigating factors and;
    - ICAAP exercise attempts to assess the risk based capital as opposed to regulatory capital, which is generally not considered the complete reflection of the embedded risks; given that regulatory capital does not account for Pillar II risks and additional capital required in lieu of stress testing for pillar 1 risks

- Management / SBP's monitoring: Various reports are submitted to Senior Management / SBP covering risk aspects such as credit risk. The regulator conducts inspections to monitor bank's approach towards risk mitigation and compliance against the breaches, if any.

- **Stress Testing:** Bank Alfalah prepares and submits Scenario Analysis Stress Testing reports to SBP. The same are reviewed by Senior Management & Board as well. The report mainly encompasses Statistical Models based on Macro Economic Variables Risk Management Tools (i.e. VAR, SVAR), Reverse Stress Testing. Furthermore, MST Framework proposes a multilayered approach for Stress Testing Model development, validation, approval and implementation; along with the identification of stakeholders for validation, control & oversight perspective. Results of the exercise are used to calibrate risk appetite, Annual Business Plans, Capital and Contingency Planning.

- **Risk Register:** This is an effective tool for comprehensive risk management for identifying key business and financial risks. Further, it defines the implementation of respective controls and mitigating factors to reduce the risks identified. Risk and Compliance Divisions review risk registers based on the reports provided by the business line managers, suggest the mitigation measures to the concerned units, and also submit their assessment of the effectiveness of the mitigation measures to BRMC on a quarterly basis. The minimum components of the risk register are: date, risk identification number, risk description, controls, consequences, likelihood, overall risk score, risk ranking, trigger, management action and risk owners.

- **Standards and Limits:** The Bank follows Basel guidelines for capital adequacy monitoring. Further, there are various circulars from SBP in this regard. The bank ensures strict compliance with these standards, internal and regulatory limits as well as guidelines laid down in the circulars.

- **Policies, Procedures, Manuals and SOPs:** The Bank has well established policies and other documentary guidelines for every product and process. These serve as guidelines and monitoring tools for the staff performing various risk related activities. All relevant departments are responsible for ensuring compliance with documents.

- **Business Resilience and Continuity Plan:** The Business Resilience Plan tends to define the business continuity & recovery strategies and procedures. Business Resilience and Business Continuity are at times used as alternate terms to align continuity of operations due to, or during, any disruption. For further details on policy, refer to the Governance section of this Annual Report.

- **Contingency Funding Plan (CFP):** The Bank prepares an annual CFP which covers the funding plans should a triggering event materialise. Refer to the Liquidity Management subsection within this section of the Annual Report.

- **Recovery Plan:** The Bank prepares a comprehensive recovery plan in line with enhanced supervisory requirements under Domestic Systematically Important Bank (D-SIB) framework by State Bank of Pakistan. The plan incorporates the Bank's critical systems vis-à-vis their impact on core business lines and critical functions as identified in approved Business Resilience Plan. Key trigger events & funding resources available to Bank are identified, in line with ALCO approved Contingency Funding Plan, in order to combat severe stress situations related to funding liquidity. The context behind the Recovery Plan is based on the assumption that the Bank's Capital and/or liquidity are in breach of the identified recovery thresholds as per the approved risk appetite. Key assumptions taken into account while preparing the Recovery Plan include:
    - Materiality, Feasibility & Timelines for implementation of Recovery Options.
    - Raising of Capital / Liquidity, Market and/or Regulator, in a timely and cost effective manner
    - Expense rationalisation.



Risk Culture

The Risk Culture within the Bank supports its business objectives and fosters an environment that enables management to execute the business strategy more efficiently and sustainably. The Board of Directors regularly reviews the risk profile of the Bank and makes every senior leader a responsible stakeholder in developing a strong risk culture within the Bank. Further, the Bank ensures that each employee comprehensively understands the responsibilities concerning the risks they undertake at each stage in their regular business activities. The Bank has established a risk management framework that incorporates a risk management structure consisting of various sub committees. It includes clearly defined reporting lines to ensure the independent operation of risk management functions. Risk governance of the Bank also includes setting the risk appetite statement, risk limits, risk management functions, capital planning, risk management policies, risk infrastructure and MIS and analysis to monitor the Bank's risk profile.

Risk Assessment

Board's efforts to determine the level of risk tolerance

The Board of Directors is the ultimate governing body responsible for overseeing risk management to maximise shareholders' returns. It ensures that the required culture, practices and systems are in place to address the risks faced by the Bank. Under the valuable guidance of the Board, the Bank ensures a proactive approach in dealing with factors that influence its financial position, strives to maintain stable earnings, and attempts to maximise shareholders' value by achieving an appropriate balance between risk and return.

The Board:
- Has established a bank-wide strategy incorporating the risk management strategy;
- Has approved the overall risk appetite, tolerance levels and level of adequate capital; and
- Regularly reviews any significant risk issues to determine their impact on the Bank's strategy, aligning the strategy to address existing or potential risks.

The Board, through its Board Risk Management Committee (BRMC), has delegated oversight responsibilities. BRMC ensures the formulation and implementation of a comprehensive risk management framework. Under the Board's guidance, the Bank executed an effective risk strategy and continued controlled risk-taking activities within the risk management framework, combining core policies, procedures, and process design with active portfolio management.

The Board Risk Management Committee:
- Establishes and reviews compliance with the Risk Management framework;
- Ensures that the Bank's overall risk exposure is maintained at prudent levels and is consistent with available capital;
- Reviews and recommends to the Board, the risk appetite of the Bank; and
- Reviews risk management information reports, identifies exceptions, and provides guidance for corrective measures.

The functional and day-to-day management responsibilities have been delegated to the Chief Risk Officer (CRO). In line with this, the CRO functionally reports to the President and CEO. The roles and responsibilities are designed to ensure that risk is governed and managed independently and prudently.

The Board, through its Risk Management Committee, has carried out a robust assessment of the principal risks facing the Bank, including those that could threaten the business model, future performance, and solvency or liquidity.

Below are the key risks, which arise as a result of external factors affecting the organisation and they have an impact on the availability, quality, and affordability of the capital:

Factors	Risks
Macroeconomic	Credit Risk, Market Risk, Liquidity Risk
Legal	Legal Risk, Compliance Risk (including Money Laundering), Operational Risk, Country Risk
Political	Operational Risk, Country Risk
Technological	Model Risk, Operational Risk, Information Security Risk
Environmental	Environmental Risk
Commercial	Reputational Risk, Concentration Risk, Model Risk, Operational Risk

The Risk Assessment has been done for the following:

- **Business model:** Potential risks facing the Bank's business model which in turn affect the survival of the Bank. Sound business growth with managed risk is crucial for operations. The Bank considers expected level of profitability, market reputation, experienced personnel, logistic support, etc for business model. Relevant risks can be credit risk, market risk, liquidity risk, operational risk, model risk, reputational risk and concentration risk.

- **Future performance:** Technological obsolescence and inability to cope with recent technological developments can also threaten the existence. Further, the situations of the country/region where the Bank operates also cause impacts and is a necessary factor for consideration in risk assessment. The Bank considers reputation, ability to meet stakeholders expectations, capital adequacy, macro and microeconomic scenarios, risk management practices for its future performance. Relevant risks could be information security risk, environmental risk and legal risk.

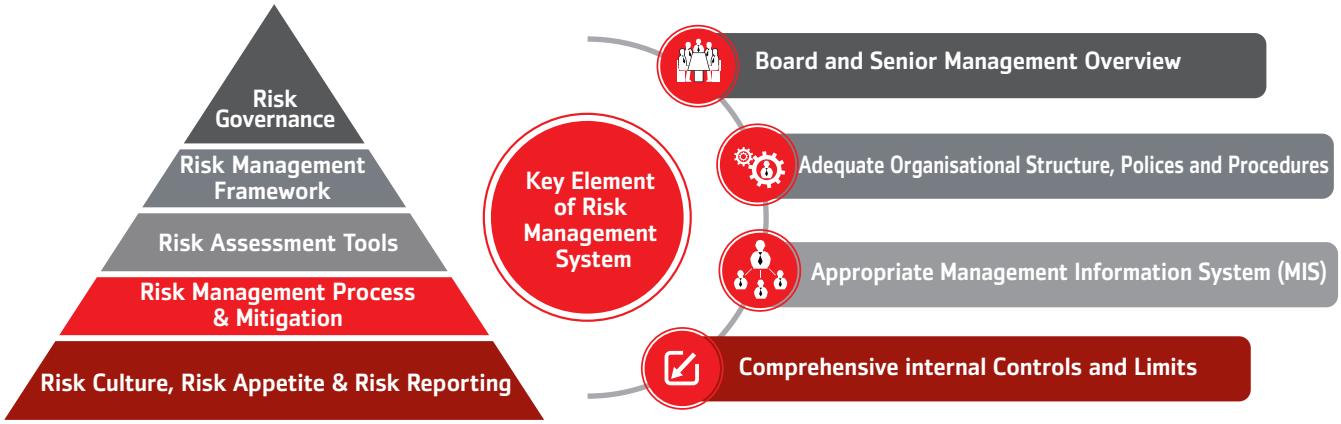
- **Liquidity:** The ability to operate with sufficient funds to meet depositors' obligations is key to operating as a bank. Further, this also includes fulfilling regulatory requirements set by the regulator, hence, compliance plays an important role in this regard. The Bank considers fundamentals like maintaining adequate capital, liquidity and operational control at all times in order to safeguard the interests of depositors, borrowers, shareholders and other stakeholders and meet its obligations against these. Relevant risks could be liquidity risk, market risk, credit risk and compliance risk.

- **Other key focus areas are:**

o Build a risk culture	o Financial crime and economic vulnerability
o Client risk rating focus	o Regulatory compliance
o Information and Cyber Security	o New technologies
o Environment, Social & Governance (ESG)	o Business resilience

The risk management and mitigation strategy is therefore fundamentally based on maintaining adequate capital, liquidity, and operational control at all times in order to safeguard the interests of depositors, borrowers, shareholders and other stakeholders.

Key Elements of Risk Assessment



Key Risks

TYPES OF RISKS	LIKELIHOOD	MATERIALITY
Credit Risk	**High**	**High**

It means the possibility of monetary loss to financial institutions arising due to the inability or unwillingness of a counterparty to perform a commitment per the agreed terms and conditions, among other things, on account of lending, trading, hedging, settlement, and other financial transactions.
Source: External
Impact: Financial
Capital Affected: Financial Capital
Assessment tools: Risk Ratings, Stress Testing, limit monitoring, exception monitoring and delinquency ratio.

Mitigation Strategy: The Bank is committed to the appropriate level of due diligence to ensure that credit risk is identified and analysed diligently, ensuring that credit commitments are appropriately structured, priced (in line with market practices), and documented. Bank Alfalah has a Credit Operational Manual (COM) and a Credit Policy Manual (CPM) in place to strategise and govern the Bank's overall lending strategy. Furthermore, the Bank has an internal Credit Initiation and Risk Rating System through which risk levels are assessed based on customers' risk profiles.

Bank Alfalah has adopted IFRS-9 effective from 01 January 2024 to measure and assess changes in credit risk as per SBP Application Instructions of IFRS 9. The timely recognition of and provision for credit losses promote a safe banking system and play an essential role in supervision. Furthermore, the portfolios and well-defined parameters are actively reviewed, and, if required, corrective actions are taken at a nascent stage.

Credit Concentration Risk	**Medium**	**Medium**

It is the risk which results from inadequate diversification of the Bank's credit portfolio in terms of industries, regions or number of counterparties that may result in significant losses.
Source: Internal and External
Impact: Financial
Capital Affected: Financial Capital
Assessment tools: Limits monitoring including Sectors, Tenors and Risk Weighted Assets.

Mitigation Strategy: The SBP has prescribed regulatory limits for banks' maximum exposure to single and group obligors. Moreover, to restrict industry concentration risk, the Bank's annual credit plan spells out the maximum allowable exposure that it can take on specific industries. The Bank manages and monitors its portfolio of loan assets and limits for high-risk customers. Limit concentrations are monitored in terms of risk quality, industry, maturity, and large exposure.

Operational Risk	**Medium**	**Medium**

It is the risk of loss resulting from inadequate internal processes, people and systems, or from external events including legal risks. This excludes strategic and reputational risk.
Source: Internal and External
Impact: Financial/Non-Financial
Capital Affected: Financial, Social, Human and Intellectual Capital
Assessment tools: Risk Control Self Assessment, Operational losses viz-a-viz tolerance limit and Key Risk Indicators breaches.

Mitigation Strategy: Embedding a sustainable risk culture remains our core objective, which includes effective management of operational issues and emerging risks across the Bank and in our overseas operations via deployment of required resources, tools and continuous supervision. The new Operational Risk Framework, Policy and Standards, duly approved by the Board, have been rolled out, along with new system platforms (Operational Risk System), for recording and tracking of risk events, including non-financial risks. We aim to implement a new process based Risk and Control Self-Assessment method across the Bank in order to effectively manage operational risks and continually monitor the effectiveness of defined controls through first-line self-assessment reviews, especially for the processes and activities that may significantly impact the Bank's risk appetite. Furthermore, new and amended products, systems, activities and processes are subject to comprehensive operational risk assessments before implementation and launch.

TYPES OF RISKS	LIKELIHOOD	MATERIALITY
Market Risk	**High**	**High**

It is the risk arising from changes in the value of on and off-balance sheet positions of the Bank due to adverse movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and commodity prices, resulting in a loss to earnings and capital. Due to the external nature of the risk, and given the prevalent macro-economic environment, the likelihood of adverse price movements is currently high. However, stringent controls are in place to mitigate any material impact on profitability and capital. This risk includes Interest rate risk, Equity price risk, Foreign Exchange risk and Commodity risk.
Source: External
Impact: Financial
Capital Affected: Financial Capital
Assessment tools: Investment Limits, Exposure Limits and Sensitivity Analysis, Tolerance Limits, Duration & PV 01 Limits

Mitigation Strategy: The Market and Liquidity Risk Department monitors the impact of price and rate movements on the Bank's portfolios and periodically reports to the Asset and Liability Committee (ALCO) and Investment Committee (IC), which are primarily responsible for oversight of market risk. The Bank has developed various tools for risk measurement and its mitigation thereof, including Value at Risk (VaR), Duration, Price Value of a Basis Point (PVBP) and Re-pricing Gaps. In addition, the Bank carries out stress tests, using both internally developed scenarios and scenarios prescribed by the regulator. Moreover, the Bank has a comprehensive risk control limit framework, which defines exposure limits (for each portfolio, issuer, tenor, rating and sector), PVBP limits, money market gap limits, FX gap limits, currency-wise NOP limits, stop loss limits, tolerance limits, counterparty limits, dealer limits, and broker limits.

The Bank uses a standardised approach to calculate market risk capital charge under the Basel framework.

Liquidity Risk	**High**	**High**

It is the risk to the Bank's earnings, capital and reputation arising from its inability (real or perceived) to meet its contractual obligations promptly without incurring unacceptable losses when they become due.
Source: Internal and External
Impact: Financial/Non-Financial
Capital Affected: Financial and Reputational Capital (franchise value)
Assessment tools: Stress Testing, Advances to Deposits Ratio, Stable Funding Ratio, Statutory Liquidity Reserve Ratio, Liquidity Coverage Ratio, Deposit Concentration Limits, Liquid Assets to Liquid Liability ratio and Maturity Gaps.

Mitigation Strategy: The Market and Liquidity Risk Department performs independent monitoring and reporting of the overall liquidity position in line with regulatory requirements and the Bank's own risk appetite at the Bank and operations level. The Bank is fully compliant with Basel III liquidity standards, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), with a considerable cushion over the regulatory requirement. Stress Tests are performed (both SBP and internal for all operations and at the Bank level) under which liquidity risk factors are given major shocks to check the vulnerability of the Bank's balance sheet to those hypothetical shocks in various stress scenarios.

Model Risk	**Medium**	**High**

The potential loss the Bank may incur, as a consequence of decisions that could be principally based on the output of models, due to errors in the development, implementation, or use of such models.
Source: Internal
Impact: Financial
Capital Affected: Financial Capital
Assessment tools: Annual Validation exercise.

Mitigation Strategy: Risk management is involved in periodic review of model accuracy and validation. A conservative approach, validation based on sensitivity analyses, the use of subjective elements, and on-going monitoring of the model's performance provide sufficient protection against such unfavourable impacts.

TYPES OF RISKS	LIKELIHOOD	MATERIALITY
Legal Risk	**Medium**	**Medium**

It is a wide concept that includes all aspects of a legal system. It can be defined as including potential for loss arising from the uncertainty of legal proceedings, exposure to fines, punitive damages resulting from supervisory actions as well as private settlements, unsuccessful recourse, and imdemnification to customers and other parties.
Source: Internal and External
Impact: Financial
Capital Affected: Financial, Social, Human and Intellectual Capital
Assessment tools: Monitoring of cases filed against the bank.

Mitigation Strategy: Legal Affairs Division (LAD) is responsible for promoting and protecting the interests of the Bank, and ensuring that the Bank complies with prevalent laws, rules and regulations at all times.

Compliance Risk	**Medium**	**Medium**

The risk of legal or regulatory sanctions or material financial loss (penalties) a bank might suffer as a result of its failure to comply with laws, regulations, rules related to self-regulatory organisation standards, and codes of conduct applicable to its banking activities.
Source: Internal and External
Impact: Financial and Reputational
Capital Affected: Financial, Social, Human and Intellectual Capital
Assessment tools: Regulatory Inspection Reports, Risk Control Self Assessment, Key Risk Indicators breaches, Internal Risk Assessment.

Mitigation Strategy: The Board and Senior Management have cascaded down the commitment to a strong compliance culture that reflects high ethical standards and integrity at all levels of the organisation by ensuring seamless and effective implementation of regulatory requirements/standards/practices and other laws in letter and spirit. Moreover, since compliance is everyone's responsibility, the Bank's Compliance and Control Group has created structures and systems to promote a compliance culture among the Bank's staff and departments. The Compliance Function focuses on having high standards as required by the relevant Policy and Procedure Framework, maintaining Regulatory Technology (name screening, transaction monitoring, trade AML, CDD and CFT) to combat money laundering, terrorist financing, and proliferation financing and tracking CDD quality, and on reviewing and implementing regulatory instructions. The function is further strengthened by the knowledge endeavors and ongoing improvement in the Bank's AML/CFT/CPF learning interventions, CDD Advisory, Regulatory Advisory, Onsite and Offsite Internal Control and Quality Assurance Reviews, and monitoring of fraud trends over consumer and digital banking channels.

Furthermore, to reinforce compliance culture at the front end, Governance Control and Diligence Division (GCDD) has been established within the Retail Group.

Environmental & Social Risk	**Low to Medium**	**Medium**

Actual or potential threats of adverse effects on the environment and living organism by effluents, emissions, wastes, chemical releases, and resource depletion, arising out of the Bank's or its clients' operational activities.
Source: Internal and External
Impact: Social, Environmental, Financial, and Reputational
Capital Affected: Natural and Manufactured Capital
Assessment tools: Environmental & Social Risk Rating based on E&S Due Diligence

Mitigation Strategy: The Bank has adopted an integrated sustainable finance approach in its lending activities. In this regard, Green Banking Policy and Environmental and Social Risk Management (ESRM) Procedures Manual have been put in place. The ESRM Framework essentially requires that any lending opportunity is reviewed and evaluated under the Bank's exclusion list, applicable national laws on environment, health, safety, social and IFC performance

TYPES OF RISKS	LIKELIHOOD	MATERIALITY
Environmental & Social Risk	Low to Medium	Medium

standards. This framework is an integral part of the credit approval process, and all relevant credit proposals require Environmental & Social review prior to approval by the competent authority.

In November 2022, the State Bank of Pakistan (SBP) issued Environmental & Social Risk Management (ESRM) Implementation Manual, based on IFC performance standards, which is applicable to all banks in Pakistan. During 2023, Bank Alfalah has aligned its Green Banking Policy and ESRM Procedures manual with the afore-mentioned SBP manual. From end of November 2023, the Bank has been using SBP's provided ESRM templates and complying with it (Regulatory Implementation dateline is November 2025). Our Environmental Risk & Green Banking Department (also known as Green Banking Office) is providing ESRM Advisory to all internal customers on transactional levels so that the staff do not face any difficulty in implementing the revised ESRM framework. The Bank is assigning E&S Risk Rating as 'High', 'Medium', and 'Low' to its borrowers based on its E&S due diligence which facilitates the Management in its decision making.

Risk of supply chain disruptions as a result of ESG related factors	Low to Medium	Medium

Actual or potential threats of adverse effects on the Banks' supply chain arising from ESG related factors such as effluents, emissions, wastes, chemical releases, and resource depletion.

Source: Internal and External
Impact: Social, Environmental, Financial, and Reputational
Capital Affected: Natural and Manufactured Capital
Assessment tools: Environmental & Social Risk Rating

Mitigation Strategy: Vendors need to be managed effectively in order to reduce the risk of supply chain disruption and ensure that the goods and services provided are delivered on time and as per the expected standard. The Bank's approved procurement policy includes 'Sustainable / Green Procurement' guidelines, which incorporate strategies to minimise ESG risks, including assessing and choosing vendors that exhibit a strong dedication to the environment and prioritising reputable brands that promote environmentally-friendly practices. As an example, the Bank uses sustainably sourced paper, i.e., Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) certificated paper, as part of its routine business practices, and ensures that primary as well as alternate vendors supply with the same only.

Information Security Risk	Medium	Medium

It is the risk of damage that may be caused by internal or external threats, such as unauthorised access to critical financial data, sensitive customer information, non-availability of critical services, impersonating clients and theft or alteration of information, while performing financial transactions, and loss of the Bank's sensitive electronic data and IT systems.
Source: Internal and External
Impact: Financial and Reputational
Capital Affected: Financial, Intellectual and Social Capital
Assessment tools: Risk Appetite Monitoring, Penetration Testing, Vulnerability Assessment and Cyber Security Risk Assessment.

Mitigation Strategy: The Information Security Division caters to the regulatory requirements for IT Security Risk Management. It maintains the framework that enables the Bank's management and staff to mitigate IT security risks bringing them to acceptable levels. It does research on evolving and emerging threats, suggests and defines relevant information security controls. Furthermore, it performs information security risk assessment before and after the deployment of IT Solutions against the defined categories of IT Risk and Information Security Management System, performs 24/7 information security monitoring of information assets, investigates IT security incidents, reinforces IT security risk awareness among staff, and performs IT security risk management reporting.

TYPES OF RISKS	LIKELIHOOD	MATERIALITY
Reputational Risk	Low to Medium	Medium

It refers to a loss that may arise by an activity, action, or stance taken by the Bank, any of its affiliates, or its officials that can impair its image with one or more of its stakeholders resulting in loss of business and/or decrease in the value of the Bank's shares.
Source: Internal and External
Impact: Financial and Reputational
Capital Affected: Financial, Social, Human and Intellectual Capital
Assessment tools: External ratings, Market news, Stock Exchange Information, Customer Surveys and review of regular compliance by compliance division.

Mitigation Strategy: Various departments within the Bank assess reputational risk associated with the Bank's activities in order to safeguard its interests at all times. This includes ensuring that contractual obligations are being met under agreements with multilateral and international agencies that cover partnerships and credit facilities extended to the Bank. Furthermore, the Bank has a dedicated customer experience department that works for the resolution of customer complaints and grievances. Additionally, the Compliance Division ensures compliance with all regulatory requirements and mitigation of reputational risk arising from business disruptions and operational issues. Furthermore, the Bank has devised a comprehensive Business Resilience/Disaster Recovery Plan to ensure continuity of its services during crisis periods.

Country Risk	Low to Medium	Medium

It refers to the possibility that economic and political conditions, or an event in a foreign country, could adversely impact the Bank's exposure in that country. The Bank is engaged in international lending and has cross-border exposures, and is exposed to country risk, in addition to the customary credit, market, and investment risk.
Source: External
Impact: Financial
Capital Affected: Financial and Social Capital
Assessment tools: Country limit monitoring.

Mitigation Strategy: In order to manage the risk, the Bank has in place a comprehensive country risk management framework. Under this framework, country risk is sub-divided into two broad categories; transfer risk and political risk. Additionally, the Bank carries out periodic review of approved limits, ensuring regular monitoring against the same.

Trade Pricing Risk	Medium	Medium

To curb & tighten the regulations with respect to Money laundering & terrorist financing, SBP issued TBML Framework in October 2019 with focus on areas like under/over invoicing. In the light of aforesaid instructions, TPRD (Trade Pricing Risk Department) has been setup under the umbrella of Risk Management Division to comply with and adhere of related laws & regulations laid down by State Bank of Pakistan.
Source: External
Impact: Financial and Reputational
Capital Affected: Financial and Reputational Capital
Assessment tools: Price assessment tool for trade related products.

Mitigation Strategy: The bank is committed to prevent potential money laundering and combat against terrorist financing. Trade Pricing Risk Department – TPRD under Risk Management Division, ascertains and checks commodities of trade transactions through various reliable sources to prevent over / under invoicing. Moreover, the function was further strengthened through a solution acquired for price assessment of trade related products. Bank has integrated the pricing solution (AI based solution offered by External vendor) with Core Banking to further strengthen the process for price assessment of trade transactions.

TYPES OF RISKS	LIKELIHOOD	MATERIALITY
Step in Risk	Low	Medium

Step-in risk is the risk of bank's being exposed to the negative impact from the weakness or failure of an unconsolidated entity and concludes that this impact is best mitigated by stepping in to provide financial support (e.g. to avoid the reputational risk the bank would suffer otherwise)

Source: External
Impact: Financial & Reputational
Capital Affected: Financial & Reputational
Assessment tools: Group Governance & Monitoring

Mitigation Strategy: Cross-Entity Risk Assessment: Conduct assessments to identify and evaluate risks that may affect multiple entities within the group, such as systemic financial risks, cybersecurity threats, and reputational risks.

Key Opportunities and Initiatives

TYPES OF OPPORTUNITIES	LIKELIHOOD	MATERIALITY
Opportunities through Digitisation	High	Medium to High

With the onset of the Industrial Revolution 4.0, the impact of existing and potential digital avenues can not be ignored. It raises the need to overhaul and transform existing business practices to leverage upcoming and evolving technological advancements in order to create a ripple in the banking/financial sector. The financial services which are being provided to our customers are transforming at a rapid pace, new innovations are being adopted. At Bank Alfalah, making sure customers are happy is not something that is said, it is meant.
Source: Internal and External
Impact: Financial; Customer Centricity
Capital Affected: Financial Capital, Relationship Capital and Human Capital

Strategy for creating value from opportunity:

Digital Cheque Clearing (High, High)

After combating the teller based cash deposit transactions through Digital CDMs, the next challenge is to fight cheque clearing system which is plagued with time inefficiencies and susceptibility to human errors, particularly in subjective tasks such as signature matching.
An in-house indigenously developed 24/7 Cheque Deposit Kiosks is in process to be launched to give customers the convenience to clear their cheques instantly anytime, by using the power of machines to perform MICR & UV Matching and software to perform signature verification, OCR matching using machine learning, biometrics and special secure keys incorporated into the cheques. This strategic move is anticipated to yield convenience for customers, operational efficiencies and reduce costs, while concurrently mitigating fraud risks. The forecast is that this will take the bank to 95% digital to branch counter ratio of transactions, akin to global standards.

Enhanced Accessibility through Digital Sales and Service Centers (High, High)

A big consumption area of cash in circulation is the trade/market/shopping areas. A Neilson estimate states that there are approximately 5 million businesses in the country, and banks, over the last 70 years, have only managed to tap a small proportion through proximity acquiring.
In order to reduce cash in circulation and digitize the economy, Bank Alfalah has setup Sales & Service Centers in Pakistan's key trading/ market areas namely Karachi (Disco Bakery - Gulshan-e-Iqbal, Badar Commercial, Dhoraji) & Rawalpindi (Murree Road), with more in pipeline to be installed. These Digital Payments Sales and Service Centers (S&SCs) extend their digital footprint by converting cash-heavy markets to digital payment systems by offering merchant account opening, 24/7 cash out, cash deposit in any bank account through CDMs, digital merchant onboarding by issuing QR RAAST P2M (Reverse QR Transaction Flow), by issuing customers their QR RAAST cards and merchants their QR Acceptance terminals and Pay by Link facility.

TYPES OF OPPORTUNITIES	LIKELIHOOD	MATERIALITY
Opportunities through Digitisation	**High**	**Medium to High**

- **Remote Digital Onboarding (RAPID) (High, High)**
  In order to help prospective clients with the smooth transition of becoming customers of the bank, a digital onboarding process has been introduced. It is available through both the portal as well as the Alfa application. Digitising this process has facilitated customers who no longer need to visit a physical branch in order to open their full-fledged banking account.

  This process has helped in digitising and keeping track of customer behavior from the very beginning of the relationship. A variety of account types offered include Asaan Digital Accounts, Asaan Digital Remittance Accounts, Freelancer Digital Account, Pehchaan Current Accounts (targeted to women), PLS Savings etc.

- **Digital Wealth (High, Medium)**
  In order to gain customer loyalty and to become their bank of choice, Bank Alfalah introduced an end-to-end digital platform for its customers, with multiple offerings of Mutual Funds of different AMCs, securities trading, buying/selling of government bond/securities, and insurance with multiple insurance underwriters. This allows customers to invest their wealth in different investment options and buy different kinds of insurance.

  Robotic Process Automation (RPA) and Generative AI (GenAI) (High, Medium)
  The Robotic Process Automation (RPA) projects namely automated reconciliations for ADC and switch reports, Credit card limit upgrade automations, CPU Cheque clearing notifications to branches, locker management portal, and GenAI methods to procure and analyse data for branches and back offices can help the bank migrate manual cumbersome operational tasks from thousands of annual man hours to within few hours

Untapped Potential in Small and Medium Enterprises	**High**	**High**

- Bank Alfalah, as a facilitator of banking solutions, not only boasts the most extensive range of Product programmes but also stands as a trailblazer in conceiving and launching structured Non-Financial Advisory Services, dedicated to enhancing the capabilities and expertise of SMEs. Bank Alfalah's impressive track record in contributing to the development of Pakistan's SME sector speaks for itself.

- This year, Bank Alfalah's SME performance has seen extraordinary growth, with a 53% YTD increase in lending exposure, rising from Rs. 34 billion in Dec 2023 to Rs. 52.3 billion in Dec 2024. The same was witnessed in the Agri Segment which has exceeded expectations, achieving impressive growth, with its portfolio rising from Rs. 18 billion in Dec 2023 to Rs. 25 billion in Dec 2024. In Trade Business, Bank Alfalah made trade throughput for Retail of USD 2.1 Billion which highlights the Bank's commitment to go above and beyond!

- The Bank's overarching objective is to empower customers with the tools essential for their prosperity. In line with this mission, it has diligently expanded its array of lending solutions, catering to the diverse needs of current and potential clients. As part of its commitment, the Bank's non-financial advisory services provide indispensable guidance to ensure alignment with its rigorous lending criteria.

Large menu of products and value-added services:

Various product offerings (refer to Organisational Review section of this Annual Report for the Bank's SME product offerings) and value-added services such as financing facilities for different customer requirements. The SME toolkits have been further enhanced to penetrate into this thriving industry niche. This has been done through a cross-sell initiative by developing a complete set of business opportunities in a relationship, with a 360-degree view. The Bank conducts market-storming activities, visits various small and medium entities, provides consultancy for their business growth, and has created help desks. These have boosted the confidence of businessmen/entrepreneurs in the Bank. The Bank offers the most extensive range of products ranging from working capital, long-term finance, fleet financing, bill discounting, invoice financing, supply chain financing and cash-flow based clean lending products for SME customers.

TYPES OF OPPORTUNITIES	LIKELIHOOD	MATERIALITY
Untapped Potential in Small and Medium Enterprises	High	High

Financial Inclusion of Women:
Our dual strategy combines targeted awareness sessions, helpdesks, and specialized products to enable women-led businesses to access and utilize financial services. Collaborations with organisations like Women Chambers of Commerce, CIRCLE Women, SMEDA, Greenstar, PITB etc. have broadened outreach, fostering financial independence and economic growth among women entrepreneurs.

Digitisation for financial Inclusion
Prioritizing digital financial solutions is closely linked to enhancing financial inclusion. Digital channels expand the reach of the financial sector in a more efficient and cost-effective way. In line with the SBP's initiatives across various fronts, the bank has made significant contributions in the following key areas:

- Being an industry first, SME Toolkit is the Bank's online platform that helps it extend to Non-financial advisory services which has also recently gathered widespread recognition by the government and regulator.
- Bank Alfalah also offers an innovative agent financing product for male and female retailers on its digital platform, supporting small businesses like kiryana stores, mobile shops, and tailoring enterprises. This initiative empowers female entrepreneurs by providing access to essential financial resources, hence promoting financial inclusion.
- Aligned with its vision to make banking more accessible and convenient, the Bank is digitizing processes and streamlining the loan application journey for its SME and Agri customers. Digital onboarding will further simplify the customer registration process through a fully digital platform, improving convenience, accessibility, and approval efficiency. SMEs will be able to apply for loans via Alfa's Business App, ensuring a seamless and hassle-free experience.
- Additionally, the SME Department is leading the digital onboarding initiative, with the Women Entrepreneur and Alfalah Fleet Finance products currently being digitized. Customers will soon be able to apply for these services digitally in the first phase.

Development & Implementation of Credit Scoring Models:
Under Karandaaz and SBP's Innovation Challenge Funds, the Bank has been working closely with Karandaaz, SBP & DigiServ for the development of credit scoring models for credit evaluation of SMEs. These models would allow BAFL to collect data from SME customers based on their deposit history and psychometric assessments which can be used to calculate creditworthiness score for each customer.
Currently, both these models are in their final stages of implementation and integration. Their application would improve the entire landscape of credit assessment and evaluation.

Prime Minister's Youth Business and Agriculture Loan Scheme (PMYBL&ALS)
It is an initiative by the Government of Pakistan to motivate the country's youth to utilize their entrepreneurial skills and contribute to the economy's growth. Under The Prime Minister's Youth Business and Agriculture Loan Scheme (PMYB&ALS), SBP set a target of PKR 7.1 billion for FY2024, which Bank Alfalah surpassed by disbursing PKR 7.26 billion. For FY2025, SBP has set a target of PKR 6.3 billion, and the Bank is committed to achieving it.

SME Asaan Finance Scheme (SAAF)
It is an initiative by the State Bank of Pakistan, in collaboration with the Government of Pakistan, with an aim of enabling SMEs that cannot offer security/collateral to access bank finance. During 2024, Bank achieved the SAAF's disbursement target by disbursing 10,439 billion to more than 2,800 customers as allocated by State Bank of Pakistan on 30th June now working on SAAF redeployment scheme.

TYPES OF OPPORTUNITIES	LIKELIHOOD	MATERIALITY
Penetration in Cash Management and Supply Chain Financing	**High**	**Medium**

Bank Alfalah Transact (BAT) offers a comprehensive, single sign-on solution for the digitalisation of trade, supply chain and cash management, delivering numerous benefits. Recognizing the increasing reliance of modern banking on advanced technology, the platform has been meticulously crafted to meet the evolving needs of businesses. It fosters a paperless environment, enhances cost efficiency, and significantly reduces the need for branch visits—resulting in substantial savings in time, fuel, and operational costs.

Bank Alfalah's Supply Chain Financing (SCF) function has become a focal point of development, particularly with the support of the State Bank of Pakistan (SBP) in advancing financial inclusion and transitioning the bank's processes from manual to digital. In line with the regulator's vision, BAFL has strengthened its SCF function by enhancing both the quality of its resources and the depth of its product suit, including both buyer and supplier centric liquidity management solutions.

This digital platform has been instrumental in advancing the bank's Cash Management and Trade Finance services. It enables customers to seamlessly submit transaction requests, access accounts globally, and initiate trade operations, including payment processing and liquidity management, to optimize Supply Chain Finance. With 24/7 accessibility and real-time reporting, BAT elevates the convenience and efficiency of transactions, setting a new benchmark in Transaction Banking.

Source: External
Impact: Financial
Capital Affected: Financial Capital; Reputational and Intellectual Capital

Strategy for creating value from opportunity:

In recent years, Bank Alfalah has successfully identified and secured a substantial market share in Cash Management, Trade Finance and Supply Chain Finance. Aligning with SBP's directive to provide tailored financial solutions for corporations and their stakeholders, the Bank has introduced an online portal called Bank Alfalah Transact to digitise the trade processes and provide effective cash management solutions to Bank's clientele.

The integration of Bank Alfalah Transact has played a pivotal role in propelling the cash management & trade business forward. This digital platform empowers customers to seamlessly transmit transaction requests, access their accounts globally, and initiate trade-related payments. With its 24/7 accessibility and real-time reporting, it greatly elevates the convenience of trade transactions.

In line with the Bank's digital agenda, the Transaction Banking has also launched eSCF, a digital lending platform that enables our SCF clientele to apply for financing, receive funds and repay loans digitally. Separate portal views are available for both the corporate clients and their dealer/distributors.

In recent years, Bank Alfalah has successfully secured a significant market share in Cash Management, Trade Finance, and Supply Chain Finance. In line with the State Bank of Pakistan's directives and its unwavering commitment to delivering best-in-class Transaction Banking solutions, the Bank is proud to introduce its upgraded and innovative corporate banking platform—Bank Alfalah Transact (BAT). This state-of-the-art platform is designed to transform the way businesses in Pakistan manage trade, supply chain finance, and financial transactions, empowering them to embrace a globally competitive digital future with unmatched efficiency and productivity. It digitizes trade processes, provides effective cash management solutions, and brings innovative best practices in Supply Chain Finance to its clientele.

TYPES OF OPPORTUNITIES	LIKELIHOOD	MATERIALITY
Capitalise on Influx of Home Remittances	**High**	**Medium**

The Remittance Initiative in Pakistan remains a focal point for banks, emphasising not only national support but also serving as a crucial means of family sustenance for numerous households across the country. Constant efforts are underway to improve home remittance facilities by promoting financial inclusion and providing more efficient channels for sending home remittances to Pakistan. The government places a significant emphasis on remittances due to their role in alleviating pressure on the country's current account and foreign exchange reserves.

Source: External
Impact: Financial
Capital Affected: Financial, Social, and Reputational Capital

Strategy for creating value from opportunity:
Given the considerable contribution of home remittances to the nation, the Bank ensures that its remittance solution continues to be safe, efficient, quick, reliable, and best-in-class by staying in line with the regulations, and increasing the ease of remittance flow for overseas Pakistanis.

The Bank has also significantly invested in marketing activities for creating awareness and promoting legal banking channels for sending remittances.

Financial Obligations

The Bank has fulfilled all its financial obligations and has made timely repayment of its debt/borrowing during the year.

Strong Capital Base

The Bank is adequately capitalised to overcome liquidity problem, repay debts and meet operational losses, if any. The Bank's capital adequacy ratio as of 31st December, 2024 was 17.96%, which is higher than the minimum capital ratio of 11.5% required by the Central Bank, and is adequate to meet future business requirements. This CAR is as a result of efficient balance sheet management and operational effectiveness.

The Bank has disclosed its Capital Adequacy Ratio and other liquidity ratios (Liquidity Coverage Ratio and Net Stable Funding Ratio) in note 47 of unconsolidated financial statements. The note contains regulatory requirement as well as the Bank's actual position.

Further, the Bank has given detailed Basel disclosure on its website. Refer https://www.bankalfalah.com/financial-reports.

Also, refer to note 48 of the unconsolidated financial statements for all Risk Management Disclosures.

Liquidity Management and Contingency Plan

The Bank manages and controls liquidity risk through a detailed risk management framework, which is approved by the Board of Directors. The Bank's Asset and Liability Management Committee (ALCO) is primarily responsible for the formulation and oversight of its liquidity management strategy. Under the framework, the Bank closely watches the liquidity position (for all jurisdictions and at a consolidated level) through the monitoring of early warning indicators and stress testing, which ensures efficient and timely decision-making.

The Bank's overall funding strategy is based on the principles of diversity and stability, and includes its equity and deposits. It has in place a set of liquidity ratios such as Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), currencies, and at a consolidated level along with maturity gaps, which are monitored on a regular basis for effective management of liquidity. Moreover, it is fully compliant with Basel III LCR and NSFR requirements, which shows its ability to meet short-term funding needs, and availability of stable funding against its asset portfolio.

A Contingency Funding Plan (CFP) is also in place to address liquidity issues in stress scenarios for each operation. The plan covers trigger (systemic and bank specific) action plans along with roles and responsibilities in the event of a liquidity crisis. Treasury prepares CFPs for all operations on an annual basis to identify stress scenarios and funding plans for such situations, along with early warning indicators. These plans are reviewed by the Risk Management Division, and are approved by the ALCO annually.

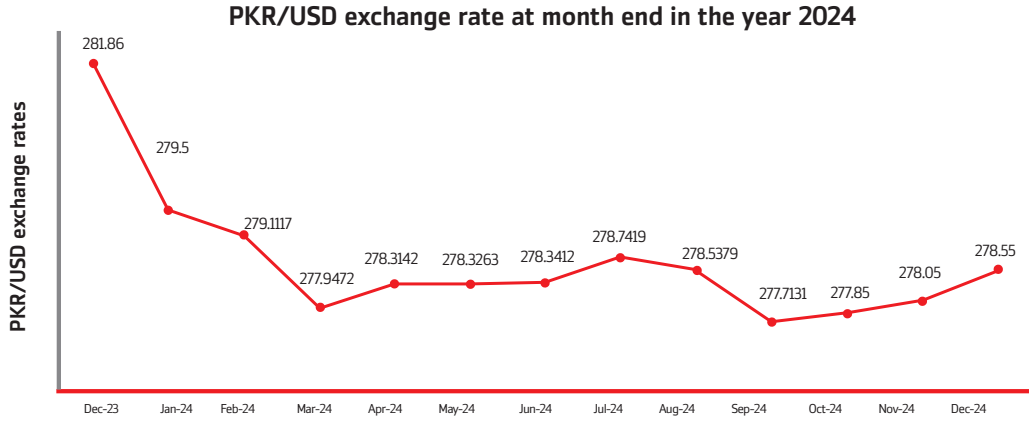
The liquidity profile of the Bank is adequate to cater to unforeseen liquidity crises, and any operational losses occurring in the normal course of business. For 2024, the Bank's Basel III liquidity ratios, LCR and NSFR, stand at 191% and 126% respectively, well above the regulatory requirement of 100%, also disclosed in note 47 of unconsolidated financial statements. Its strong capital base is evident from our ability to withstand any liquidity challenge.

The Bank has adequate plans to discharge its liabilities in the normal course of business, including long-term debts.

Foreign Currency Sensitivity Analysis

The year 2024 marked a period of relative stability for the USDPKR, with the PKR appreciating by nearly 1% against the US dollar. This stabilisation was supported by the disbursement of the USD 7 billion IMF Extended Fund Facility (EFF) in September, which not only bolstered foreign reserves but also paved the way for additional financing from multilateral and bilateral sources. These developments strengthened market confidence and helped ease pressures on the external account.

Additionally, relatively slow GDP growth during the year played a key role in keeping the current account deficit in check, as subdued economic activity curbed import demand. Official foreign exchange reserves ended the year at USD 11.7 billion, a significant improvement from previous lows. This recovery in reserves reflected the combined impact of IMF inflows, external financing, and improved trade dynamics, providing the much-needed buffer to the economy and fostering confidence in its external stability.



Source: SBP website

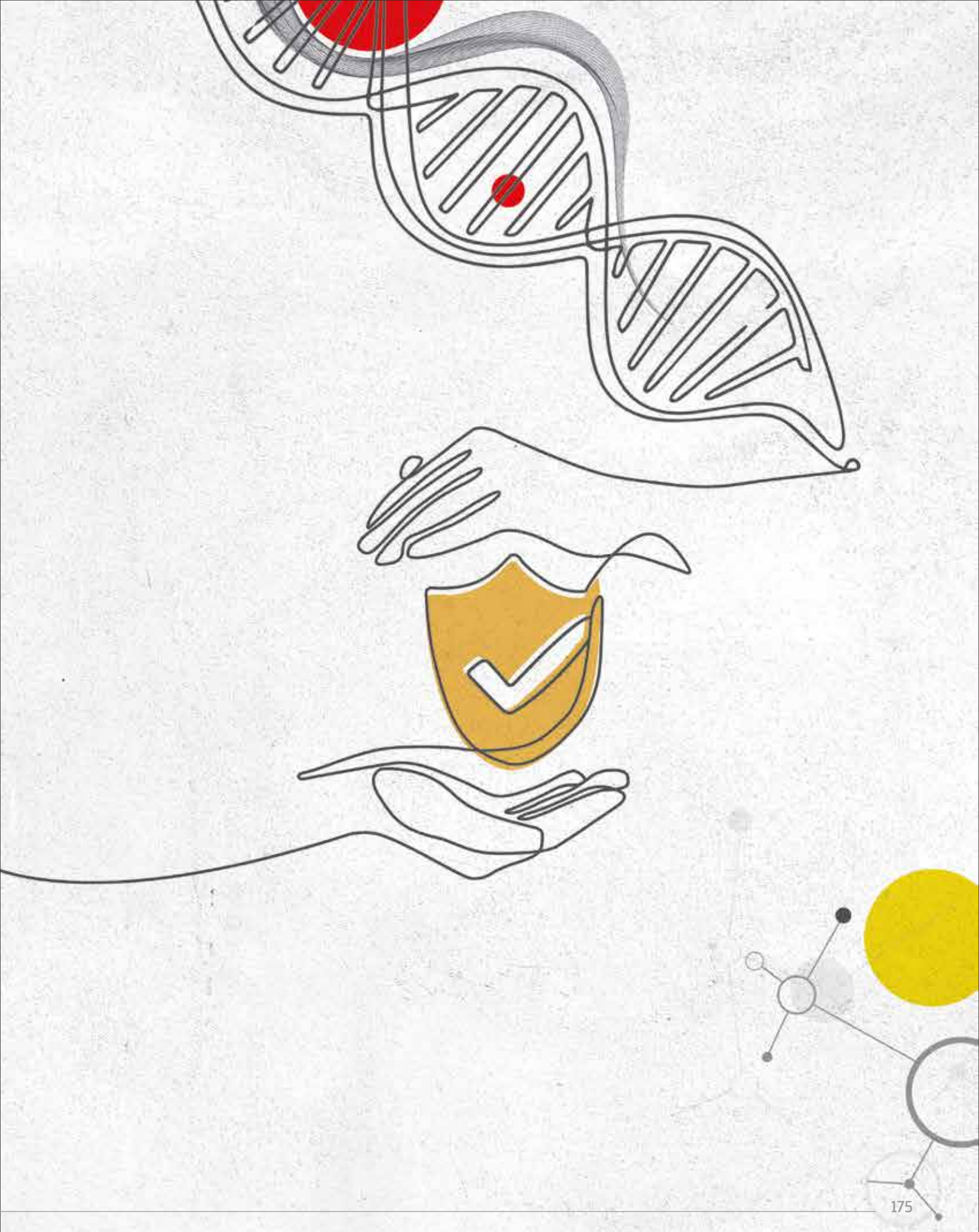
The fluctuation in foreign exchange rate exposes the Bank to the risk of change in values of foreign currency denominated assets and liabilities, including capital investment in foreign operations along with forward FX commitments.

The Bank's currency-wise net open position limits and Foreign Exchange Exposure Limits (FEEL) are in place to monitor intraday and end of day FX risk. Besides the FX position limits, the pre-defined 'Stop Loss level for Management Action Plan' is also instituted to manage the said risk.

The above-mentioned monitoring along with stress testing of the foreign exchange portfolio is presented to the Bank's senior management and Board Risk Management Committee (BRMC) regularly. For more details on sensitivity analysis, please refer to Risk Management (Foreign Exchange Risk) disclosures in the unconsolidated financial statements.

IT GOVERNANCE AND CYBERSECURITY





Information Technology Governance Policy and Framework

Bank Alfalah is committed to being a technology-driven leader, focusing on innovation and delivering exceptional customer experiences. Our technology teams use big data analytics, AI, and digital platforms, along with strategic fintech partnerships (Jingle Pay), to offer personalized services. We ensure optimal capacity and resource planning, providing high-quality digital platforms, efficient transaction systems, and fault-tolerant infrastructures.

The Chief Information Officer (CIO), reporting directly to the CEO, leads the Information Technology Group (ITG). The CIO works closely with business leaders and committees to implement the Enterprise Technology Governance Framework and stay ahead of technological advancements, ensuring the Bank's IT systems remain competitive and world-class.

The Bank's IT Policy is aligned with global standards and regulatory requirements, supporting the Bank's digital strategy and ensuring strategic alignment between business needs and technology investments. The Policy includes key elements like risk management, performance measurement, resource optimisation, and compliance. It strengthens decision-making, risk mitigation, and accountability in IT management.

To drive continuous improvement, Bank Alfalah has conducted an independent benchmarking assessment based on the COBIT-2019 Framework and is upgrading its practices accordingly. The Bank also employs Enterprise Project Management (EPM) to enhance project visibility, control, and alignment with strategic goals. Reporting and BI tools are integrated to improve project oversight. Our technology governance is further supported by an independent Information Security function, led by the CISO, to enhance cyber resilience and protect information assets.

Additionally, the Bank ensures high service quality through a dedicated Service Quality Assurance (SQA) team and a specialized IT Helpdesk to promptly resolve issues. The Board oversees the implementation of the SBP's Enterprise Technology Governance and Risk Management Framework, ensuring effective risk management strategies and resilience against cyber-attacks and disruptions. This proactive approach strengthens our ability to mitigate cyber risks and safeguard customer confidence.

The Bank has made further efforts with respect to technological governance cyber risk mitigation, and incorporated a top-down approach whereby the Board, via it's committees, is mandated to:

- Review and monitor the implementation of the SBP's 'Enterprise Technology Governance and Risk Management Framework'.

- Monitor the overall impact of the Information Technology infrastructure and applications on businesses and customers, and to assess and address strategic gaps and issues.

- Ensure that effective Risk Management strategies are designed and implemented to achieve resilience, including the ability to respond to wide-scale disruptions, cyber-attacks and attacks on critical infrastructure in an effective manner.

This allows the Bank to have a strong and robust approach to monitoring and mitigating any cyber risks.

Cyber Security

Cyber Risks

Cyber risk i.e. potential exposure of the Bank's information and communications systems to external elements or circumstances capable of causing loss or damage, is now amongst the top ranked Information Security risks that all organisations face and Bank Alfalah is cognizant of its significance and possible impacts. A dedicated Information Security Division, functioning within the aegis of Credit & Risk Management Group manages Information Security risks to the bank's technology assets by enforcing compliance with information security standards & baselines for IT solutions that support products and services. Information Security solutions selection, acquisition, and engagement with consultants, vendors or service providers are led by Information Security Division in close coordination with ITG. Further, the Information Security department ensures it continues to play a crucial role in safeguarding information systems, ensuring data integrity, and protecting technological infrastructure from potential cyber threats via the adoption and implementation of robust policies and procedures, as well as undertaking prudent assessment and awareness programmes with a focus on continuous improvements. These are elaborated further within this section of the annual report.

Cybersecurity programmes, policies, and procedures

The Bank has in place a well-defined Information Security Risk Management Policy/Framework duly approved by the Board of Directors. The framework is supplemented with comprehensive Information Security Risk Management procedures approved by the executive management as well as multiple technology process / practices specific security baselines. The framework derives directly from the regulatory advisories and mandates as well as from international standards and best practices.
Based on periodic Cyber Security Risk Assessments, the bank has instilled a multilayered Cybersecurity Action Plan which covers all the key domains of information security. Identified threats and vulnerabilities are suitably treated and revalidated. Furthermore, periodically, the Bank runs Cyber Risk awareness campaigns for staff and customers and has clearly defined standards for Acceptable Use of Information and Technology resources.

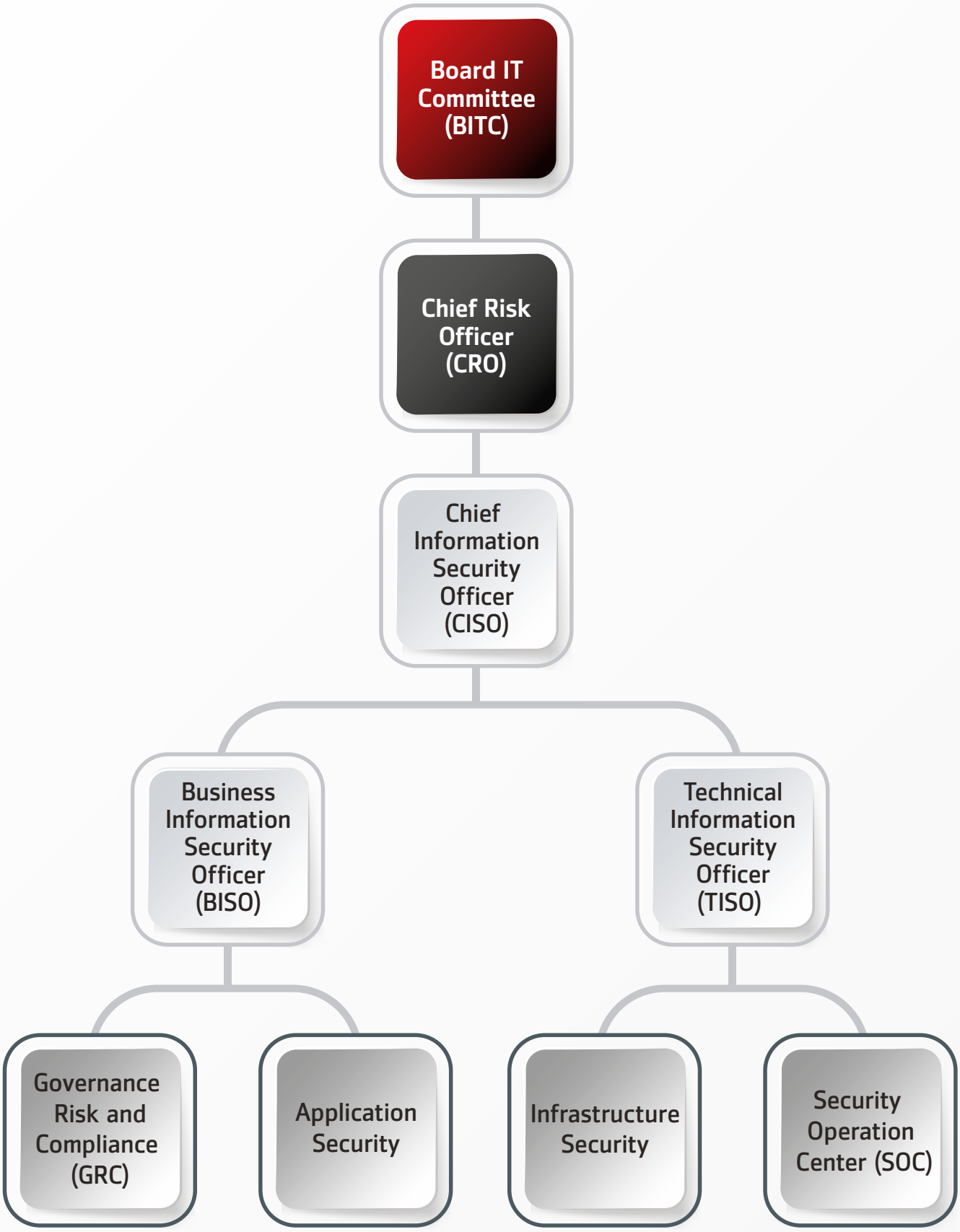
Industry-specific requirements for cybersecurity and strategy in place

The State Bank of Pakistan has time and again issued advisories, circulars, and regulations for improvements in Bank's cyber security posture and these are being complied with on timely basis as well to provide a secure infrastructure for hosting the Bank's customers' data. Furthermore, Bank's approved strategy and industry specific best practices are also being followed.

The Board's evaluation and enforcement of legal and regulatory implications of cyber risks and responsibilities in case of any breaches

The Board has entrusted the Board Information Technology Committee (BITC) to oversee the Bank's technology direction and risk ensuring that Information Technology remains a key differentiator in Bank's strategy. The objective has fueled the organisation's ambitions for automation and digitalisation thus fostering use of information and data as a key ingredient for innovative solution design and product delivery witnessed by positioning of the Bank as customers' first choice in digital banking solutions.

The Board and Executive management also remained mindful of associated risk – especially Cyber Risk – which is supported by a comprehensive strategy and plans – internal as well as by Independent 3rd parties – for periodic assessments of effectiveness of technology risks and controls. The organisation is tuned to identification of risks – regulatory, operational, or cyber risks – and ensures that control designs are effective wherein people meticulously follow operational protocols. Besides, all products and services are marketed only after compliance and legal groups' vetting and required risk transfer mechanisms are effective.


Board IT Committee (BITC)
Chief Risk Officer (CRO)
Chief Information Security Officer (CISO)
Business Information Security Officer (BISO)
Technical Information Security Officer (TISO)
Governance Risk and Compliance (GRC)
Application Security
Infrastructure Security
Security Operation Center (SOC)

Board's risk oversight function for cybersecurity and board's engagement with management

Board Information Technology Committee (BITC) plays a supervisory/advisory role along with policy making authorities without infringing on the management functions. It oversees and reviews the implementation of compliance and regulatory requirements. Its responsibilities inter-alia include to ensure that risk management strategies are designed and implemented to achieve resilience, such as the ability to effectively respond to wide-scale disruptions, including cyber-attacks and attacks on critical infrastructure.

The Board's risk oversight function engages with the management through BITC where it obtains status of Information Security Key Risk Indicators (KRIs) and overall cyber security risk posture of the Bank and subsequently provides advice on timely action against cyber threats.

Board-level committee charged with oversight of IT governance and cybersecurity matters and board's oversight on this risk

Board Information Technology Committee (BITC) responsibilities inter-alia include ensuring that risk management strategies are designed and implemented to achieve resilience, such as the ability to effectively respond to wide-scale disruptions, including cyber-attacks and attacks on critical infrastructure. Besides, it also oversees the implementation of compliance and regulatory requirements. Further, BITC provides oversight on cyber security matters.

The meetings of BITC are held on quarterly basis and the Chief Information Security Officer (CISO) apprises the committee on the status of Cyber Security.

Controls and procedures about an "early warning system" to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents

The Bank has a dedicated 24/7 Security Operations Center (SOC) within Information Security Division. Technical and administrative controls have been implemented to identify, detect and respond to the cybersecurity events on a timely basis. The status of Information Security Key Risk Indicators (KRIs) and the overall cyber security risk posture of the Bank are communicated to the Board.

Resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and cyber insurance.

The Bank has dedicated Business Continuity Planning (BCP) and Disaster Recovery (DR) sites to guarantee the uninterrupted provision of business and IT services. Furthermore, the Bank has a cyber-insurance policy that encompasses security and privacy liability, defense against privacy regulatory actions and penalties, crisis management, event costs and cyber extortion, loss of digital assets, and non-physical business interruption.

Education and training efforts to mitigate cybersecurity risks

To mitigate cyber security risks, the Bank has a security awareness programme through which staff and customers are regularly advised on staying secure.

Safeguarding Bank Alfalah's Digital Infrastructure

In today's rapidly evolving digital landscape, the significance of robust IT governance and cybersecurity cannot be overstated. At Bank Alfalah, we understand that our digital infrastructure forms the backbone of our operations, driving innovation, customer satisfaction, and financial growth. Positioned as a technology-driven pioneer in the financial sector, the Bank strives to align its practices with globally recognized standards, regulatory frameworks, and industry best practices, ensuring operational resilience, data security, and customer trust.

As part of our commitment to safeguarding customer data, ensuring operational continuity, and complying with regulatory requirements, the Bank has made significant strides in aligning our IT strategy with internationally recognized standards, frameworks, and best practices.

Guided by its vision to lead as a technology-driven institution, Bank Alfalah has achieved groundbreaking milestones in 2024. Notably, it became the first bank in Pakistan to transition to Temenos R22, a major enhancement of core banking operations. Moreover, innovative advancements such as QR Cash Withdrawals and Virtual Prepaid Cards underscore the Bank's reputation as a leader in technological innovation and excellence. We have also successfully implemented a comprehensive approach to IT governance that integrates both cybersecurity and risk management across every layer of our operations. Our cybersecurity

efforts are guided by the regulatory mandates of the State Bank of Pakistan (SBP), including frameworks such as the Enterprise Technology Governance & Risk Management (ETGRM) and BPRD Circulars, which are complemented by globally accepted standards like ISO/IEC 27001, NIST Cybersecurity Framework, etc. This strategic alignment enables us to proactively mitigate cyber risks, ensure compliance, and continuously enhance our operational resilience in the face of an increasingly complex threat landscape.

The Bank's holistic approach is underpinned by an unwavering commitment to transparency, integrity, and accountability, which guides its governance structures and ensures that cybersecurity is embedded at the core of our decision-making processes. Through advanced technological investments, proactive risk management, and a culture of continuous improvement, Bank Alfalah remains a pioneer in securing the future of banking in Pakistan.

Board Responsibility Statement on Cyber Risks
The Board of Directors (BoD) is entrusted with the overarching responsibility for evaluating and mitigating cyber risks in alignment with SBP's Enterprise Technology Governance Framework and international standards such as the NIST Cybersecurity Framework. The Board Information Technology Committee (BITC) is mandated to:

- Review and approve an IT Governance Framework to ensure IT strategy is fully aligned with corporate objectives.
- Evaluate compliance with SBP's regulatory requirements, including the implementation of BPRD Circulars, to strengthen digital banking security measures.
- Oversee incident reporting mechanisms to address cyber breaches in a timely manner, adhering to the 48-hour reporting requirement specified by SBP.
- Regularly review and update cybersecurity policies and practices to address evolving risks, ensuring that the Bank's cybersecurity posture remains resilient.

In case of any cyber breach or violation of legal requirements, the Board is committed to taking corrective actions, including reporting the breach to relevant regulatory bodies and rectifying any governance failures. Independent third-party audits, leveraging frameworks like ISO 27001, and the implementation of strong governance policies ensure that cybersecurity risks are mitigated while upholding accountability and compliance with all applicable standards.

IT Governance and Cybersecurity programmes
Bank Alfalah has implemented a comprehensive Technology Governance Framework, benchmarked against SBP's ETGRM guidelines, COBIT-2019, and internationally recognized cybersecurity frameworks like ISO/IEC 27001 to address industry-specific cybersecurity requirements. The framework encompasses:

- Strategic alignment of IT investments with organisational objectives.
- Deployment of a Cybersecurity Action Plan to proactively anticipate and mitigate potential cyber-attacks, consistent with international standards, including the NIST Cybersecurity Framework.
- Implementation of ISO 27000 standards for Information Security Management Systems (ISMS), enhancing the confidentiality, integrity, and availability of critical assets.
- Regular reviews of third-party vendor security to ensure that third-party risks are mitigated.

The Bank continuously evaluates its cybersecurity strategy and policies to stay adaptable to regulatory changes and emerging industry-specific risks. By adopting advanced technologies such as AI, Big Data, and Cloud Computing, Bank Alfalah ensures operational efficiency while meeting regulatory compliance requirements in line with the principles outlined in the Cloud Security Alliance (CSA).

Cybersecurity and the Board's Risk Oversight Function
Cybersecurity forms a critical component of the Bank's enterprise risk management strategy. The BITC oversees cybersecurity through periodic evaluations of the Bank's cyber risk posture and adherence to ETGRM provisions and NIST CSF principles, including:

- Identify: The Bank continuously assesses cybersecurity risks and identifies potential vulnerabilities across the organisation.
- Protect: Proactive measures are taken to secure critical infrastructure and sensitive data.
- Detect: Real-time monitoring systems are employed to identify and address anomalies, ensuring rapid detection of cybersecurity threats.
- Respond and Recover: Incident response plans and

recovery measures are in place to mitigate the impact of cybersecurity incidents.

The Board ensures:

- Evaluation of Information Security Key Risk Indicators (KRIs) to measure and mitigate risks effectively.
- Oversight of fraud risk management systems to monitor and prevent digital fraud in compliance with BPRD Circular No. 04.
- Engagement with senior management to review cybersecurity strategies, incident reports, and mitigation efforts. The BITC holds quarterly reviews with senior management to ensure that cybersecurity strategies are continually updated to reflect emerging threats.

Board-Level Committee and IT Risk Oversight
The BITC provides high-level oversight of IT governance and cybersecurity, aligning with the principles outlined in the ETGRM and incorporating industry standards like NIST CSF. Achievements include:

- Reviewing and ensuring compliance with all technology-related regulatory frameworks.
- Monitoring critical projects, such as the implementation of PCI-DSS for payment systems, in alignment with SBP guidelines.
- Overseeing the implementation of PCI DSS to secure payment systems, ensuring compliance with SBP guidelines.
- Facilitating the integration of insights from the Cybersecurity and Infrastructure Security Agency (CISA) to stay informed on the latest cyber threats and best practices.

The BITC holds quarterly meetings to discuss cybersecurity and IT risk oversight, and the Bank's Board ensures that these committees are adequately empowered to implement and enforce IT and cybersecurity policies.

Early Warning System for Cybersecurity Risks
Bank Alfalah operates a 24/7 Security Operations Center (SOC), which serves as an early warning mechanism to identify and address cybersecurity risks in real-time, in alignment with the NIST Detect function. Key measures include:

- Real-time monitoring of digital banking systems to detect anomalies and prevent fraud, in alignment with BPRD Circular No. 09 on fraud risk management.
- Device fingerprinting and multi-factor authentication to secure customer accounts, enhancing transactional integrity.

These measures ensure timely risk detection, incident reporting, and mitigation, as required by SBP directives. All incidents are reported to the Board within 24 hours of detection, with escalation procedures in place for swift action.

Security Assessments and Third-Party Risks
Bank Alfalah conducts quarterly independent security assessments, consistent with the ETGRM requirements for identifying and mitigating vulnerabilities. Notable achievements include:

- Conducting quarterly penetration tests and comprehensive security assessments to identify and address vulnerabilities.
- Successfully performing third-party risk assessments to ensure compliance with the Bank's stringent cybersecurity standards, including ISO/IEC 27001 certifications.
- Ensuring third-party vendors adhere to the same high-security standards by reviewing their compliance on a regular basis.
  The last independent security assessment was conducted in December 2024, and regular reviews of third-party vendors ensure continued security alignment with Bank Alfalah's policies.

Resilient Contingency and Disaster Recovery Plans
The Bank maintains robust Business Continuity Planning (BCP) and Disaster Recovery (DR) frameworks to ensure uninterrupted service delivery in the event of a cyber breach or IT failure. Key achievements include:

- Deploying and implementing infrastructure upgrades, ensuring compliance with the ETGRM and ISO 22301 standards for Business Continuity Management.
- Enhancing financial resilience with comprehensive cyber insurance policies, enabling rapid recovery from any cybersecurity incidents or IT failures.

These plans are tested quarterly, with the Board reviewing the results of each test to ensure resilience. The Board also reviews and updates the plans annually to address new risks. The last testing activity was conducted in December 2024.

Digital Transformation and Leveraging Industry 4.0
Bank Alfalah has embraced the Fourth Industrial Revolution to enhance transparency, governance, and operational efficiency. Our key achievements include:

- Leveraging AI, Cloud Computing, and Blockchain to streamline operations and enhance customer experience, ensuring full compliance with ISO 27001 for secure data handling.
- Implementing advanced digital banking solutions in line with BPRD Circular No. 04, securing online transactions through robust authentication mechanisms.
- Aligning cloud-based security solutions with Cloud Security Alliance (CSA) principles to safeguard critical data in the digital environment.

These advancements support stronger governance and better risk management practices, allowing for more efficient identification of vulnerabilities and prompt action.

Education and Training to Mitigate Cybersecurity Risks
Bank Alfalah recognises that a well-trained workforce is essential to effectively mitigate cybersecurity risks. To this end, it has established a robust, multi-channel training programme designed to ensure our employees are equipped with the knowledge and skills necessary to handle evolving cybersecurity challenges.

The Bank offers online training and certifications from globally recognized institutions and actively encourage our staff to pursue international certifications, like CISA, CISM, CGEIT CISSP, etc.

To further support this development, the Bank provides reimbursement for the certification fees and professional membership subscriptions, incentivizing staff to gain these valuable credentials.

Alongside online certifications, it conducts classroom-based training sessions, led by both internal experts and international trainers, who provide hands-on training on the latest cybersecurity practices and technologies. These sessions are interactive and tailored to ensure practical learning that aligns with industry standards and emerging threats.

The effectiveness of these programmes is continuously evaluated through performance assessments, incident reduction rates, and employee feedback surveys, ensuring that the content remains relevant and the training initiatives continue to reduce risks

Conclusion
Bank Alfalah has successfully established itself as a leader in the integration of IT governance and cybersecurity within the financial sector. Through its rigorous adherence to both local and international regulatory frameworks, it has have built a secure, resilient, and future-ready digital ecosystem. The Banks efforts to align with SBP's Enterprise Technology Governance guidelines, ISO/IEC 27001 and NIST Cybersecurity Framework demonstrate it dedication to safeguarding both customer trust and operational continuity.

The measures implemented across various dimensions of cybersecurity - ranging from real-time threat monitoring, incident response, and business continuity planning to ongoing training and awareness programmes - have significantly fortified the Bank ability to manage emerging risks. By continuously enhancing the security posture, leveraging next-generation technologies like AI, Big Data, and Cloud Computing, and ensuring full compliance with relevant regulatory directives, it has created a resilient environment that not only protects our stakeholders but also fosters an atmosphere of innovation and growth.

Looking ahead, Bank Alfalah remains committed to furthering its leadership in cybersecurity and IT governance. Through ongoing assessments, investments in cutting-edge technology, and a proactive approach to risk management, it will continue to adapt to the dynamic digital landscape, ensuring that we remain at the forefront of secure, efficient, and customer-centric banking. The Bank's mission to provide seamless, trustworthy, and secure financial services will continue to drive it as it enhances it capabilities and delivers greater value its our stakeholders.

Information Technology Advancement

Bank Alfalah's goal is to continuously reimagine traditional business models, enabling us to respond quickly and efficiently to client needs while providing secure and user-friendly services.

Bank Alfalah focuses on modern, agile, real-time architectures to drive efficiency, improve customer experiences, and stay ahead of technological advancements. This includes ongoing investments in high-performance, reliable infrastructure to maintain our competitive edge and foster innovation.

The Bank firmly believes that technology is the future of banking. By adopting cutting-edge solutions like AI, Blockchain, Digital Currency, and advanced biometrics, Bank Alfalah aims to address real-world challenges and opportunities. By fostering a culture of innovation and expanding its digital transformation, the Bank continues to position itself as a leader in the financial industry, delivering sustained growth and value.

Enterprise Resource Planning (ERP) Software

Enterprise Resource Planning (ERP) Software

Bank Alfalah has strategically consolidated its core enterprise systems over the years, adopting solutions like Temenos T24, IRIS5, IBM EBS, Oracle ERP, Oracle OBDX, Oracle Hyperion, and Unison. These solutions are chosen for their compatibility with existing systems and future potential, ensuring sustainability, scalability, and innovation within the Bank's ecosystem, providing diverse and impactful services to all customer segments.

The ERP systems integrate key business functions such as finance, HR, supply chain, and inventory management into a single platform. This integration, powered by Big Data and BI solutions, enables the Bank to have a 360-degree view of its customers, employees, and partners, aligning business processes with organisational objectives.

Management Support and Continuous Improvement

Technology investments are a key focus of Bank Alfalah's capital and operating expenditures. The management is actively involved in supporting ITG and InfoSec, ensuring the selection of scalable and sustainable solutions. This commitment fosters innovation, aligning with in-house systems and creating value for customers across all segments. Management's leadership is recognized through numerous prestigious awards, including Best Digital Bank.

User Training on ERP Software

All new users undergo formal training before engaging in operational activities, with mandatory periodic reinforcement programmes. These programmes not only cover the technical use of ERP systems but also address important topics like acceptable use of IT resources and regulatory risks such as AML and CFT.

Risk Management in ERP Projects

The ITG Project Management Office (PMO) oversees all ERP projects, with experienced professionals managing project scope, objectives, and timelines. The IT Steering Committee (ITSC), supported by cross-functional teams, ensures that risks are monitored and mitigated. Detailed risk registers are maintained and reviewed regularly by executive management and ITSC, ensuring the successful completion of ERP projects and value delivery.

System Security, Data Access, and Segregation of Duties

Key teams, including InfoSec, Business, Operations, Finance, and Compliance, are involved from the outset to ensure ERP solutions meet high standards for security, data protection, and segregation of duties. Security and user testing by all relevant teams ensure that core enterprise systems comply with minimum security standards and best practices.

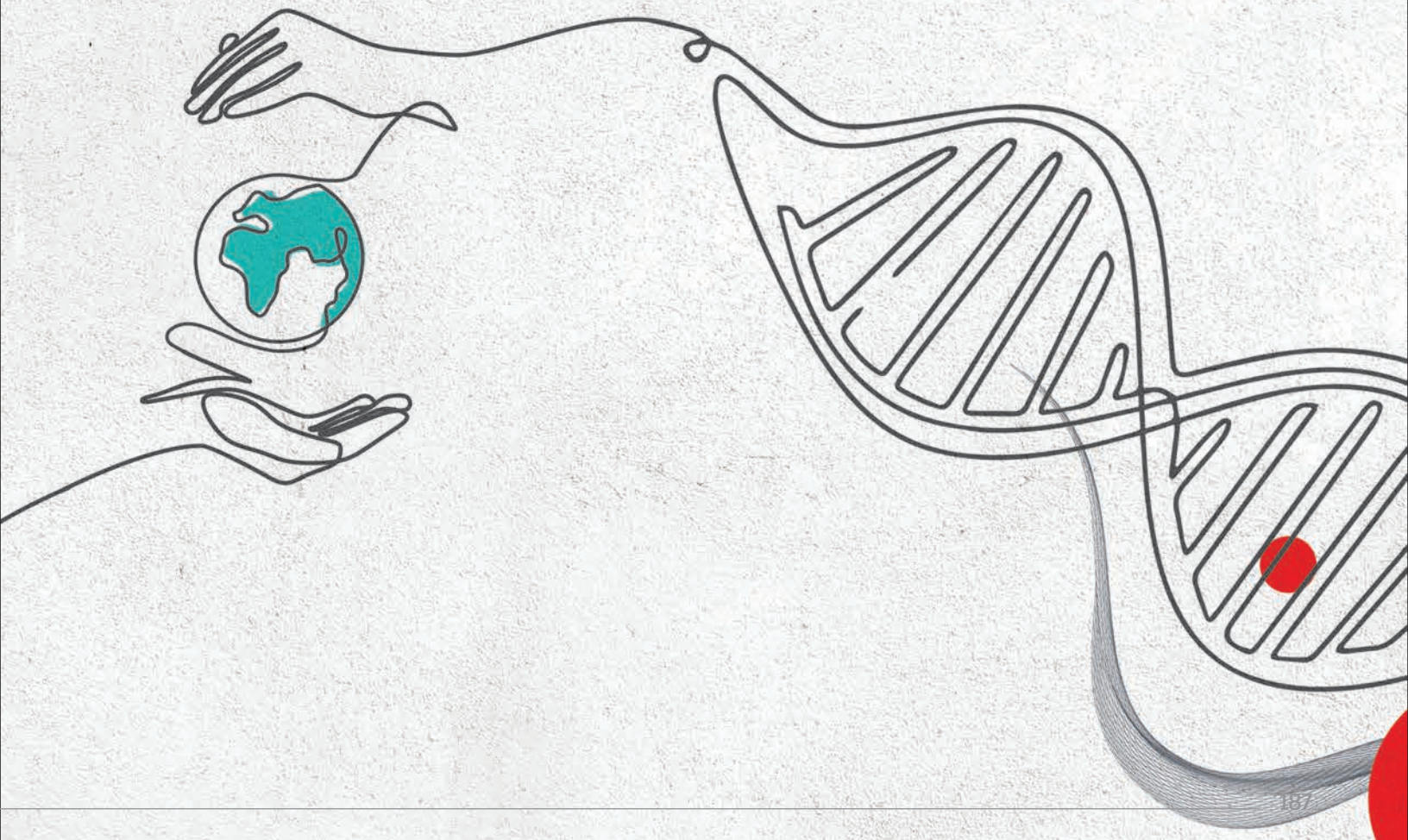
Security Assessment of Technology Environment

Policy related to independent comprehensive security assessment of technology environment including third party risks and frequency of review of such risks

Security assessment of technology infrastructure and services is of paramount significance to Bank's operating model. Accordingly, internal and external mandates and engagements have been effective for years now. Whilst the Bank has institutionalised security assessment capabilities amongst Information Technology as well as Information Security teams, their veracity and effectiveness is further validated through regular engagement of independent vendors/consultants engaged for periodic technical risk assessment of all critical systems and services. Furthermore, the Bank has engaged with service providers for timely awareness and treatment of any unscrupulous activities against the Bank.



SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY



Sustainability Report

Focus areas of Sustainability

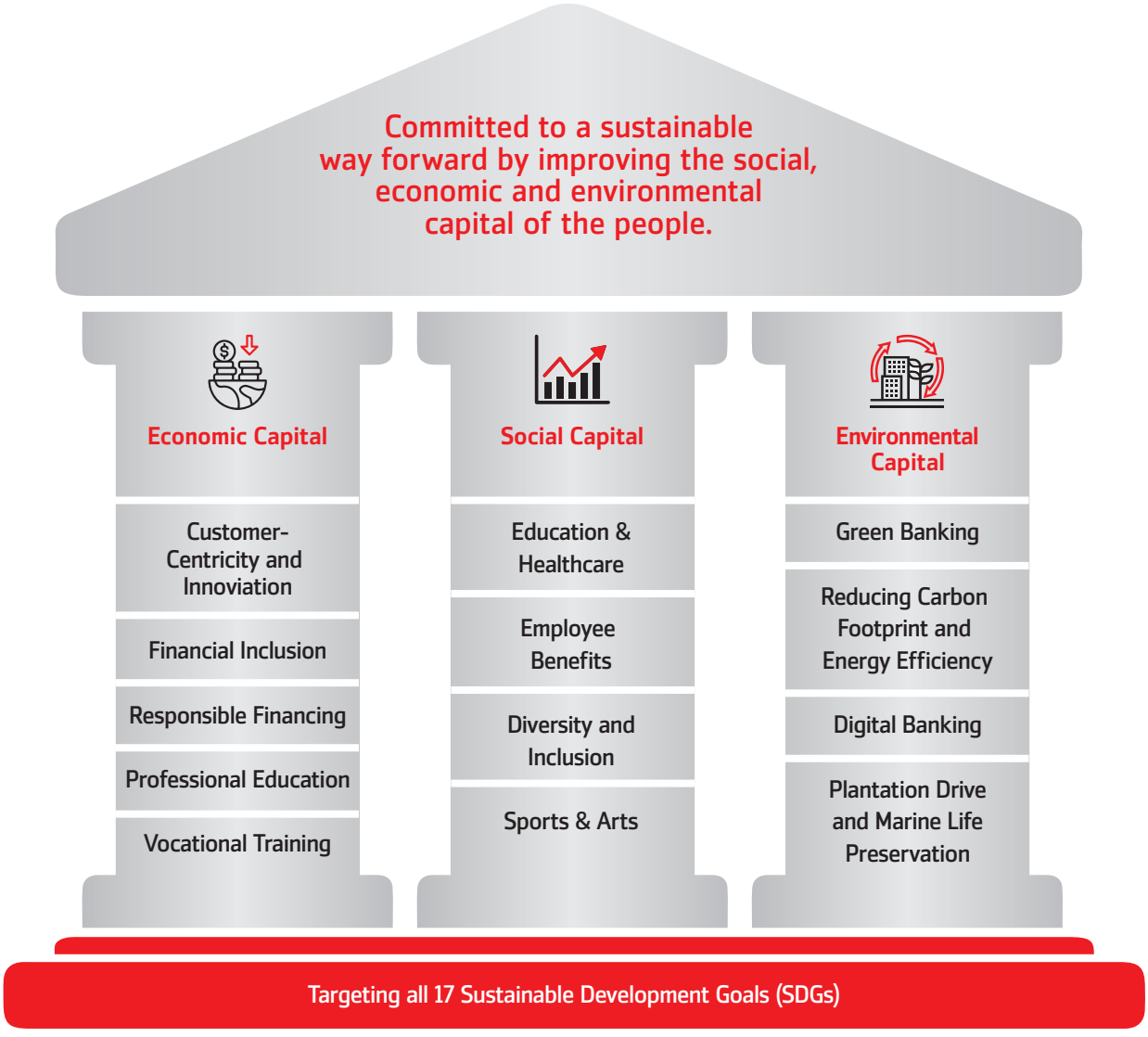
The Bank's focus areas of sustainability are centred on enhancing social, economic, and environmental capital to foster a more equitable and financially inclusive future.

Within Economic Capital, the focus remains on customer-centricity, innovation, and financial inclusion, complemented by responsible financing, vocational training, and professional education - empowering individuals and businesses to thrive.

The Social Capital approach prioritises diversity and inclusion, offers robust employee benefits, supports education and healthcare initiatives, and promotes sports and arts to encourage holistic community development.

Finally, Environmental Capital initiatives emphasise green banking practices, reducing carbon footprints, improving energy efficiency, implementing recycling processes, managing waste and water responsibly, launching plantation drives, and preserving marine life through beach cleaning efforts. By integrating these core pillars, the organisation seeks to make a meaningful contribution beyond its operations.

Pillars of Sustainability



Board's Statement

In the ongoing commitment to advancing sustainable practices, the board has approved aligning the Corporate Social Responsibility and Sustainability Investment policy with the Sustainable Development Goals (SDGs). This strategic alignment is designed to contribute to and uphold Bank Alfalah's overarching Sustainability strategy. The Bank is ***'Committed to a sustainable way forward by improving the people's social, economic and environmental capital'.***

Chairman's Vision on Sustainability

Please refer to the Chairman's Message for his vision and views on sustainability and the steps taken by the Bank.

BANK ALFALAH IMPACT METRICS

FOCUS ON CUSTOMER-CENTRICITY AND INNOVATION

- Total Branches: 1,100+
- Total Deposits: PKR 2 Tn
- ATMs: 1200+
- CDM/CCDMs: 550+
- Sales and Service Centers: 4
- Digital Lifestyle Branch: 1
- Total Digital Transactions: 84%
- Paperless Account Openings: Over 90%
- Migration of Cash Deposit Trans to CDMs: Over 50%
- Average Resolution Rate: Under 5 days

DEVELOPMENT OF HUMAN CAPITAL

- Total Colleagues: 16,000+
- Male: 79%
- Females: 21%
- Increase in Employees: 9%
- Maternity Leave: 6 Months
- Paternity Leave: 5 Days
- Salaries and Benefits: PKR 39.6 Bn
- Training Programmes: Over 1,400
- Training hours: Over 300,000
- Average hours of training per year per employee: 16 hours
- Employee Welfare Programme: PKR 76 Mn
- Ration Distributed: 3,500
- Attrition: 17%

CONTRIBUTION TO ECONOMY

- Taxes: PKR 58.9 Bn
- Imports: PKR 1,600+ Bn
- Exports: PKR 500+ Bn
- Remittances to Pakistan: USD 5.4 Bn
- BISP Beneficiaries: 4.3+ Mn
- Financial Literacy Training: 7,000+ beneficiaries
- Dividends Paid: PKR 23.2 Bn
- Zakat: PKR 186.3 Mn

ENVIRONMENT SUSTAINABILITY

- Green Banking Financing: PKR 27.8 Bn
- Bagasse: 3 Wind: 4 Solar: 2 Hydro: 2
- Solar-Powered ATMs: 155

CORPORATE SOCIAL RESPONSIBILITY

- Flood Impacted Community Rehabilitation: PKR 1.9 Bn
- Benefited Colleagues Impacted by Floods: 515, with PKR 105.3 Mn
- Sustainable CSR: PKR 146 Mn
- Islamic Charity: PKR 45 Mn

COMMUNITY OUTREACH

- Healthcare: 10 Medical Units, Community Centre and Medical Ward
- Patients Served: 184,064
- Houses Built: 2,448
- Facilities Developed: Computer Lab, Solar Panels, Financial Literacy Exhibit
- Plantation: 25,000 Mangroves
- Education: 2,700+
- Promoting Inclusive Sports: 1,500 Athletes, Persons with Disability
- Vocational Traning: Trained over 350 individuals

Social and Economic Capital

Demonstrating a commitment to sustainability through customer-centricity and innovation, the organisation has expanded its footprint to over 1,100 branches. With more than 1,200 ATMs and 550 CDM/CCDMs, alongside four Sales and Service centres and a dedicated Digital Lifestyle Branch, it ensures convenient access to banking services. The shift toward digital is evident in 84% of total digital transactions and over 90% of paperless account openings. Customer queries are resolved on an average in under five days - underscoring a continued emphasis on efficiency and client satisfaction.

Customer Empowerment

At Bank Alfalah, what matters the most is the customers. The Bank does everything in its power to provide the customers with the best service possible. Understanding that customer needs may change over time, the Bank is always willing to take initiatives by finding new and innovative ways of serving the customer-base better.

With constant innovation efforts towards enhancing customer journeys, the Bank has adopted a strategy keenly focused on analysing and catering to customer needs. The Bank empowers its customers to recognise their needs and fulfil them using the Bank's provisional capabilities. The Bank continuously strives to drive improvements in service culture and create new avenues for enhancing customer journeys.

The Bank listens to and learns from its customers, and tailors its solutions to help customers achieve their goals. The Bank is not afraid to challenge itself and the industry norms, and is constantly seeking new and better ways to serve its customers and move forward together building a strong relationship that lasts for generations.

- **Service Leadership and Digital Innovation**
  The Bank has been shifting the paradigm of its service provision with a key focus on streamlining its operations and mitigating thematic issues. In line with this, the Bank has identified areas of improvement regarding its banking services and has been devising a multi-pronged strategy to effectively address them.

  Being an industry leader in digital banking, when it comes to the innovative payment landscape, the Bank understands the responsibility of driving society towards digital advancement in its products, services and processes. The Bank's Digital channels include the Alfa app, internet banking, QR Merchants, AlfaMall, Alfa Payment Gateway, Alfa Fee Collection Portal, Cash Deposit Machines (CDMs), ATMs, POS machines, Digital lockers, Digital Facilitation Desks, Digital Sales and Service Centres, Digital Branches and WhatsApp banking,. These help the Bank's customers perform banking transactions swiftly, usually with the ease and comfort of their homes or at locations and time of their convenience. Around 84% of Bank's transactions are routed through digital channels, boosted by a million monthly active users of Alfa.

- **Comprehensive Services on Alfa App**
  Essentially, the digital banking landscape is transitioning from traditional transactional banking of funds transfers and bill payments to catching up to a more holistic, financial lifestyle-oriented full-fledged banking model. Alfa app is the epicenter of convenience for the customers. It offers a wide array of services, ranging from full-fledged digital account opening to bill payments/transfers, digital lending, digital investments, lifestyle payments, cashless QR payments and even Buy Now Pay Later facility. This one-stop digital platform simplifies financial transactions, making it easier and faster for customers to manage their finances, ultimately saving them valuable time and effort, with reward points (Orbits) earned on a variety of transactions.

- **Enhanced Accessibility through Phygital Space**
  Through its digital brand, Bank Alfalah has expanded its reach far beyond traditional banking hours through its "phygital" proposition which includes the indigenously designed Cash Deposit Machines (CDMs), an Agent Network, Digital Lifestyle branch with a BNPL Store, Digital Sales and Service centres, Digital Facilitation Desks and QR and POS Network.



- **Financial Inclusion**
  The Bank's Digital portfolio comes with a proposition

of convenience to the underbanked and the unbanked. Bank Alfalah proudly serves 4.3Mn+ BISP beneficiaries, 100,000+ blue-collar workers and 500,000+ EOBI pensioners through end to end digital branchless banking services. RDA, Digital Remote Account Opening (RAPID) and Alfa Accounts (wallets) can be opened through full-fledged digital modes in conventional and Islamic variants, to suit a variety of customers including women, freelancers, digitally savvy youth, faith conscious customers and overseas Pakistanis and their families.

- **Transaction Banking and Cash Management**
  Transaction Banking and Cash Management provide a wide range of value-added services to corporate and SME clients through the Bank's vast network of online branches. Streamlined and optimised products empower customers to promptly access their sale proceeds from across the country, backed by a real-time Management Information System. Alfalah Transact is an electronic platform which enables corporate, middle market and SME clients to securely prepare their payment instructions and transfer them in real-time to the Bank. The Bank can receive these instructions securely and process them electronically after due validation and verification with convenience, security and cost efficiency.

- **Alfalah Transact**
  The Bank, through its Alfalah Transact (OBDX) portal, extends trade and term deposit services to customers utilising the customer interface on the portal for the submission of transaction based requests. Further, Alfalah Transact (OBDX) offers Term Deposit services, including issuance, amendment and encashment, for a seamless straight through process TDR at standard rates as well as special rate TDRs facilitated through customer interface service requests on the portal for transaction based requests. Moreover, this allows customers to conduct various business transactions on the go, including trade related payments and option to check the status of Letters of Credit (LCs), Cash Management Payments, Accounts Statement View, Loan and Finances Position. This digital platform with its quick and easy onboarding process allows users to access their accounts globally with 24 hours accessibility, initiate transactions and get real time reporting as required.

Customer Protection

The Customer Protection Policy outlines comprehensive guidelines for managing customers throughout their journey, covering product development, sales practices, marketing activities, communication protocols, and customer handling. A key element of this framework is the Fair Treatment of Customers (FTC) policy, which is integrated into the orientation and training programs for newly onboarded employees.

Aligned with the Financial Consumer Protection Policy, the Bank's philosophy is to treat customers with the utmost care and responsibility, walking alongside them throughout their financial journey. Viewing the end-to-end customer experience through a customer-centric lens, the Bank ensures that customers have access to clear, transparent, and easily understandable information about its products and services via the Bank's website and other touchpoints. Customers can also conveniently perform financial transactions 24/7 through a variety of physical and digital channels. In case of any concerns, the Bank's frontline staff and fully operational 24/7 contact centre are available to provide timely assistance both before and after the utilisation of products and services.

Customer Experience Management

The Customer Experience (CE) Management infrastructure at Bank Alfalah comprises multiple dedicated units that monitor and oversee the quality of service across all touchpoints throughout the customer journey.

Customer Satisfaction

To monitor customer satisfaction, the Bank's Voice of Customer (VOC) team conducts daily surveys to gather detailed feedback directly from customers. This proactive approach allows the Bank to consistently identify areas for improvement and adapt to evolving customer needs. Leveraging the Digital Survey Platform, the Bank enhances its reach by collecting real-time feedback daily through ROBO Calls and SMS Surveys. Additionally, the Bank actively conducts global and local research into emerging trends and industry best practices, ensuring it stays ahead of the curve and optimizes customer journeys at every level.

Transformation, Process Optimisation and CRM

The Transformation team is leading the exNOME initiative, a flagship program aimed at improving efficiency, customer experience, and digital innovation. The initiative focuses on simplifying processes, digitizing tasks, and upgrading skills with advanced technologies like AI, RPA, and analytics. Achievements include paperless workflows, digital cheque clearing, and backend automation, all of which streamline processes and enhance the customer experience.

The Process Optimisation Unit (POU) plays a central role in driving continuous improvement. The team works with both centralized operations and frontline staff to identify inefficiencies, redesign workflows, and remove manual

tasks. Key initiatives include the introduction of IP phones across the bank and optimizing BEX, a system for managing branch visits. By focusing on paperless, automated solutions, the POU helps create smoother, faster processes that improve both internal operations and customer interactions.

At the same time, the CRM and Digitisation team is developing an in-house CRM system that consolidates various platforms into one easy-to-use solution. This system gives front-end staff an omni-channel experience and includes advanced features to boost customer engagement. By continuously improving this system, the team is helping to eliminate inefficiencies and drive further digital transformation.

Quality Assurance

Customer Experience monitors and manages service quality across the Bank by evaluating key performance parameters at critical customer touchpoints. These touchpoints include digital platforms, branch banking, SME, Corporate Banking, Premier Banking, consumer finance, centralized operations, corporate payroll accounts, contact centres, and support functions that enable seamless service delivery. This comprehensive approach ensures consistent service standards, identifies areas for improvement, and drives continuous enhancements to the overall customer experience.

Customer Engagement

Bank Alfalah is centred around customer satisfaction, actively pursuing opportunities to enhance customer convenience by extending its services and adapting to evolving business dynamics to remain both relevant and competitive. The Bank aims to reach new customer segments, digitise product and service offerings, enhance efficiency through automation and innovation, and leverage analytics to adeptly address the needs of its customers'. At Bank Alfalah, customers are kept at the core of the Bank's business, and are provided with convenient channels for engagement and interaction. The Bank constantly strives to target emerging corporate segments through its diverse product propositions, catering to the new requirements of its corporate clients. These pursuits are complemented by an ever-increasing reach, via multiple communication channels through which the Bank's customers can connect with it.

The communication channels used by Bank Alfalah to engage with customers are as follows:

- Branch Banking
- Consumer Finance Centres
- Face-to-face meetings (at client premises)
- Vertika (screens displaying key information and these are placed in high footfall areas)
- Alfalah Contact Centre
- Email
- Website
- Internet Banking
- Mobile Banking/Alfa
- ATMs
- Facebook
- Instagram
- Twitter
- Letter
- Live Web Chat
- Television
- Radio
- Print Ads
- WhatsApp Banking Channel
- Ask Alfa
- Press

Safeguarding Customers' Information

Bank Alfalah places a strong emphasis on the security and protection of customers' information. The Bank has strategically invested in enhancing security control enhancements, including Advanced Threat Analytics and Protection, Cyber-attack incident response and forensics, along with enhanced automated technical vulnerability compliance management solutions and improved DDOS Protection. The Bank's Security Operating Centre operates proactively on a 24/7 basis. The Bank takes necessary proactive measures to counteract potential threats and has also deployed strong security controls at its critical touchpoints.

The Bank's Infrastructure and Networking is one of the most sophisticated and robust in the local banking industry, with improved resilience through Demilitarised Zone (DMZ) micro-segmentation, enhanced Militarised Zone (MZ) containers, enhanced quality of service (QoS) at core and branch level, WAN Access Control List (ACL) enhancements, improved branch link optimisation with traffic engineering, and deployment of next generation network switches and firewalls. This has in turn resulted in a high level of security and excellent service response time/TAT.

In addition to proactive measures to mitigate potential threats, the Bank has implemented robust security controls at critical touchpoints. This includes the activation of Biometric facility on all channels, including branch, mobile app and tablets, as well as the incorporation of EMV chip and pin technology and 3D Secure e-commerce transactions to enhance card based security. Bank Alfalah's security infrastructure is considered to be the best-in-class and ahead of the industry.

The Bank successfully implemented the Payment Card Industry Data Security Standard (PCI DSS); a set of Information Security standards that aims to secure credit and debit card data and transactions. It enhances cardholder data security and provides a baseline of technical and operational requirements designed to protect card data. The PCI Standard is mandated by card brands and administered by the Payment Card Industry Security Standards Council with the objective to enforce unbreakable controls over cardholder data, to minimise the risk of fraud.

At the Bank, access to sensitive information is based on Two-Factor Authentication (2FA) token, sensitive data is encrypted and DLP (Data Loss Protection) policy is implemented. This ensures protected and secured access to the customers' data limiting unauthorised intrusion.

Customer Awareness

The Bank effectively leverages social media to enhance customer awareness by implementing a comprehensive strategy. The Bank delivered engaging and informative content, including financial tips, product highlights to captivate their audiences. Through consistent posting and interaction, the Bank fostered a sense of community, building trust and credibility. Social media platforms became a dynamic space for customer interaction, showcasing the Bank's commitment to customer satisfaction and awareness. Radio ads were broadcasted in various regions, each in its indigenous language, with the aim of promoting financial inclusion. Recognising the substantial unbanked population in these areas, the decision was made to tailor the ads to the local languages, ensuring that the message reached and resonated with the target audience of these regions.

To reach out to customers in untapped markets, the Bank continues to expand its branch network into new and remote areas along with activating digital on-boarding through Rapid. The Bank keeps its customers updated with the Bank's products and services through all communication media like SMS, emails, flyers, etc. The Bank's branches and staff are consistently trained to ensure that all existing customer queries are answered and needs are satisfied.

The Bank adopts various modes of communication to make its customers aware about banking products, services and key regulatory guidelines having an impact on customers with daily banking needs. Further, to promote and create awareness of legal banking channels amongst the masses, the Bank has consistently invested in marketing campaigns both here in Pakistan and in key remittance sending countries. With these campaigns the Bank has strived to inform customers about the key benefits of sending remittances through legal channels, including free of charge remittance payments under the PRI model, competitive conversion rates, and other incentives such as prizes/gifts/ giveaways, etc. In addition, the investment in technology by the Bank allows it to enhance and extend the scope of remittance payouts to include customer to business bill payments for 1,000+ companies in Pakistan and also business to customer payments to freelancers working in the country.

WhatsApp Banking (BOT enabled)

The Whatsapp banking platform enables customers to get information regarding the different banking services. Customers are able to activate their debit and credit cards in an instant. Loans, offers and discounts are also provided. In case the customer needs to further inquire about a service that has been searched on Whatsapp, the chat with agent feature can be easily accessed. Bank Alfalah leads the industry with this information and customer service channel.

SMS Banking

By sending predefined codes on Bank Alfalah's short code 8287, customers are able to check their account information and even perform various financial transactions. A few of these SMS banking services include checking account balance, looking up their last 5 transactions and accessing their credit card information. Furthermore, customers are also able to initiate their cheque book requests, request information about their orbit points and last but not least, payment of bills of registered phone number and credit card is also possible.

This is a subscription based service which enables the customers to keep track of all of their transactions. Customers are able to receive text messages as transactions take place in their accounts, orbits, consumer finance products, wallets etc.

Digital Financial Services Desk

Dedicated digital financial services desk provide personalised assistance, helping the customers make the most of the Bank's digital offerings, from online banking to mobile apps and more that previously were only offered at Contact Centre / helpline. Hence if one walks into branch, he/she should not be redirected to any other channel for service.

Financial Literacy

Bank Alfalah continues its legacy of promoting financial inclusion and literacy. Its Non-Financial Advisory Services (NFAS) stand out as a key enabler, bridging gaps in unorganized and undocumented business clusters.

Through collaborations with trade associations and other developmental organisations, NFAS addresses gaps in knowledge, awareness, and understanding of financial market opportunities, guiding micro, small, and medium enterprises (MSMEs and SMEs) to become bankable.

The SME Toolkit serves as a free, web-based solution offering tutorials on skill development and banking documentation. Through this medium alone it has been able to reach out to over 35,000 businesses. It fosters both local and international linkages for SMEs, enhancing their understanding of financial documentation and market opportunities. Additionally, the Bank regularly conducts market storming sessions with SMEs across Pakistan, generating valuable leads for NFAS to assist businesses in formalizing their operations.

In agriculture, Bank Alfalah has significantly expanded its reach to untapped segments through Agri-based support providers. Recognizing the potential of underbanked farmers, the Bank strives to uplift rural economies by offering access to finance and technical know-how. Recent initiatives include partnerships with tech-based service providers to introduce advanced farming solutions, driving innovation in the sector.

Bank Alfalah's financial inclusion and awareness efforts have engaged over 37,000 SMEs through its offline and online presence. In addition to that, under the Agriculture Finance Literacy Program, the Bank has engaged more than 2,600 farmers through almost 114 Farmers Financial literacy sessions in different locations of Pakistan.

Women Economic Empowerment

To extend support to women entrepreneurs, Bank Alfalah has formed strategic alliances with women-centric organisations, including SMEDA, CircleWomen, APWA, Ladiesfund, and various Women Chambers of Commerce and incubation centres. These partnerships aim to raise awareness and provide hands-on support to female entrepreneurs. Under the "Banking on Equality" initiative, the bank ensures that women receive equal financing opportunities and are provided the necessary handholding where needed.

Under our SME & Commercial Division, we have extended financing to women entrepreneurs through various subsidized schemes. As of June 2024, the portfolio under SBP's Refinance and Credit Guarantee Scheme alone includes 243 customers with a total disbursed amount of PKR 311 million. Additionally, under the Prime Minister Youth Business & Agriculture Loan Scheme (PMYB&ALS), the bank has provided financing to 142 women, disbursing PKR 292 million.

The Bank is leveraging upon the anchor-based financing model to actively generate leads under women financing. By partnering with organisations like Greenstar, CircleWomen etc., it has have been able to tap into market niches and facilitate access to credit for women-led businesses associated with their platform. This model enables women entrepreneurs to secure financing with greater ease, benefiting from the anchor's financial strength, and allowing them to scale their operations without the need for traditional collateral. Through this initiative, the Bank is empowering women in business while creating new opportunities for financial growth and sustainability in the SME sector.

Additionally, at the Agri front, the Bank's efforts have been recognised in extending finance in farfetched areas for recognising their challenges and helping them overcome them by extending small loans to women in Pishin, a region with limited access to formal financing.

Female Financial Inclusion Initiative with Karandaaz

Bank Alfalah has taken concrete steps to promote gender inclusivity by expanding its female agent network. In partnership with Karandaaz under its Women's Financial Inclusion (WFI) program, the bank aims to further scale up this initiative. The number of onboarded female agents reached 2,832 by September, 2024 with a collective throughput of PKR 2.7 Billion by this time. This move is instrumental in breaking cultural barriers, empowering women economically, and expanding access to formal financial services, especially in conservative and rural areas.

Poverty Alleviation

Bank Alfalah's digital banking initiatives come with a proposition of convenience to the underbanked and the unbanked. BAFL proudly serves 4.3Mn+ BISP / Ehsaas beneficiaries, 150K+ blue-collar workers and 500k+ EOBI pensioners through end to end digital branchless banking services. RDA, Remote Account Opening (RAPID) and Alfa Accounts (wallets) can be opened through full-fledged digital modes in conventional and Islamic variants, to suit a variety of customers including women, freelancers, digitally savvy youth, faith conscious customers and overseas Pakistanis and their families.

Bank Alfalah also boasts its footprint of Agent Network in the country, with concentration in the northern parts of Pakistan to serve the G2P mandates, allow for easy Money Transfer, Bill Payments and Airtime purchase activities using its Branchless Banking license.

Innovative Product Design

The Bank works on offering new and exciting products that cater to its customers' needs. The Bank has also

been mindful of reaching out to underserved segments, by launching products that are in line with government initiatives and comply with current regulatory requirements. Here are some of the new Islamic and Conventional products that the Bank has introduced:

Regulatory Products

The Bank participated in various government drives and launched the following new products:

- **Institutional Royal Profit Account**
  Bank Alfalah's Institutional Royal Profit Account is tailored to meet the unique financial needs of non-individuals and corporate clients. With semi-annual profit payments, this account ensures consistent returns while providing financial stability. Designed to support organisations managing substantial funds, it also allows for special rate negotiations on higher balances. This account reflects Bank Alfalah's commitment to offering flexibility and reliability to corporate clients, ensuring seamless financial management.

- **Institutional Royal Savings Account**
  The Institutional Royal Savings Account by Bank Alfalah is specifically designed for MDR-exempt non-individuals and corporate clients, offering a tier-based monthly profit payment structure. This account ensures that organisations earn optimal returns based on their balance, encouraging growth and financial stability. For clients managing larger funds, the account allows for special rate negotiations, ensuring a tailored approach to meeting institutional financial goals. With this account, Bank Alfalah offers a dependable solution for organisations looking to optimize savings without compromising accessibility.

- **Weekly Profit on TDR**
  Bank Alfalah's PKR Term Deposit offering has been enhanced with a weekly profit payment option, expertly designed for Ultra High Net Worth Individuals (UHNWI) seeking both regular returns and financial growth. This premium offering provides competitive profit rates with weekly payouts, ensuring a steady income stream while maintaining the security of your principal investment. Tailored to meet the sophisticated needs of UHNWI clients, this option combines flexibility with exclusivity, allowing you to align your investments with your lifestyle and financial aspirations. With personalized service and a commitment to excellence, Bank Alfalah offers a superior term deposit experience for discerning investors.

- **SME Asaan Finance (SAAF) Scheme**
  Small and Medium Enterprises (SMEs) contribute about 40% of Pakistan's GDP and remain critical to economic development. In this regard, SBP, in collaboration with the Government of Pakistan, launched SAAF which is a refinance and credit guarantee facility for creditworthy SMEs facing challenges in accessing funding. Its features include: i) option for Shariah-compliant products, ii) facility for Working Capital and Term Loans, and iii) acceptance of personal guarantees. Bank Alfalah, already active in this segment and helping towards the ultimate government goal of economic development, remained at the forefront. During 2024, Bank achieved the SAAF's disbursement target by disbursing 10439 billion to more than 2800 customers as allocated by State Bank of Pakistan on 30th June now working on SAAF redeployment scheme.

- **Prime Minister's Youth Business & Agriculture Loan Scheme (PMYB&ALS)**
  The Prime Minister's Youth Business and Agriculture Loan Scheme (PMYB&ALS) encourages youth entrepreneurship. SBP set a target of PKR 7.1 billion for FY2024, which Bank Alfalah surpassed by disbursing PKR 7.26 billion. For FY2025, SBP has set a target of PKR 6.3 billion, and we are committed to achieving it.

- **Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs (IRCGS-WE)**
  This is a financing facility to women entrepreneurs to meet financing needs of their businesses in line with the Government of Pakistan's policy to support and revive economic activities in the country and SBP's measures for improving access to concessional financing for the women entrepreneurs.

- **Electronic Warehouse Receipt Financing (EWRF)**
  In line with government policies to support farmers and boost agriculture sector, BAFL-IBG will be offering Electronic Warehouse Receipt Financing (EWRF) to its customers. EWRF is a product for farmers to avail financing facility from banks by placing their produce and agricultural commodities with Collateral Management Companies (CMC). State Bank of Pakistan has taken this initiative of EWRF in view of the role of warehousing regime in increasing food security, reducing post-harvest losses and allowing bank financing to farmers against commodities as collateral. It will encourage investment in agricultural infrastructure in terms of building new, modern and commercially viable warehousing infrastructure.

- **Markup Subsidy and Risk Sharing Scheme for Farm Mechanisation (MSRSSFM)**
  Bank Alfalah Islamic under MSRSSFM has introduced GoP profit subsidy and risk sharing scheme for farm mechanisation under the PM's Kissan Package- 2022 for farmers. Under this scheme, the subsidy and risk sharing (25% first loss on disbursed portfolio) will be borne by GoP.

Other Products and innovations
The following improved and innovative product suite were launched during the year.

- **Distributor Financing**
  In order to address the growing needs of clients in the areas of treasury, sales and supply chain, BAFL has introduced the Distributor Financing (DF) Product. The Bank's Supply Chain Financing Program strives to collaborate with corporates and their value chain partners to create tailored solutions and products for their primary buyers. The objective is to enhance working capital efficiency and offer liquidity support. Despite the challenging market conditions, the Bank's SCF team has been able to expand its portfolio and reach new heights of performance.

- **AlfaMall Revamp**
  The launch for "The New AlfaMall" marks a significant technological advancement, bringing enhanced features, improved user experience, and strengthened partnerships. As AlfaMall continues to push boundaries in eCommerce industry and swiftly becoming Pakistan's #1 e-Commerce marketplace for BNPL and #2 overall, the launch celebrates the platform's evolution into a more robust, secure, and efficient ecosystem, benefiting both customers and vendors, selling a variety of products at retail prices.

  New Features in the AlfaMall include
  - Installments for All Bank Credit Cards at 0% markup
  - Fashion Category Launch
  - Hunarmand section for artisans/ handicraft artists to showcase and sell their products to customers using the ecommerce technology.
  - Personalized Landing Page
  - Filtered Search
  - Loyalty Points
  - Pre-paid Cards Creation
  - Live Order Tracking
  - Product Comparisons
  - SKU Rating Option
  - Customer Reviews on Purchases
  - 24/7 Customer Support
  - Chat Option with Sellers

- **Voice Biometrics**
  Voice biometrics is a deep fake proof technology that identifies a person by their voice, similar to how fingerprints and facial recognition work. When a customer calls, they no longer need to remember pins or answer difficult security questions or be duped by social engineering fraudsters. They simply speak, and the system confirms their identity quickly and easily. This is a passive voice bio system, which verifies a person through natural language processing as opposed to saying a specific phrase which is prone to deep fake voice emulation.

- **Digital Agri Financing**
  Digital Agri financing options in the Alfa App include equipment financing for essential tools such as fodder cutters, milk chillers, milking machines, and dairy and input financing. Applicants have the flexibility to choose the type and quantity of animals they require financing for, along with the desired loan amount. This is followed by a real-time credit assessment and digital acceptance of the agreement with instant confirmation of disbursement.

- **Instant Auto Loan**
  Alfa Instant Auto Loan revolutionizes the way customers experience auto loans by integrating end-to-end process with only a few taps on Alfa App. From initiating loan requests to managing repayments and even initiating pay-off requests, the entire journey is effortlessly managed through the Alfa Mobile App. Salient features include Digital End-to-End Application Process with no physical visit to branches, Instant Approvals with quick disbursement, Comprehensive Loan Management including access to loan details, repayment schedules etc., Flexible Repayment Options through the app, Early Pay-off Request option enhancing financial control and reducing interest costs, Digital and Secure Document Handling ensuring data privacy and confidentiality.

- **Merchants Like You Analytics**
  Merchants 'Like You' is an advanced analytics tool developed for the first time in Pakistan by a payment gateway. The tool allows the merchants that are on boarded on Alfa payment gateway (APG) to review their position in the market in comparison to their competitors who are also on boarded on APG. By studying key analytics such as market share, sales turnover, feature based sales etc. merchants are able to make informative decisions that would help their increase their sales and hence increase their market share.

- **RAAST QR Prepaid Cards**
  Bank Alfalah aims to enhance its "Issuing Position" in the Payments Landscape through the low-cost instantly issued prepaid cards at Merchant locations and on the Alfa app, at 0% interchange issuance fee. P2M (Pull) payments via QR can cater to this behavior quickly and seamlessly.
  Bank Alfalah has recognized the opportunity presented by RAAST, to make early in-roads and capture this segment.

- **QR Code Devices**
  Bank Alfalah has enhanced its QR visibility by deploying new dynamic QR devices in the retail market; QR devices are advanced, user-friendly payment terminals designed to facilitate seamless digital transactions using QR codes. They are specifically developed to support businesses in processing payments swiftly and securely while offering customers a simple and contactless payment method. They are found in a variety of use cases such as Static QR Device, Dynamic QR Device, Dynamic QR Sound Box and Hanging Static QR Audible Device.

- **Pay By Link at Alfa Payment Gateway**
  The "Pay by Link" feature is integral to the purchase decision process, enabling merchants to capture sales from non-website platforms like call centers, social media, and retail outlets. Through the Alfa Payment Gateway Merchant Portal, merchants can easily generate and share payment links via text, email, WhatsApp, and other digital platforms.

- **Card on Delivery**
  This innovative solution acts as a direct competitor to Cash on delivery. Card on delivery, as the name suggests is a link based payment solution that allows customer to make the payment at the time of delivery. The elimination of cash handling for merchants and the elimination of the need for riders to carry a POS terminal are just a few of the benefits of this product. This not only increases the safety and security of transactions, but also provides customers with the peace of mind that their payment is being processed in a secure and reliable manner.

- **Personal Finance Management**
  Bank Alfalah has introduced a comprehensive Personal Financial Management (PFM) feature within the Alfa app to enhance customer financial well-being. This intuitive tool helps customers manage and track their finances, providing detailed breakdowns of income, expenses and savings. The PFM feature automatically categorizes transactions, offering a clear picture of spending habits and financial status.

- **ATM Bio Product**
  Bank Alfalah has introduced a new feature on its ATMs, allowing customers to make withdrawals using thumbprint scans. This biometric authentication enables withdrawals of up to PKR 1 million daily and PKR 200,000 per transaction, without the need of a physical card.

- **Shariah compliant alternative to Bill Discounting**
  To excel the Islamic financing business, Bank Alfalah Islamic has introduced Shariah compliant alternatives to conventional bill discounting for inland/local and export bills through its products offering of Running Musharakah, Istisna, Musawamah & Tijarah.

- **Running Musharakah FCY & Local Bill Discounting**
  BAFL has introduced FCY financing through Islamic mode of Running Musharakah, to entertain the foreign currency financing requirement of the customers for import and export purpose.

  Apart from existing variants of Running Musharakah, BAFL-IBG is now also offering Running Musharakah – Local Bill Discounting (LBD) to cater the requirement of Local Bill Discounting of its corporate customers through Running Musharakah.

- **Hybrid Financing under Home Musharakah**
  Hybrid Home Musharakah facility has been introduced to incentivise the customers to own a home at competitive pricing. The facility would allow customers to avail house finance facility for a fixed financing rate for a specified period. After lapse of the fixed rate period, customers will have the choice to either continue the fixed rate or choose a variable rate. This shall add more value to The Bank's product offerings and attract customers due to a combination of fixed and variable rate pricing proposition.

- **Alfalah Kashtkaar Current Account**
  Alfalah Kashtkaar Current Account is designed for agriculturists and farmers. The account features rate breaks and financial facilities, farm advisory services and technical guidance to farmers at their doorstep and much more.
  For further details on product offerings under various business functions, please refer to the Organisational Overview of this annual report.

Responsible Financing

- **Non-Financial Advisory Service (NFAS)**
  Bank Alfalah has been a trailblazer in driving the SME segment within the banking sector through its innovative Non-Financial Advisory Services and tailored product offerings. The continued implementation of these initiatives reflects the bank's unwavering commitment to global best practices.
  By expanding its footprint into underserved regions such as Baluchistan, Skardu, and Gilgit Baltistan, Bank Alfalah remains focused on bridging gaps for financially underserved segments. By providing knowledge and expertise, the bank empowers businesses at the grassroots level to enhance efficiency, productivity, and sustainability. While maintaining its dedication to partnerships, the bank emphasised lead generation and business growth. Strategic alliances with organisations including Greenstar, CIRCLE Women, SMEDA, Chambers of Commerce, UNWomen, LadiesFund, USAID SMEA etc. significantly expanded its outreach.
  The Bank considers NFAS an important component of its core business line that can help develop and grow the SME portfolio, deepen the relationship with its existing SME customers, mitigate risks, and differentiate BAFL in a growing competitive market.

- **Green Financial Products and Services**
  As the country faces an ongoing energy crisis Bank Alfalah is proud to be at the forefront of funding the renewable energy sector. The Bank aims to uphold its corporate responsibility to society and protect environment through this initiative. The products in the Bank's portfolio are compatible with SBP's refinancing scheme for renewable energy. "Alfalah Green Energy", is an eco-friendly product offering affordable and clean energy.



- **Karandaaz Pakistan**
  Bank Alfalah's partnership with Karandaaz, an organisation funded by the UK Department for International Development (DFID) and the Bill & Melinda Gates Foundation, to enhance access to finance for small and medium-sized enterprises (SMEs) through targeted product programs. Karandaaz provides capital to MSMEs by structuring finance agreements with partner financial institutions, aiming to introduce viable credit schemes, mobilize capital, and create sustainable investment models that private financiers can replicate and expand.
  This partnership has empowered businesses across various sectors, including automotive, biotechnology, and animal feed, with customized financial solutions. Bank Alfalah has supported clients in scaling operations, improving supply chains, and achieving greater efficiency and profitability, fostering growth and innovation in Pakistan's SME landscape.

- **Pakistan Mortgage Refinance Company Limited**
  With the objective of serving its customers and assisting them in realising their aspirations, Bank Alfalah launched a hybrid-pricing home financing product where customers can avail both fixed and variable financing options. With drastic fluctuations in interest rates, the hybrid-pricing home financing product makes home financing more affordable. This product was launched in collaboration with the Pakistan Mortgage Refinance Company (PMRC), a pioneering partnership in the industry that provides an enhanced home finance offering to the Bank's customers.

  The Credit Guarantee Trust Scheme for Low-Income Housing is a trust established under the laws of the Islamic Republic of Pakistan, managed by its trustee, the Pakistan Mortgage Refinance Company Limited (PMRC). In 2023-24, Bank Alfalah successfully secured Credit Guarantee Coverage from PMRC for its GMSS portfolio under the Risk Sharing Facility (RSF-1 & RSF-2).

- **Home Solar Finance and Green Financing Initiative**
  The Bank collaboration with the State Bank of Pakistan (SBP) resulted in guidelines for Solar Financing within the Home Financing sector. Following Bank Alfalah's 2014 letter, the SBP approved financing for solar solutions under the Home Renovate facility, allowing the bank to offer these options to households. Bank Alfalah launched the Alfalah Green Mortgage product in 2015, secured by residential property mortgages. The Home Solar Finance product was re-launched in Q1 2020 under the SBP Financing Scheme for Renewable Energy, with financing backed by the hypothecation of the solar energy solutions provided.

In support of renewable energy initiatives, Bank Alfalah has facilitated over 1,100 households in adopting solar energy solutions, contributing 12~ megawatts of clean energy to the national grid. By onboarding over 150 solar vendors, Bank Alfalah ensures access to high-quality and reliable green energy solutions. This effort is part of the bank's long-term commitment to reducing carbon footprints and promoting environmentally friendly homeownership.

- **Responsible Consumer Lending**
  A crucial element contributing to the success of the Bank's consumer financing business model is the implementation of a prudent and balanced risk-based lending. This has led to exceptional performance along with an enhanced position in collection and recovery compared to industry standards.

Green Banking Initiatives

As environmental and social concerns intensify, financial institutions like Bank Alfalah are adapting their operations to support sustainable development. Green banking, which integrates financial, social, and environmental factors into banking decisions, is central to this transformation. Recognizing its influential role as a financial intermediary, Bank Alfalah acknowledges that its greatest impact lies in its financing decisions.

In Pakistan, green banking was formalized through guidelines issued by the State Bank of Pakistan (SBP). In response, Bank Alfalah developed its own Green Banking Policy, providing basic awareness training for new employees and mandatory annual e-learning for existing staff.
Green banking at Bank Alfalah is structured into three key areas:

1. Environmental & Social Risk Management (ESRM):

Since 2015, with IFC's support, Bank Alfalah has integrated ESRM into its credit approval process. This includes applying national laws and IFC Performance Standards when reviewing lending opportunities. Following the SBP's 2022 ESRM Implementation Manual, the bank has aligned its internal procedures accordingly. Its Green Banking Office provides advisory support to ensure compliance and implementation. Staff in this department hold IFC's STEP certification, and regular trainings are provided for credit, audit, and relationship management teams. Borrowers are made aware of environmental and laboir laws, and the bank supports them in achieving compliance, conducting follow-ups where necessary.

2. Green Business Facilitation:

This area focuses on financing businesses that adopt environmentally friendly technologies or improve resource efficiency. A notable initiative is the "Alfalah Green Energy" product, which provides term financing for solar energy systems ranging from 4KW to 1,000KW with net metering, offering flexible repayment terms. This encourages customers to invest in renewable energy and reduce environmental risks in their operations.
Bank Alfalah has provided financing for the following mega green projects:

S.No	Name of Project	Source/ Type	Capacity (in MW)
1	Fatima Energy Limited	Bagasse	118
2	Chiniot Power Limited	Bagasse	62
3	Hunza Steel (Pvt.) Ltd.	Bagasse	20
4	Gul Ahmed Wind Power Limited	Wind	49
5	Metro Power Company (Pvt.) Limited	Wind	49
6	Master Green Energy Limited	Wind	50
7	Din Energy Limited	Wind	50
8	Gharo Solar (Pvt.) Limited	Solar	50
9	Nizam Power (Pvt.) Ltd	Solar	9
10	Neelum Jhelum Hydropower Company (Pvt) Ltd	Hydro	969
11	Dasu Hydropower Project, WAPDA	Hydro	4,320

3. Own Impact Reduction:
Bank Alfalah is also working to reduce its own environmental footprint. Measures include installing solar panels on 150 ATMs, cutting paper usage, replacing diesel generators with UPS systems, switching to LED lighting, and using inverter air conditioners. These efforts aim to lower the bank's dependence on fossil fuels and enhance overall resource efficiency.
Overall, Bank Alfalah's multi-pronged approach to green banking aligns with the SBP's vision and demonstrates tangible progress in promoting environmental sustainability through both internal operations and customer engagement.years with 3 months' grace period.

Employees Empowerment

The Human Capital Group (HCG) is dedicated to creating a strong connection between people, strategy, and performance, ensuring the effective execution of the Bank's overall strategy. Through this approach, HCG aims to position Bank Alfalah as an employer of choice, fostering a workplace that attracts, develops, and retains top talent.

- **Equal Opportunity Employer**
  As a forward-thinking entity, the Bank firmly advocates for equal opportunities for all to work, learn, develop, and thrive. Through its Diversity, Equity and Inclusion strategy and implementation, the Bank ensures an environment where individuals from diverse backgrounds have equal opportunities to, engage in curated learning initiatives, and progress within the Bank's hierarchy.

- **Education and Well-being of Staff**
  At Bank Alfalah, fostering a culture centered on continuous learning is a cornerstone of its values. Through ongoing initiatives, the Bank aims to enhance employee development, driving engagement, productivity, and continuous performance improvement.

  The Bank is committed to enriching its human capital by offering tailored learning experiences, ranging from upskilling new recruits to providing competency-based programs and courses that focus on employee well-being. Through its comprehensive learning framework, the Bank ensures its workforce is equipped with the skills and capabilities needed to deliver exceptional results

- **Business Ethics and Anti-corruption Measures**
  At Bank Alfalah, ethics are deeply embedded in the DNA of its people. The Bank's core value of Conduct and Integrity ensures compliance with external and internal regulations, and promotes ethical behavior in all daily interactions with colleagues, reinforcing a culture of trust and respect.

- **Employee Engagement through Celebration of National Events**
  The Bank actively engages its employees by celebrating international days, national and religious events, and team accomplishments. In addition, it encourages a range of well-being activities and learning initiatives. Collectively, these practices create an environment where individuals find fulfillment and enjoyment in their workplace.

- **Gender Diversity**
  The Bank has initiated an Inclusivity journey rooted in a firm belief in the significant business and societal impacts arising from a diverse workforce and an inclusive work environment. Recognising the potential of Diversity to foster creativity, boost productivity, and amplify profitability, it has established strategies both internally and externally.

  Internally, there is a dedicated Diversity, Equity & Inclusion strategy aimed at enhancing diversity within the organisation, alongside a policy focusing on enhancing financial inclusion for customers. Based on these strategies, numerous products and services have been developed to meet the distinct needs of specific target audiences. The organisation has set specific financial inclusion targets, encompassing aspects like facilitating account opening, promoting financial literacy, and providing non-financial advisory services. Moreover, the internal employee strategy operates on specific targets and Key Performance Indicators (KPIs), revolving around essential pillars:
  - Continuous monitoring of Diversity Analytics
  - Recruitment strategies
  - Learning and Development initiatives
  - Retention and Engagement programs

- **Competitive Reward**
  A competitive reward system plays a crucial role in the Bank's ability to attract, retain, and motivate high-potential employees, driving enhanced performance levels. Employee performance is evaluated based on factors such as work quality, output volume, attendance, and adherence to deadlines. Offering market-competitive salaries, rewards, and convenient staff financing options are instrumental in attracting, retaining and motivating top talent.

- **Enhancement of Retirement Age**
  To bring longevity to the careers of the Bank's valued employees, retention of skill set, experience and development of the younger and dynamic employees, retirement age for employees is set at 65 years.

- **Employees' Welfare**
  The Bank has comprehensive health and life insurance benefit policies in place for employees, and is one of the few organisations in the country that also offers parental medical coverage. The Bank's post-retirement fund also rewards employees for their services and association with the organisation. In addition, the Bank offers pay continuation benefits to employees suffering from medical issues.

- The Bank has extended healthcare support to employees and their families by introducing a Health Card Benefit which includes discounts on various out-patient services.
- The Health & Wellness Program provides a platform for employees to meet health experts, gain insights on various healthcare concerns and remedies, discounted rates on laboratory tests, etc.
- An Influenza Vaccination Drive has been conducted at various offices for employees and their families.
- HCG, in collaboration with HSE, has conducted various blood donation drives across the larger cities.

- **Diversity for All**
  The Bank holds a steadfast belief in the substantial business and societal effects derived from fostering a diverse workforce and an inclusive workplace culture. There is a deliberate effort to cultivate a workforce that mirrors diversity across genders, age groups, ethnicities, backgrounds, experiences, working methodologies, cognitive styles, and abilities. As a responsible corporate, the Bank places significant value on its employees with disabilities, aiming to support them in realising their life aspirations. A Disability Allowance has been introduced for employees referred to as Persons with Disabilities (PwDs). Moreover, it prioritises the needs of employees and customers with disabilities, providing assistance to fulfil their banking requirements.

- **Employee Quick Connect**
  Employee Quick Connect, a centralised platform for updated HCG policies and documents,, provides efficient access to important documents.

- **Employee Assistance – Chatbot**
  At the end of 2023, the Bank launched an AI-powered assistant chatbot using Whatsapp as the medium. This was further developed and promoted in 2024, as an instant provider of personalized details relating to employee benefits and policies. With this chatbot, employees had access to information round the clock, whether they were in Pakistan or elsewhere.

- **Education**
  Bank Alfalah encourages its employees to enhance their professional competence and offers multiple rewards, early achiever allowances, reimbursements of professional courses and membership fees, besides educational financial assistance to meritorious staff.

Environment – Protecting the Natural Capital

In the pursuit of sustainable development and the well-being of the planet, safeguarding the natural capital is paramount. Bank Alfalah not only recognises the importance of natural capital as a critical component of sustainable development but is also committed to align its business with the broader global shift towards environmentally responsible business practices.

Health, safety, environment, and sustainability (HSE) are interlinked pillars that form the bedrock of responsible and ethical practices across various sectors. The nexus between these elements reflects a commitment to fostering not only the well-being of individuals but also the long-term health of the planet. In workplaces, prioritising health and safety not only safeguards employees but also enhances productivity and organisational resilience.

By harmonising health, safety, environment, and sustainability, the Bank embarks on a journey towards a more resilient, equitable, and ecologically balanced world, where the prosperity of both people and the planet are equally revered. Some key highlights on Bank Alfalah's sustainable and HSE practices are mention below.

- **Green Office Certification by WWF (World Wide Fund for Nature)**
  Bank Alfalah Head Office building in Karachi is awarded as certified 'Green Office Building' by WWF (World Wide Fund for Nature). World wildlife fund for nature is an international non- governmental organisation dedicated to address the climate change impacts and promote sustainable climate resilient world.
  Some of the key initiatives and improvements at BA building which led us to achieve this certification are mentioned below.
  - Oil recycling ,
  - Water conservation,
  - Energy-efficient lighting,
  - Air-conditioning system,
  - Grid tied Solar system,
  - Green procurement policy,
  - Digitisation,
  - Integration and procurement of Energy Star products,
  - Communication,
  - Condensed water utilisation for planting,
  - Environment Related Trainings.

- **Renewable and Clean Energy**
  Bank Alfalah is committed to foster a green banking environment and promoting sustainability by integrating renewable energy solutions. A Solar Grid-Tied System, with a total capacity of 315 KW, has been installed across six of the bank's premises. Additionally, 155 ATMs are powered efficiently by standalone and grid-tied solar panels, showcasing the bank's dedication to utilizing cleaner energy sources. As a result, over 193 Tons of carbon dioxide equivalent has been offset this year through clean energy alternatives.

  Beyond solar panels, Bank Alfalah is adopting a variety of clean energy technologies to support sustainable practices. These include long backup UPS systems with Super Capacitor batteries for energy storage, inverter AC units, LED lighting, and solar panels. This strategic approach reflects the bank's broader commitment to responsible and environmentally conscious banking operations.



- **Paperless Operations**
  The business implications of transitioning to a paperless system are evident in an improved customer experience, heightened productivity, enhanced operational efficiency, and reduced carbon footprint. Cash/Cheque Deposit Machines (CDMs), branch report digitisation, and various other initiatives are being implemented to eliminate and/or minimise the use of paper through the Bank's digital transformation initiatives. Simultaneously, the Bank encourages environmentally conscious employee behaviour,

customer facilitation and processes improvement.

- **Reduced Paper Consumption:**
  In order to reduce the paper consumption and to contribute to reduction in carbon emission Bank Alfalah is promoting duplex printing. Further SOA (statements of accounts) have also commenced to be printed on A5 paper, which will not only save paper cost but will also reduce the electricity cost.

- **Utilisation of Environment Friendly Paper:**
  Being sustainable and reduce environmental impact is Bank Alfalah's utmost priority. To contribute in this noble cause bank is using only eco-labeled/environment friendly papers.

- **Building Design and Infrastructure**
  All new branches and structures within the Bank Alfalah network adhere to the Branch Design Manual, ensuring a consistent and controlled approach to construction. The manual meticulously addresses several crucial aspects:
  - All new major construction projects are being designed considering sustainable practices and are equipped with fire detection and prevention systems.
  - All primary entrances of branches where viable are incorporated with ramps.
  - Railings are installed for facilities with multiple steps to ensure safe ascent and descent, based on the specific needs and conditions of the facility. Emergency exits equipped with push-bar doors are mandatory to ensure unimpeded evacuation in critical situations.
  - Ceiling-mounted automatic/self-fire extinguishers are compulsory in all unmanned and high-hazard locations, specific to IT rooms and electrical areas.
  - To reduce the risk of fire incidents and rodents infestations, Industrial ceiling designs / Open Ceilings are now part of architectural designs for premises, specifically for kitchens, IT rooms and store of all new premises and branches.
  - Branches are being equipped with long backup UPS with top-notch technologies like super capacitor batteries. This will help to reduce usage of generators and thus offsets diesel consumption.
  - The premises selection and designs for buildings emphasises day light saving attributes.
  - Over workstation areas, 2'x2' panel lights are placed to enhance lux levels ensuring as per best practices.
  - A total of 211 projects have been completed, including renovations, redesigning and relocation of premises. Additionally, 38 projects pertaining to sales and service centres, priority lounges, and currency exchange booths were completed

- **Efficient / instant Reporting via Centralized Complaint Management System (Here4U)**
  Centralized Complaint Management System, Here4U, has been established to swiftly address and resolve issues. This system ensures rapid reporting and efficient handling of complaints, allowing the Bank to track and rectify problems before they escalate into serious incidents."

- **Environment Protection Measures**
  The Bank's aim is to be an environment-friendly organisation. Thus regular awareness campaigns and broadcasts to staff through various communication channels are a key feature of the Bank's strategy to encourage employees to efficiently use energy and protect the environment.

- **Energy Conservation**
  The Bank has systematically replaced the majority of traditional light fixtures and air conditioning units with energy-efficient LED lights and inverter ACs and environmental friendly air-conditioning gases. This strategic move is part of a meticulously planned life cycle replacement initiative and intelligent investment strategy aimed at reducing maintenance costs while elevating overall efficiency levels. By embracing sustainable technologies, the bank not only minimises its ecological footprint but also contributes to long-term energy conservation goal.

- **Water Conservation and Sanitation**
  Bank Alfalah has installed sensor based water taps and water flow optimiser at selected location to effectively conserve water. Approximately 1,532 gallons of water it saved monthly.
  Since plastic bottles are one of the biggest source of plastic pollution in the oceans consequently harming aquatic creatures, water dispensers are being installed in bank cafeterias and lobbies encouraging staff to use reusable glasses and refill their own bottles for drinking.

- **Waste Management and Responsible Disposal**
  Bank Alfalah has taken a significant step towards creating a more sustainable workplace by implementing a waste management plan in its Head Office building.

  This waste management plan is aimed at reducing our environmental footprint, promoting recycling and composting, and ultimately creating a more eco-friendly work environment. 852 Kgs of waste has been responsibly treated this year.
  Additionally, the Bank uses shredder machines to destroy sensitive / unwanted paper. After amassing a

significant quantity of shredded papers, they undergo a pulping process to be recycled into usable paper. Offices are cleaned daily and waste is managed through proper dumping mechanisms, i.e. government's waste management vehicles. Throughout the year, the Bank managed 53 tons of dry paper waste for responsible recycling.

- **Responsible Disposal of Used Oil**
  Bank Alfalah has taken a significant step towards fostering sustainability by implementing a recycling initiative for the used oil from HVAC/Generators. Improper disposal of used oil, whether through direct dumping or unregulated reuse, can have detrimental effects on the environment, posing a threat to the ecological balance.

  To address this concern, the Bank has partnered with the Environmental Protection Agency approved expert to ensure that its used oil undergoes recycling in an environmentally responsible manner. Not only does this initiative contribute significantly to environmental preservation, but it also underscores its steadfast commitment to sustainable practices. 500 litres of used oil have been successfully recycled and reclaimed in 2024.

  Moreover, this endeavour yields dual benefits: it not only safeguards our environment but also proves financially advantageous. We are able to realize cost savings with every litre of oil responsibly disposed of.

- **Disposal of Assets**
  Focusing on the responsible disposal of obsolete assets and waste materials from our branches and offices initiatives not only optimises workspace efficiency and improves aesthetics, but also aligns with sustainability goals by reducing environmental impact. By properly managing the disposal of 14,464 assets this year, accounting for gain of PKR 69.9 Mn. Bank has minimized waste, promoting recycling, and ensuring compliance with environmental regulations, these efforts play a crucial role in fostering a cleaner, safer, and more sustainable workplace.

- **Services with Greener Impact**
  Bank Alfalah undertakes the responsibility of reducing environmental footprint very seriously. Limiting energy consumption and emphasising operational efficiency are the Bank's key areas of focus. The Bank's green services include e-statements/mini-statements, SMS alerts and WhatsApp Banking Channel.

Bank Alfalah Corporate Social Responsibility Programme

Bank Alfalah continues to cultivate responsible business practices throughout the organisation and is dedicated to amplifying the impact of its sustainability initiatives. The Bank's commitment extends beyond mere checkboxes; it involves crafting a robust business model that addresses societal challenges. BAFL's vision surpasses the ordinary – the Bank aims to spearhead initiatives that bring about meaningful change, delivering intrinsic value and a competitive edge to the Bank. This is not just a strategy; it embodies the Bank's commitment to shaping a future where its actions resonate louder than words, positively affecting lives and communities.

Drawing upon the Bank's social, economic, and environmental resources, Bank Alfalah places paramount importance on education, healthcare, mental well-being, financial inclusion, diversity, sports, arts, and culture building. In 2024, the Bank proudly collaborated with trusted and steadfast partners.

To align with the Securities and Exchange Commission of Pakistan (SECP) Corporate Social Responsibility (CSR) guidelines, Bank Alfalah is voluntarily contributing to the following principles:

- Utilise the CSR governance benchmark and terms of reference of the CSR committee provided in the guidelines for self-assessment and facilitation purposes.
- Integrate the output of CSR commitment into a board-level CSR policy to ensure alignment with organisational objectives and values.
- Incorporate CSR activities as a regular agenda item in board meetings.
- Entrust the CSR committee with the responsibility of transparently and effectively supervising CSR activities, providing specialised oversight, and regularly reporting progress to the Board.
- Define a systematic approach for reporting CSR initiatives' implementation status to internal and external stakeholders, ensuring transparency and accountability.
- Develop a comprehensive CSR report to give stakeholders insights into the bank's CSR initiatives, progress, and impact on the community and environment.
- By aligning with the SECP CSR guidelines, Bank Alfalah aims to demonstrate its commitment to corporate

social responsibility and contribute positively to society and the environment.

	2024 Rs. in Mn.	2023 Rs. in Mn.
Flood Relief	359.5	1,174.5
Other donations / CSR initiatives	146.2	75.0
	505.7	1,249.5

Bank's CSR Funding Partners:
Please refer to the 'Statement of Charity and Donation' in this Annual Report's 'Performance and Position' section.

During the year, Bank Alfalah's CSR activities were primarily carried out in collaboration with the following partners:



Shaukat Khanum Memorial Cancer Hospital: Bank Alfalah contributed towards constructing the main reception and waiting area for clinical and radiation oncology. This significant contribution enhances the patient experience and supports the hospital's critical mission in providing cancer care.

3 GOOD HEALTH AND WELL-BEING	**Funding**	PKR 100 million
	Duration	2022-2024



Development in Literacy (DIL): Bank Alfalah supported DIL in improving the quality of education at two schools, one in Korangi and one in Mansehra. This initiative contributes towards enhancing learning environments and promoting educational access.

4 QUALITY EDUCATION	**Funding**	PKR 6 million
	Duration	2024
	Students Impacted	Supported two schools



Zindagi Trust: Bank Alfalah is committed to supporting Zindagi Trust's educational innovation and digitisation program.

4 QUALITY EDUCATION	**Funding**	PKR 14.84 million
	Duration	2022-2024
	Patients Impacted	2,000 female students

Child Aid Association: Bank Alfalah supported the Child Aid Association in providing comprehensive and free cancer treatment to underprivileged children.

Funding	PKR 4.5 million
Duration	2024
Patients Impacted	10 children



Special Olympics: Bank Alfalah continued supporting Special Olympics, enabling athletes' training. This initiative promotes inclusivity and empowers individuals with intellectual disabilities.

Funding	PKR 4.5 million
Duration	2024
Athletes Impacted	1,500 athletes



Cancer Foundation Hospital: Bank Alfalah partnered with Roche to provide breast cancer treatment to patients at the Cancer Foundation Hospital. This collaboration demonstrates a commitment to improving access to critical healthcare services.

Funding	PKR 5 million
Duration	2024
Patients Impacted	5 breast cancer patients



Pahchaan: The Bank's contribution supported Pachaan's efforts to improve the primary healthcare of 50 mothers and children in underserved communities. This initiative addressed critical health needs, reduced infant mortality, and improved maternal health.

Funding	PKR 2.5 million
Duration	2024
People Impacted	50 mothers and children

Marie Adelaide Leprosy Centre (MALC): Bank Alfalah supported the operational costs of MALC's Male Ward for three years. This provided essential medical care and rehabilitation services to leprosy patients and promoting social inclusion.

Funding	PKR 2.5 million
Duration	2024-2026
Patients Impacted	500 patients annually



Pakistan National PolioPlus Charitable Trust: Bank Alfalah supported the polio vaccination drive, aiming to protect 22,500 children from this debilitating disease. This initiative contributes to global efforts to eradicate polio.

Funding	PKR 2.8 million
Duration	2024
Patients Impacted	22,500

Society for Rehabilitation of Special Children (SRSC): Bank Alfalah provided financial assistance to SRSC, an organisation that supports children with disabilities. This support enabled SRSC to continue providing essential services such as therapy, education, and vocational training, empowering children.

Funding	PKR 2 million
Duration	2024



Hope Up Lift: Bank Alfalah funded the education of 30 children, ensuring access to quality education.. This initiative allowed underprivileged children to learn and grow, fostering a brighter future for them and their communities.

Funding	PKR 1 million
Duration	2024
Students Impacted	30 primary grade students

Dua Foundation: The Bank's support enabled Dua Foundation to equip their NICU with essential medical equipment, including incubators. This significantly improved the survival rates of critically ill newborns, directly impacting the lives of countless infants and their families.

Funding	PKR 1.8 million
Duration	2024
Children Impacted	Support 50 newborn babies



NOWPDP: Bank Alfalah collaborated with NOWPDP to empower people with disabilities (PwDs) by providing them with government benefits and employment opportunities. This initiative promotes inclusivity and provides sustainable economic capital for the people.

Funding	PKR 4 million
Duration	2024
Disabled People Impacted	300 Persons with disabilities



Alamgir Welfare Trust: Bank Alfalah supported Alamgir Welfare Trust in distributing ration bags to third-party colleagues across 11 major cities. This initiative provided essential food assistance to vulnerable individuals, addressing food security concerns.

Funding	PKR 4.5 million
Duration	2024
Persons Impacted	3,500



WWF: Bank Alfalah pledged to plant 100,000 trees by 2030, demonstrating a long-term commitment to environmental sustainability. This year, 25,000 trees were planted at Sonmiani Beach, Baluchistan, contributing to biodiversity conservation and mitigating climate change, aligning with SDG 13 (Climate Action) and SDG 15 (Life on Land). In another project, Bank Alfalah supported WWF to conserve the critically endangered Indus River dolphin. This project involved working with the community near the Indus River to raise awareness, promote sustainable livelihoods, and enhance dolphin conservation efforts.

Funding	PKR 14 million
Duration	2023-2024
Environmental Impact	Planted 45,000 mangroves in Somiani; in another project of blind dolphins conservation, WWF Pakistan will engage 35 fishers, establish 10 nature clubs to empower 700 persons

Durbeen: Bank Alfalah supported Durbeen's initiative to install a solar power plant at its campus. This investment improved the organisation's financial sustainability by reducing energy costs and promoting the use of renewable energy.

Funding	PKR 3 million
Duration	2024
Environmental Impact	Installed a 30kw solar plant

IBA: Bank Alfalah has also supported a year-long Climate Action Initiative in Karachi, partnering with the IBA Karachi Urban Lab (KUL) and Pakistan Air Quality Initiative (PAQI). This initiative aimed to improve air quality by installing 12 monitors, researching air pollution trends and causes, and raising public awareness. This project aligned with the Government's Clean Air Policy and contributed to a better understanding of air quality challenges in Karachi.

Funding	PKR 3.54 million
Duration	2024
Environmental Impact	Installed 10 Air Quality Monitors



Bank Alfalah also supported two projects at the IBA Centre for Excellence in Journalism (IBA CEJ): scholarships for five students in the Master of Science in Journalism program and the EmpowerED workshop on financial sector fraud. These initiatives contribute to SDG 4 (Quality Education) and promote ethical practices in the media and financial sectors.

Funding	PKR 10.8 million
Duration	2024
People Impacted	12 content creators and 5 students

KDSP: Bank Alfalah supported the education and skill development of 10 individuals with Down syndrome. This initiative empowered individuals with disabilities, promoting their inclusion.

Funding	PKR 3 million
Duration	2024
Environmental Impact	10 individuals

Behbud Association: Bank Alfalah supported Behbud Association's efforts to empower women through vocational training and skill-based programs. This initiative enhanced women's economic independence.

Funding	PKR 2.5 million
Duration	2024
People Impacted	60 women



Habib University: Bank Alfalah provided scholarships to four students at Habib University for four years, amounting to PKR 25.6 million. This initiative supports the development of highly skilled individuals.

Funding	PKR 6.4 million
Duration	2023-2026
People Impacted	4 female students

KVTC: Bank Alfalah's partnership with KVTC supported initiatives that reduce inequalities, promote decent work, and foster gender mainstreaming through job placement.

Funding	PKR 7.8 million
Duration	2024
People Impacted	50 individuals



Magnifiscience - The Dawood Foundation: Bank Alfalah supported the creation of a Financial Literacy Zone within the Magnifiscience Dawood Foundation. This initiative aimed to enhance financial literacy among visitors and empower them to make informed financial decisions.

Funding	PKR 11.9 million
Duration	2024 onwards
People to be Impacted	115,000 monthly visitors

NICE Welfare Society: Bank Alfalah supported vocational training programs for women, empowering them with advanced skills to enhance their livelihood opportunities and contribute to their families' well-being.

Funding	PKR 1 million
Duration	2024
People to be Impacted	50 individuals

NDF Pakistan: Bank Alfalah provided financial assistance to NDF Pakistan to support the operational expenses of three rehabilitation centres. This support enabled NDF Pakistan to provide essential services to individuals with disabilities, promoting their well-being and social inclusion.

Funding	PKR 1 million
Duration	2024
Operations Impacted	Supported three rehabilitation centres

Bank Alfalah demonstrates continued commitment to flood-affected communities with over PKR 2 Billion disbursements since 2022

Bank Alfalah, a leading commercial Bank in Pakistan, reported the comprehensive highlights of its over two years of commitment to the flood-affected communities, which commenced in 2022 after the devastating floods impacted one-third of Pakistan. To date, Bank Alfalah has disbursed approximately PKR 2 billion through this programme, providing a sustainable way forward to over 1 million beneficiaries and positioning itself as one of the most significant corporate contributors to fostering a sustainable future for flood-impacted communities.

Under the visionary leadership of His Excellency Sheikh Nahayan Mabarak Al Nahayan, Chairman of Bank Alfalah and the board, who graciously approved the donation of $10 million to devastating floods that hit Pakistan in 2022, the Bank had embarked on a two-pronged strategy to redevelop communities in a sustainable, equitable, and financially inclusive manner. This initiative addressed immediate needs and now provides a comprehensive framework for long-term rehabilitation.

Over the last two years, with the road-map of a two-pronged strategy, the Bank has joined forces with over 25 esteemed partners receiving the Bank's disbursement to address critical sectors such as health and emergency care, affordable housing, accessibility to education, and sustainable livelihoods.

Phase 1 focused on immediate relief with PKR 345 million starting from 2022 and going till 2024, partnering with reliable and trusted non-governmental organisations (NGOs) across Pakistan. These partnerships facilitated the rescue and assistance of flood-impacted communities in hard-hit locations with ration distribution, medical camps, winter kits, and water filtration devices.

The Bank embarked on phase 2 in the second half of 2023 and followed it through in 2024 with a disbursement of PKR 1,815 million, focusing on rehabilitation and rebuilding lives. This phase encompassed several key areas: sustainable housing, healthcare, education, and livelihood support.



Healthcare Provision worth PKR 633.5 million in 2023-2024

A partnership with the Aga Khan Foundation progressed in 2024 with the funding of PKR 200 million. Aga Khan Foundation is working to accelerate agricultural livelihood and increase household's food security and resilience. Apart from nutrition, it also improves the community's access to health services through health service delivery platforms and mobile outreach services.

Funding of PKR 150 million was made to the Patient Aid Foundation, focusing on aiding the underserved in Jinnah Postgraduate Medical Centre (JPMC) Karachi, which has inundated flood-impacted communities travelling to Karachi from interiors. To date, over 26,064 patients have been treated. Child Life Foundation, with PKR 100 million, is also at the forefront of treating patients and has catered to 118,000 patients in flood-impacted areas through telemedicine.

The latest project with Layton Rahmatullah Benevolent Trust (LRBT) aims to build 10 medical units for initial eye screening of individuals in the flood-impacted areas of Sindh and Balochistan. A PKR 50 million project will check the patients for developing eye infections and diseases and will refer severe cases to the main hospital.

The Bank has funded multiple other projects in the past 3 years worth PKR 133.5 million with Vital Pakistan, Mustafa Trust, Alamgir Welfare Trust, HANDS Pakistan, Taraquee Foundation, Indus Hospital and Health Network.

Sustainable Housing Provision and reviving livelihood worth PKR 376.8 million in 2023-2024

Bank Alfalah has partnered with reputable organisations such as Karachi Relief Trust, Bait-us-salam, Sahil Welfare Trust and Shahid Afridi Foundation to address the housing needs of

flood-affected communities and pmote climate resilience with the funding of PKR 271.5 million, including PKR 10 million to Alamgir Welfare Trust for livelihood projects. The partner NGOs inaugurated housing communities in Balochistan and Sindh during the year. These partner NGOs have completed over 1066 houses in flood-impacted communities to benefit approximately 7,000 individuals.

Commitment to Colleagues

In the aftermath of the devastating floods, Bank Alfalah demonstrated its commitment to its colleagues by disbursing over PKR 105.3 million to assist 439 colleagues who suffered significant losses to their homes, assets, and personal belongings.

Before



After



Education Support Provision worth PKR 305 million in 2023-2024

In alignment with its dedication to education, Bank Alfalah has undertaken several initiatives to support flood-affected communities.

The Bank partnered with The Citizen Foundation (TCF) to rebuild and restore educational infrastructure in flood-impacted areas. TCF is constructing 4 Primary Schools for 720 students in Nawabshah, Sohbatpur, and Tando Bhago, with Bank Alfalah contributing PKR 196 million. This support also includes the establishment of 200 Agahi Centers, water filter plants, and solar panels, along with additional operational support, with a further contribution of PKR 30 million.



Recognising the importance of inclusive education, Bank Alfalah partnered with the Family Educational Services Foundation (Deaf Reach) to establish three satellite schools in flood-impacted areas of Sindh and Balochistan.

This initiative aims to provide education to children in remote areas with limited access, with less than 5% currently having access to schooling. Bank Alfalah has pledged PKR 24 million for this project, demonstrating its commitment to rebuilding lives and infrastructure in flood-affected communities.



Furthermore, Bank Alfalah has partnered with Orange Tree Foundation, contributing PKR 25 million to fund 56 undergraduate students' tuition fees in flood-impacted areas.

Finally, the Bank donated PKR 30 million to Green Crescent Trust to support the construction of a state-of-the-art school in the underserved area of Khoski, Badin.

Interest-Free Loans Provision of PKR 250 million in 2023-2024 with Akhuwat Islamic Microfinance (AIM)

Bank Alfalah offered interest-free rehabilitation loans to support the households affected by the floods through its partnership with Akhuwat Islamic Microfinance. PKR 250 million has been disbursed to construct 1,382 houses in all four provinces. The loan size goes up to PKR 300,000, and the tenure is up to 4 years. The funds have revolved around PKR 332.1 million.



Revive and Rise - Subsidized collateral free loans for revival of small rural businesses and sustainable livelihood

Bank Alfalah launched a specialised microfinance programme with an initial allocation of PKR 250 million, targeting households engaged in dairy farming and subsistence-level crop cultivation. To date, PKR 200 million has been disbursed, benefiting approximately 700 individuals. The programme offers affordable financing at 2% per annum with a repayment period of up to 5 years. The programme incorporates digital disbursement channels, insurance coverage, capacity-building initiatives, and market linkages to enhance impact. Notably, 43% of the beneficiaries are women.











Bank Alfalah
The Way Forward

Bank Alfalah's Contribution to a Sustainable Way Forward

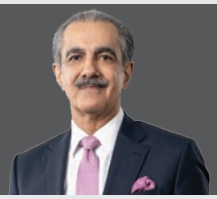
Bank Alfalah is at the forefront in reflecting its purpose that extends beyond financial success

Under the visionary leadership of His Excellency **Sheikh Nahayan Mabarak Al Nahayan**, Chairman of Bank Alfalah and the Board of Directors, who graciously approved the donation of **$10 million** in response to the devastating floods that hit Pakistan in 2022, the Bank embarked on a **two-pronged strategy** to redevelop communities in a **sustainable, equitable, and financially inclusive** manner. This initiative addressed the immediate needs of the affected communities and is now providing a comprehensive framework for long-term rehabilitation.

To date, Bank Alfalah has disbursed a total of **PKR-2.1 billion** through this program, positioning itself as one of the largest corporate contributors to fostering a sustainable future for flood-impacted communities.

Over the last two years, the Bank has joined forces with **25 esteemed partners,** receiving the Bank's disbursement to address critical sectors such as health and emergency care, affordable housing, accessibile education, and sustainable livelihoods.





Atif Bajwa, President and CEO of Bank Alfalah, commented, "With the gracious support of the Chairman and the Board of Directors, we worked with the most reliable and trusted names in Pakistan to extend support to the most vulnerable communities impacted by floods since 2022. We intensified our joint efforts and reached communities for relief and rebuilding phase with a medium to long-term plan to support them for a sustainable way forward. In a disaster of unprecedented proportions, we must always come together to provide continuous support to those impacted through our collective contribution."

Phase-I **Rescue and Relief**

Since 2022, the Bank has partnered with reliable and trusted non-governmental organisations (NGOs) across Pakistan. These partnerships facilitated the rescue of and assistance to flood-impacted communities in hard-hit areas.

- 9,400 Seeds and Fertiliser Bags
- 42,932 Ration Bags and 9.6 Million Meals
- 436 Medical Camps
- 30,000 Winter Kits
- 7,000 Water Filters
- 2,077+ Tents

PKR 345 Million

Phase I & II Collectively Impacted Over **1,113,000** People

Phase-II **Rehabilitation and Rebuilding**

The Bank embarked on phase-2 in the second half of 2023 and followed it through in 2024 focusing on rehabilitation and rebuilding lives. This phase encompassed several key areas: sustainable housing, healthcare, education, and livelihood support.

PKR 1,815 Million

PKR 633.5 Million	PKR 376.8 Million	PKR 305 Million	PKR 250 Million	PKR 250 Million
Healthcare	Sustainable Housing and Reviving Livelihood	Education Support	Interest Free Loan	Revive and Rise (Subsidised Loans)

Impact through CSR Partnerships:

Agha Khan University Hospital (AKUH): Bank Alfalah partnered with AKUH to support the Mending Kids' Hearts Programme, providing life-saving surgeries for children with congenital heart disease. The programme has already transformed over **3,000 lives.** Through funding initiatives like the annual golf tournament, the Bank continues to help provide access to quality healthcare for children in need.

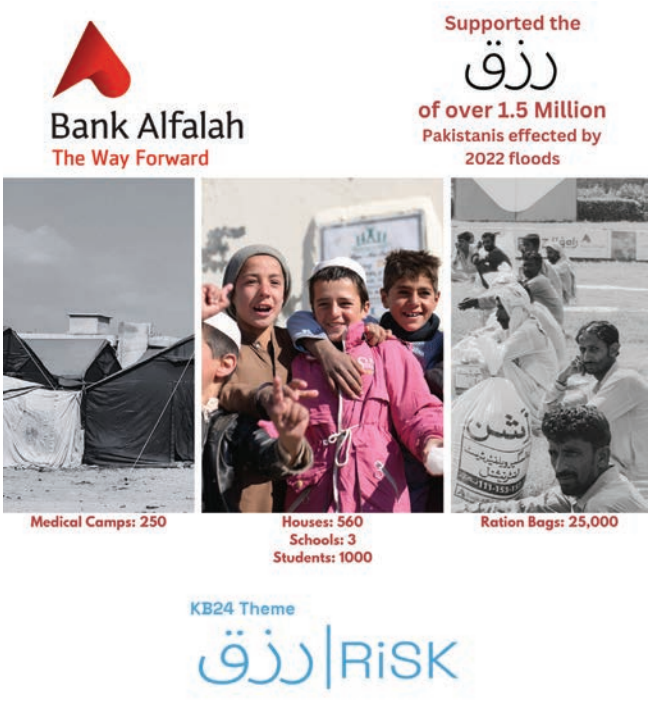
Layton Rahmatulla Benevolent Trust (LRBT): For nearly four decades, LRBT has worked toward a blindness-free Pakistan, providing free eye care to over 56 million patients and performing 5.5 million surgeries. Supported by Bank Alfalah this year for their annual fundraiser, LRBT's 20 hospitals and 61 clinics nationwide continue to deliver life-changing treatment to millions, including **300,000 children** expected in 2024.



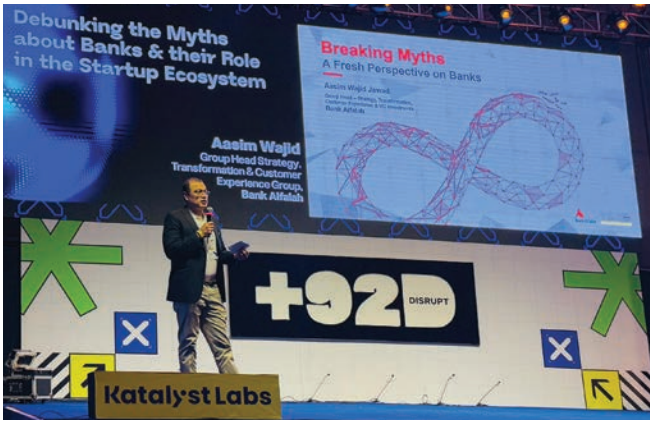
Toni&Guy South Pakistan: The collaboration between Bank Alfalah and Toni&Guy emphasised the importance of financial inclusion for women, both within the Bank and the beauty industry. Through seminars and workshops on personal grooming, **50 female employees** gained essential skills to enhance their workplace presence. The initiative also supported the growth of female entrepreneurs in the beauty sector, creating a valuable platform for empowerment and development.



Behbud: Bank Alfalah supported Behbud Fiesta' 24, providing **150 stall holders and 200 local artisans** a platform to showcase their handcrafted creations. This initiative empowered women by promoting traditional craftsmanship and creating opportunities for financial independence, reflecting the Bank's commitment to sustainable livelihoods.



Karachi Biennale: Drawing in over **30,000 visitors**, the Karachi Biennale 2024 (KB24) served as a platform for Bank Alfalah's support of local and international artists. The event's theme "Rizq/Risk" sparked vital discussions on climate change and food security, reflecting the Bank's ongoing support for social, environmental, and cultural initiatives, including its $10 million contribution to the 2022 flood relief efforts.



Katalyst Labs: The Bank's participation in this year's conference, +92 Disrupt highlights the dedication to supporting Pakistan's startup ecosystem. The Group Head of Strategy presented a keynote that focused on the role of financial institutions in scaling startups through funding and strategic support. With **62**

speakers, 14 VCs, and 850 attendees—the event covered diverse topics like AI, gaming, and sustainability, positioning the Bank as a driving force in innovation.



Youth Impact: The empowerment of young individuals through capacity building and leadership development was advanced through a collaboration with Youth Impact, an Islamabad-based NGO. Their flagship programme, Markhor Junior, is a five-day outdoor leadership conference for youth aged 12-16 in the Lower Himalayas, promoting experiential learning and personal growth. This initiative allowed **8 children** from underprivileged backgrounds to participate in healthy activities and develop essential life skills.



Karachi Press Club: The Karachi Press Club (KPC) hosted the Annual Gala 2024, with Bank Alfalah partnering to bring together nearly **5,000 media professionals, journalists, and industry affiliates**, reinforcing the Bank's commitment to uplifting the journalist community.

The Citizens Foundation (TCF): Bank Alfalah joined forces with The Citizens Foundation (TCF) to support its mission of providing quality education through initiatives like Cycle For Change (CFC). Since 2021, this event has brought together cycling enthusiasts in Karachi to raise awareness and funds for literacy. The funds raised will support the education of **33 children** enrolled.

The Biggest Corporate Donor in 2023 and 2024 with USD 10 million Pledged for Flood-impacted Communities
When floods hit significant parts of the country, Bank Alfalah came to the forefront with a determination to provide immediate relief and rebuild impacted areas and formulated a strategic plan for redeveloping communities in a sustainable, equitable and financially inclusive way. In August 2022, Bank Alfalah's Chairman, His Excellency Sheikh Nahayan Mabarak Al Nahayan, and the Board of Directors graciously approved USD 10 million (PKR 2,180 million) to help with the extensive relief and rebuilding efforts.

Commitment to Pakistan
This gesture by the Chairman and Board of Bank Alfalah is unprecedented and is a testament to the strong bond between UAE and Pakistan while reaffirming the strong positioning of Bank Alfalah as being a truly caring bank. His Highness has always been a great supporter of Pakistan and expressed his concerns at the calamity that has recently overwhelmed the country. However, he has also been deeply impressed by the extraordinary fortitude and resilient spirit that characterises the people of Pakistan as they advance to navigate a way to a safer shore.

He acknowledged that no amount of money is enough in the face of such devastation and irreversible loss; he was hopeful that this contribution would partially alleviate the suffering of the victims.

In 2022, the pledged amount was being distributed by Bank Alfalah for the flood relief and rehabilitation efforts through select reliable and trusted NGOs to provide immediate relief, and a substantial amount has been earmarked for infrastructure rebuilding in the medium to long term to help the affected areas attain normalcy.

Spirit of Bank Alfalah's employees: Bank Alfalah has been working to relieve flood affectees from the beginning and used the strong network of its branches and front-line staff to help those hit by floods. The Bank established Flood Relief Camps and started in-kind donation drives at 32 locations, including the Head Office and branches nationwide, to collect clothes, food items and medicine for the flood-hit communities.

The employees voluntarily donated their one-day base salary for flood relief work. All permanent employees were requested to make a one-time voluntary deduction of 1 day's base salary or any other amount to support fellow countrymen affected by floods and torrential rain.

Standing by the Colleagues: The Bank ensured that the colleagues impacted by the torrential rain were adequately looked after. The Bank allocated the funds to address the needs of staff, their families, and their nearby communities. The Bank received 479 requests from different cities and remote locations where employees' houses and other assets were damaged or completely

wiped out. A contribution of PKR 104 million was made to ensure that the bank stands tall with the staff and their families until their lives return to normalcy.

Two-pronged approach: This section explains the highlights of 2024 during Phase 2 of the comprehensive rehabilitation and rebuilding initiative, which started with immediate rescue and relief in Phase 1 in 2022.

With a steadfast commitment to empowering communities and promoting sustainable development, the bank has joined forces with 25 esteemed partners. It has disbursed around PKR 1,947 million to address critical sectors such as healthcare, emergency care, housing, education, and livelihoods.

Under the visionary leadership of **His Excellency Sheikh Nahayan bin Mubarak Al Nahayan**, Chairman of Bank Alfalah, who graciously donated $10 million to devastating floods that hit Pakistan last year, and with the steadfast support of the Board of Directors, the Bank has embarked on a two-pronged strategy to redevelop communities in a sustainable, equitable, and financially inclusive manner. This initiative addresses immediate needs and provides a comprehensive framework for long-term rehabilitation.

Phase 1 focused on immediate relief with **PKR 345 million** partnering with reliable and trusted non-governmental organisations (NGOs) across Pakistan. These partnerships facilitated the rescue and assistance of flood-impacted individuals in hard-hit locations.
The Bank embarked on phase 2 of its flood relief efforts with a disbursement of PKR 1.3 billion, focusing on rehabilitation and rebuilding lives. This phase encompassed several key areas: sustainable housing, healthcare, education, and livelihood support.

Phase-2:

A) Healthcare Provision worth PKR 634 million

Other than initiatives for sustainable housing, there is also a strong dedication to healthcare and education. A partnership with the Aga Khan Foundation has been strengthened by a generous donation of PKR 200 million. Aga Khan Foundation is working to accelerate agricultural livelihood and increase household's food security and resilience. Apart from nutrition, it is also improving the community's access to health services through health service delivery platforms and mobile outreach services.

A donation was made to the Patient Aid Foundation, focusing on aiding the underserved in Jinnah Postgraduate Medical Centre (JPMC) Karachi, which has inundated flood-impacted communities travelling to Karachi from the interior. To date, over 720 patients have been treated. Child Life Foundation is also at the forefront of treating patients and has catered to 280,000 patients in flood-impacted areas through telemedicine. Other partners include Alamgir Welfare Trust, Hands and Al-Mustafa Trust.

B) Sustainable Housing Provision and reviving livelihood worth PKR 512 million

Bank Alfalah has partnered with reputable organisations such as Karachi Relief Trust, Bait-us-salam, Sahil Welfare Trust and Shahid Afridi Foundation to address the housing needs of flood-affected communities and promote climate resilience. The partner NGOs inaugurated housing communities in Balochistan and Sindh during the year. These partner NGOs have completed over 2,400 houses in flood-impacted communities to benefit approximately 16,000 individuals. The bank also made disbursements to support the reviving of agricultural land impacted by floods.

C) Subsidised Loans Provision of PKR 250 million

Bank Alfalah offers interest-free rehabilitation loans to support the households affected by the floods through its partnership with Akhuwat. PKR 250 million has been disbursed to over 1,168 beneficiaries in all four provinces to reconstruct damaged houses. The loan size goes up to PKR 300,000, and the tenure is up to 4 years.

D) Education Support Provision worth PKR 350 million

In alignment with its dedication to education, Bank Alfalah has partnered with The Citizen Foundation to rebuild and restore the education infrastructure in flood-impacted areas. TCF is constructing 4 Primary Schools for 720 students in Nawabshah, Sohbatpur and Tando Bhago with the funding of PKR 196 million. Simultaneously, TCF will establish 10 Agahi Centers, water filter plants, solar panels and will provide other operational support with an additional donation of PKR 30 million.

Bank Alfalah has also partnered with Deaf Reach to establish 3 satellite schools in flood-impacted areas of Sindh and Balochistan, emphasising Bank Alfalah's focus on inclusive education and community growth.

Through its satellite school model, Deaf Reach will repurpose under-utilised spaces to educate children in remote areas, as less than 5% have access to education. Bank Alfalah has pledged PKR 24 million for this initiative, making it a part of the Bank's second phase of providing relief to flood-affected communities in efforts to rebuild lives and infrastructure in flood-impacted areas.

Sustainable Development Goals and the Bank's Contribution

Background

Sustainable Development Goals (SDGs) are a universal movement to end poverty, protect the climate, and ensure that all people enjoy peace and prosperity. The United Nations member states adopted the 2030 Agenda for Sustainable Development to provide a better and sustainable future for all. There are 17 SDGs, the scope of which is to address climate change, economic inequality, health provisioning, quality education, gender equality, clean water and sanitation, decent work and economic growth, sustainable cities and communities, and other matters related to building and sustaining a prosperous, peaceful and environment-friendly world. The SDGs provide clear guidelines and targets for all countries to adopt in accordance with their own challenges and requirements.

Global Reporting Initiatives (GRIs) are Sustainability Reporting Standards designed to be used by organisations to report about their impacts on the economy, the environment, and/or society.

Statement of Adoption

The Bank follows these goals/reporting initiatives and strives to establish itself as a contributor to environmental safety.

- By contributing to these goals, the Bank aims to achieve the following:
- Align itself with the priorities of the
- Government of Pakistan, which in turn is required to achieve the goals set by the UN
- Mitigate business risks by addressing empirical risks
- Attract new customers by building brand image
- Increase the loyalty of its customers due to better brand reputation
- Establish new business opportunities and markets
- Bolster the company's financial performance
- Access new capital



UN Sustainability Goals, GRI Standards and Bank Alfalah's Contributions

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	• Equal rights to ownership, basic services, technology and economic resources (1.4)	Significance of the indirect economic impacts [GRI Standard 203-2]	• End extreme poverty in all forms	• The Bank generously supports various communities irrespective of their cast, creed, race and color. The purpose is to build a stronger nation. Refer to the CSR part within this section of the Annual Report and note 31 of the unconsolidated financial statements for more details.
	• Eradicate extreme poverty (1.1) • Reduce poverty (1.2) • Mobilise resources to implement policies to end poverty (1.A)	Significant proportion of employees are compensated based on wages subject to minimum wage rules. [GRI Standard 202-1] & 203-2]		• The Bank ensures minimum wage payments to all its employees including contractual staff. The guidelines followed are prescribed by the provincial / federal government.
				• Bank Alfalah uplifted poverty-ridden communities by stepping forward and supporting government initiatives like the Government's Ehsaas emergency cash-disbursement, Ehsaas Kafaalat and SBP low-cost housing programs, especially to cater to the affectees of the natural calamities and pandemics
				• Bank Alfalah supports the social initiative Roshan Samaaji Khidmat of State Bank of Pakistan (SBP) for Overseas Pakistanis who can now make Zakat & Donation payments digitally through their Roshan Digital Account (RDA) using their Alfa app or Internet Banking.
				• Bank Alfalah customers can help the poverty-stricken through Zakat and donations received via internet banking, the Alfa App, Alfa Payment Gateway and QR Scanning.
				• Bank Alfalah has digitally integrated renowned institutions such as Edhi Foundation, Sindh Institute of Urology And Transplantation (SIUT), Shaukat Khanum Memorial Hospital, Indus Hospital, JDC Welfare Organization, Al Khidmat Foundation, Akhuwat Foundation, Alamgir Welfare Trust, The Citizens Foundation and Sundus Foundation, among others, which is enabling the Bank's customers to donate digitally.
	• Build resilience to environmental, economic and social disasters (1.5B)	[GRI Standard 203-2]		• Bank Alfalah provides financing under SBP Schemes i.e. Islamic SME Asaan Finance (I-SAAF) and Prime Minister Youth Business & Agri Finance Scheme (PMYB&AFS) for the growth of small businesses and to create employment opportunities. These low rate financing schemes are aimed at making funds available towards the low income class that strives towards economic development of the country.
	• Universal access to safe and nutritious food (2.1)	[GRI Standard 203-2]	• Achieve food security through sustainable agriculture	• In Ramadan of the current year, Bank Alfalah used CSR funds (approximately PKR 8 million) to distribute ration bags through a partner NGO i.e. Alamgir Welfare Trust.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	• Universal access to safe and nutritious food (2.1)			• Bank Alfalah's Agri department is active in disbursing agricultural loans to farmers and allied industries. During the year, the Bank disbursed Rs. 58.0 Bn agricultural loans.
	• Achieve Universal Health Coverage (3.8)	Organisation facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided [GRI Standard 403-6a & 203-2]	• Ensure health coverage across the board for employees and their dependents • Easy access to medicines and vaccines	• Bank Alfalah provides medical coverage to all employees and their dependents, which not only includes hospitalisation but follow up treatments as well.
				• Bank Alfalah, under the Employee Welfare programme, facilitates employees with additional medical grants during emergencies or for treatment of employees and their families (insured dependents), where health insurance limit is exhausted as per the Bank's hospitalisation policy. The welfare programme supports employees and also provides grants for education and marriage.
				• Bank Alfalah designs its employee experience strategy around a Happiness Framework which covers workplace support and the five well-being areas: emotional, mental, physical, financial and career well-being. All employee initiatives and engagements are designed to strengthen these key areas.
				• Bank Alfalah provided Laboratory Diagnostic Kits & Reagents in order to provide the free of cost treatment to thalassemia patients of AMTF. • Bank Alfalah provided three dialysis machines which will be used to provide free dialysis to the needy patients of Dar-us-Shifa Foundation. • Bank Alfalah provided one X-ray Machine, one Curapuls (Short waves) and one Sonopulse (Soundwaves) to Alamgir Welfare Trust International for their Alamgir Health Care Centre. • Bank Alfalah provided one CBC Analyser and 01 Blood Bank Refrigerator to Sundas Foundation, in order to provide the best treatment to Thalassemia and Hemophilia patients free of cost. • Islamic Banking Group arranged a visit to Sundas Foundation to celebrate Independence Day with the children. Staff from different branches generously donated Blood and distributed giveaways to the ill children. • The Bank Alfalah Islamic Banking employees, visited children affected with thalassemia at the Afzaal Memorial Foundation in Karachi. The group made a significant contribution by donating 18 bottles of blood, in solidarity to helping young patients in need.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	• Tobacco Control (3.A)	[GRI Standard 203-2]	• Easy access to medicines and vaccines	• All of Bank Alfalah's offices/branches are no smoking zones. Further smoking is being discouraged through regular communication and HSE trainings.
				• Bank Alfalah adheres to the Bank's Exclusion List, which is aligned with the State Bank of Pakistan's Exclusion List. The Bank does not support activities related to tobacco unless the customers hold proper licenses and permits issued by the relevant government authorities.
	• Fight communicable diseases (3.3)	Voluntary health promotion services and programs offered to workers to address major non-work related health risks, including specific health risks, and how the organisation facilitates workers' access to these services and programs. [GRI Standard 403 - 6b & 203-2]		Bank Alfalah has a dedicated Health, Safety, and Environment (HSE) team committed to ensuring the well-being of its staff and the safety of the workplace. The team actively promotes awareness around health, safety, and overall employee well-being through an engaging communication programme featuring: • Classroom Trainings: Offering in-depth sessions on health, safety protocols, and wellness practices. • Emails: Sending regular updates, tips, and important notices to keep employees informed about health and safety matters. • Informative Videos: Broadcasting videos on staff screens to deliver quick, easy-to-understand information on key safety and well-being topics. Through this proactive approach, the Bank ensures that all employees have access to the knowledge and resources needed to maintain a safe and healthy work environment.
				• Bank Alfalah conducted blood donation activities in major cities to support the noble cause and commitment to play its role towards humanitarian and welfare causes in the society. All employees and families have access to blood provision in case of emergency.
				• Bank Alfalah's staff has received First Aid training from professional and qualified trainers. This training equips employees with the necessary skills to handle unforeseen medical emergencies and provide immediate first aid assistance.
				• Bank Alfalah organized flu vaccination for its staff at discounted rates, promoting a healthy and safe workplace. This initiative reflects the bank's commitment to the well-being of its employees.
				• In order to strengthen safety practices, Bank Alfalah provided training to vendors / service providers. This training will assist vendors to provide their services within an efficient and safe manner.
	• Increase health financing and support health workforce in developing countries (3.C)	[GRI Standard 203-2]		• Bank Alfalah donated to health organisations such as Shaukat Khanum Memorial Cancer Hospital and Research Centre, Zindagi Trust, Alamgir Welfare Trust, and Protection and Help of Child Abuse & Neglect (PAHCHAAN).

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
				• Further, the Bank gave charity to Patients Aid Foundation, Indus Hospital & Health Network, Alamgir Welfare Trust, and Al Mustafa Welfare Society.
				• Bank Alfalah provided financing to hospitals through SBP refinancing schemes for capacity enhancement.
	• Free primary and secondary education (4.1) • Equal access to quality pre-primary education (4.2)	[GRI Standard 203-2]	• Provide primary education to all children • Universal access to higher education and vocational training	• Bank Alfalah financially supported the following NGO/institutions to promote education: ◦ Karawan-e-Hayat ◦ Zindagi Trust ◦ Habib University ◦ Deaf Reach ◦ Institute of Business Administration, Karachi (IBA)
	• Equal access to affordable technical, vocational and higher education (4.3)	• Hours of training that the organisation's employees have undertaken during the reporting period. [GRI Standard 404-1]		• The Bank believes in developing its employees through technical and soft skills trainings. The Bank conducts various training programmes for its employees. During the year, over 180 thousand hours of training were imparted to bank's staff.
				• Bank Alfalah signed MoUs with educational institutions: ◦ Zindagi Trust, ◦ Habib University, and, ◦ IBA, to fund scholarships to deserving candidates
	• Eliminate all discrimination in education (4.5)	[GRI Standard 404-1]		• Bank Alfalah provided funds to entities such as Protection and Help of Child Abuse & Neglect (PAHCHAAN), Karwan-e-Hayat, Zindagi Trust & Special Olympics Pakistan, NOWPDP and Care Foundation to empower children with education.
				• Bank Alfalah's Raah-e-Falah initiative allows the employees to voluntarily support organisations like TCF with career counseling, and involvement in Rahbar and Baghban programs
	• Higher education scholarships (4.B)	[GRI Standard 203-2]		• Bank Alfalah offers educational benefits in the form of cash rewards, career progression benefits, fee reimbursements and financial assistance to augment continued development of its people. During 2024, Bank Alfalah extended educational benefits of PKR 14 Million to 250 staff members.
				• Bank Alfalah provided funds for rehabilitation of Adamjee Government Science College, Karachi in order to improve the quality of education for the needy and poor children through Karachi Relief Trust. • Bank Alfalah purchased & Installed classroom items (Computers, Multimedia Projectors, Rostrums, Desks & Chairs) in Bahria Model College Gwadar through Sahil Welfare Association. Bank Alfalah uplifted and upgraded Govt. Primary School Kappar (Balochistan), covering the costs of materials (Cement Bags, Cement Blocks, Metal Rods, Distemper, Desks & Chairs). This initiative aims to provide a better environment and high quality education to underprivileged students through Sahil Welfare Association.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	• End discrimination against women and girls (5.1)	Number and rate of new employee hires by gender Percentage of individuals within the governance bodies by gender [GRI Standard 202-1, 401 -1 & 3, 405-1]	• Overcome inequalities faced by women and girls in education, work and pay	• The Bank, in compliance with the SBP has developed a Shari'ah compliant 'Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs' to provide financing facilities to women entrepreneurs in order to meet financing needs of their businesses.
			• End discrimination against women and girls everywhere	• With an intent of making women financially independent, the Bank focuses on improving female participation in the banking sector through Accessibility, Usage, Quality and Promotions of the financial services offered to them. Bank Alfalah now has propositions under the ambit of "Falah Women" as its separate brand identity.
			• Achieve a work environment where all individuals are treated fairly and respectfully, have equal access to opportunities and resources, and can contribute fully to the organisation's success.	• Bank Alfalah Islamic partnered with IBA to provide scholarships to 5 students of which 4 were female.
			• To provide a safe work environment for its women employees that is free from all forms of abuse, harassment, and discrimination.	• Bank Alfalah focuses on inclusion of more women in its workforce, evidenced by the rise in the Bank's female representation ratio from 12% in 2018 to 20.6 % in 2024.
				• During the year, 1,136 new female employees were hired. This represents 25.25%.
				• For a holistic approach to manage the strategy execution, the Bank established a D&I Council with Senior Management.
			• To ensure opportunities with a focus on financial inclusion by evaluating competitive practices both locally as well as in the international markets and understanding the challenges	• The Bank has gender diversity of 13.3% female ratio at Senior Management level. This is in addition to female representation in governance bodies or management committees.
				• Bank Alfalah launched a woman specific programmeme – Welcome Back programmeme to improve institutional diversity and to position the Bank as an organisation that values diversity. The Welcome Back programmeme is an initiative that gives women a chance to rejoin the workforce after taking a career break due to personal or professional reasons.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	• End all violence against and exploitation of women and girls (5.2)	[GRI Standard 203-2]	faced by women customers in general to make simplified procedures with shorter turnaround times while staying compliant with the regulatory practices.	• Bank Alfalah being an equal opportunity employer takes pride in its non-discriminatory and merit based practices with a prime focus on maintaining a conducive and secure work environment for its employees and has strict policies in place to counter harassment and misconduct towards women. There is a separate Anti-Harassment Committee representative of high level management where employees can report their grievances and harassment incidences.
				• Bank Alfalah is always uncompromisingly committed to offering a work environment where all employees feel secure and have growth opportunities equally. In order to impart awareness on Whistle Blowing, Harassment at Workplace and how to handle it, the Bank regularly conducts exclusive sessions in collaboration with all stakeholders for its employees.
	• Participation in leadership and decision making (5.5)	Composition of the highest governance body and its committees by gender. Nomination and selection processes for the highest governance body and its committees Individuals within the organisation's governance bodies by diversity (Gender) [GRI Standard 102-22&24, 405-1]		• Bank Alfalah obtains annual feedback from its female employees on the Bank's policies, benefits, culture and environment to make improvements in its policies. The Bank conducts focus groups, pulse check surveys, exit interviews and maintain a dedicated communication channel for women to stay in constant contact.
				• Bank Alfalah has launched Bank Alfalah Islamic Women Account for women. It is a profit-bearing deposit account designed specifically for women. It operates on the principles of Mudarabah, allowing women to earn halal profits on their savings while providing them with financial security and accessibility.
				• SHELEAD is in-house signature leadership development programme for women, enabling women to drive their careers forward, overcome self-limiting beliefs, and build strategic networks. It uses discussions, self-reflection activities and videos as training methodologies.
				• Ignite - Sponsorship Program is designed to facilitate women to seek career guidance from a senior leader who will act as a Coach for them. With this, the Bank aims to develop and groom a stronger women talent pipeline for leadership roles.
	• Universal access to reproductive health and rights (5.6)	[GRI Standard 203-2]		• Bank Alfalah offers a six month paid maternity leave to all its female employees and the only bank to offer a maternity cover incentive to the employees who serve as maternity covers for the women availing maternity leaves.
				• Bank Alfalah actively supports its female and single parent employees through its child care policy. This initiative anchors the Bank's commitment to working mothers/single parents as it provides them ease in arranging for a day care/care taker whilst setting their sights on their careers.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	• Equal rights to economic resources, property ownership and financial services (5.A)	[GRI Standard 203-2]		• Bank Alfalah has women-centric products such as the Alfalah Pehchaan account to provide exclusive banking services to empower women and Asaan Pehchaan Digital Account to facilitate women on the Bank's Digital Account Opening Platform.
				• Furthermore, in line with the policy on Banking on Equality, the Bank is working on numerous initiatives aimed at financial inclusion and facilitation of women customers. The Bank has a dedicated section on its website for women.
				• During the year, financial literacy sessions were conducted for women in rural communities, to emphasise on the importance of financial independence and their own bank accounts. Topics covered included budgeting, savings, the benefits of having a personal bank account. By addressing these aspects, the sessions sought to enhance women's financial literacy, enabling them to make informed decisions about their finances providing them the autonomy to manage their economic well-being efficiently.
				• Bank Alfalah Islamic has successfully introduced Falah Asaan Women Digital Account to facilitate easy digital account opening for females, particularly of low income and unbanked segment. The shariah compliant savings proposition is available to female masses of all ages and professions nationwide.
				• Bank Alfalah Islamic also offers its women customers special fee waivers in house and auto financing. This empowers BAFL's female customers to build their own assets.
	• Promote empowerment of women through technology (5.B)	[GRI Standard 203-2]		• The bank has a dedicated platform for women financial services on its website to enable ease of information for women customers.
	• Safe and affordable drinking water (6.1)	[GRI Standard 203-2]	• Water Conservation	• In order to provide staff with safe and drinkable water, Bank Alfalah is ensuring only water brands that have been lab tested water are utilised.
	• Improve water quality, wastewater treatment and safe reuse (6.3)	• How the organisation interacts with water, including how and where water is withdrawn, consumed, and discharged, and the water-related impacts		• In order to increase water usage efficiency, Bank Alfalah has installed sensor-based taps and water optimizers at select locations.
	• Increase water-use efficiency and ensure freshwater supplies (6.4)	• [GRI Standard 303-1a & c]		• Clean, fresh water is being supplied to Bank Alfalah's buildings and branches.
				• Reduced and responsible consumption of water is taught to employees and janitorial staff through various internal communications and signage.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	• Promote access to research, technology and investment in clean energy technology (7.A)	[GRI Standard 203-2]	• Develop means to provide affordable and sustainable energy to everyone	• Bank Alfalah has 30% holding in Sapphire Wind Power Company Limited which has a wind farm in the country and offers clean energy solutions.
				• Bank Alfalah installed a 10KW solar panel system at the Parents Voice Association. The solar panels will provide a continuous supply of electricity, reduce electricity costs, and help maintain comfortable classroom temperatures, as well as support various activity rooms for mentally handicapped children at the school.
			• Invest in clean energy sources such as solar and wind	• Bank Alfalah offers a green product namely of 'Alfalah Green Energy' for customers willing to install solar energy equipment for generation of electricity in order to facilitate Green Businesses.
				• Bank Alfalah's Investment Banking division has supported sustainable energy initiatives by financing pioneering projects like Shams Power, a solar energy venture, and Lumen Energia, Pakistan's first biomass-powered steam boiler. These projects leverage innovative technologies to deliver renewable, environmentally clean energy solutions. By reducing reliance on fossil fuels and lowering carbon emissions, they contribute significantly to combating climate change and advancing the transition toward a greener future.
	• Increase global percentage of renewable energy (7.2)	• Fuel consumption within the organisation from non-renewable sources,		• Bank Alfalah is striving efforts in adoption of clean energy sources to develop sustainable means and reduce substantial amount of energy consumptions through various sources e.g. Solar Panel systems, long backup UPS, inverter ACs, LED lights etc.
				• Approximately 193 Tons of carbon dioxide equivalent has been offset with clean source of energy within 2024.
				• Bank Alfalah provides sales of solar panels and related equipment on installments (Buy Now Pay Later) at 0% markup on AlfaMall – Bank's own ecommerce marketplace.
	• Promote policies to support job creation and growing enterprises (8.3)	[GRI Standard 203-2]	• Promote entrepreneurship	• Bank Alfalah employs 16,400 individuals and continues to hire hundreds of candidates each year.
			• Create jobs through economic policies and performance • Provide opportunities for decent work to all and end slavery and human trafficking	• The Bank expanded its branch network in smaller cities facilitating job creation. • Bank Alfalah's operations in Bangladesh, Bahrain, UAE and Afghanistan enable job creation.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
			• Provide opportunities for fresh graduates to grow and develop within the organisation	• Bank Alfalah, in compliance with the SBP offers credit to SMEs at affordable mark-up rates through the Prime Minister's Kamyab Jawan Youth Entrepreneurship Program. This has enabled inclusion of untapped markets, allowed entrepreneurs to set up new businesses and further expand existing businesses.
	• Diversify, innovate and upgrade for economic productivity (8.2)	Type and scope of programmes implemented and assistance provided to upgrade employee skills. Transition assistance programmes provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment. [GRI Standard 404-2]	• Create jobs through economic policies and performance • Provide benefits for the employees to gauge in their further studies • Deliver learning and development opportunities within the organisation	• Bank Alfalah's rigorous learning strategy enables employees to build their skillset through a series of technical and soft skills programmes available on the learning management system and in classroom settings.
	• Full employment and decent work with equal pay (8.5)	• Total number and rate of new employee hires during the reporting period • Percentage of senior management at significant locations of operation that are hired from the local community.	• Provide opportunities for quick and easy access to funds	• Through its Welcome Back programme, Bank Alfalah aims to improve institutional diversity and to position the Bank as an organisation that values diversity. This programme gives women a chance to rejoin the workforce after taking a career break due to personal or professional reasons.
				• 4,497 new candidates were hired by Bank Alfalah during 2024 to support its expansion.
				• Bank Alfalah operates in more than 240 cities across Pakistan. Preference while hiring is given to the youth from the local community.
				• As part of the code of conduct compliance, Bank Alfalah ensures that it operates as an equal opportunity employer to become the employer of choice. The bank realizes the significance of inducting for right talent hence a key consideration factor in the hiring decision is ensuring the best competency and cultural fit

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	• Promote youth employment, education and training (8.6	[GRI Standard 202-2 & 401-1]		• Bank Alfalah's premium Management Trainee programme 'AlfaLead' ensures that fresh graduates are hired from universities locally and internationally to ensure that a middle level management pipeline is created with young talent. There are various other batch hiring in multiple avenues and departments which are opened by Bank Alfalah to cater to fresh graduates from universities across Pakistan with minimal experience providing great work opportunity to fresh graduates.
				• Bank Alfalah's Internship programmeme further works in bringing in candidates pursuing their degrees for a flavor of the organisation so that they have the right experience to join the company after graduation.
				• Bank Alfalah's Learning Team works specifically understanding the training and development needs of each department and their employees and arranges specific trainings as per their job requirements for them to perform better in their roles.
				• Bank Alfalah offers policies and benefits supporting employees in their higher studies by providing reimbursements.
				• Bank Alfalah also offers education assistance for colleagues opting for further qualifications
	• Universal access to banking, insurance and financial services (8.10)	[GRI Standard 203-2]		• Bank Alfalah Islamic along with SBP team successfully conducted two financial literacy sessions in Thatta for local women handicraft workers and university students. The sessions were organized and hosted by UN women for women's economic empowerment. The audience was made aware of how banking products and services can uplift them economically.
				• Bank Alfalah Islamic in collaboration with Indus Earth Trust organised financial education programme for women. The audience was introduced to digital account opening process via RAPID. On spot account opening activity was conducted through tablets
				• Bank Alfalah also boasts its footprint of Agent Network in the country to serve the Government to person (G2P) mandates, allow for easy Money Transfer, Bill Payments and Airtime purchase activities using its Branchless Banking license.
				• Bank Alfalah is focused towards financial inclusion of the underserved and the unbanked for which it offers numerous initiatives like Branchless Banking, Agent Network, QR/Proximity Payments, Cash Deposit Machines, Remote Account Opening (RAPID and Roshan Digital Account), and G2P initiatives including the World Bank affiliated program of BISP.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
				• Bank Alfalah developed a remittance loan offering which allows loans to be offered to remittance beneficiaries. For further details on products offered by the Bank, please refer to 'Organisational Overview'.
	• Increase aid for trade support (8.A)	[GRI Standard 203-2]		• Bank Alfalah offers SBP's Temporary Economic Refinance Facility (TERF) to its clients in order to expand their presence and contribute in terms of exports to help bridge the country's trade deficit.
				• To promote export of non-traditional items, the Bank offers export refinance schemes in partnership with the central bank. Additionally, the Bank offers a number of import and export on and off book loan facilities.
	• Increase access to financial services and markets (9.3	• Invest in innovation and infrastructure to promote digital inclusion, sustainable industry practices and scientific research	• Provide opportunities for quick and easy access to funds • Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	• Bank Alfalah, in addition to expanding remote ADC services and transaction touch points (by deploying ATMs/CDMs/CCDMs across Pakistan), has launched innovative products on its digital application platform (Alfa) to make financial services and market accessible to all. These include digitally enabled investments, insurance, deposit products and consumer loans.
				• Bank Alfalah is expanding its network of merchant hotspots in the form of Digital Sales and Service centres in market locations to digitalize and expand the business throughput of the merchants in the vicinities.
	• Enhance research and upgrade industrial technologies (9.5)	• Direct economic value generated and distributed		• The Bank has over 1,100 branches across Pakistan and is connected with its customers through 100,000+ touchpoints. These include ATMs, Cash Deposit Machines, Cheque and Cash Deposit Machines, POS machines, Agents, QR codes, website.
				• The Bank opened Pakistan's first Digital Lifestyle Branch in Karachi, and also operates via four Digital Sales and Service centres. The Digital Lifestyle Branch boasts the first of its kind banking-cum-lifestyle solutions of BNPL Store, Digital lockers, Digital Sales & Service centre, Securities, Investments and Consumer Financing Desks, Shared workspaces and a café.
				• Bank Alfalah, in compliance with the SBP offers credit to SMEs at affordable mark-up rates through the Prime Minister's Kamyab Jawan Youth Entrepreneurship Program. This has enabled inclusion of untapped markets, allowed entrepreneurs to set up new businesses and further expand existing businesses.
				• To better facilitate digital payments and deposit mobilisation, the Bank facilitates onboarding of NGOs/ trusts/ hospitals/ educational institutes on digital platforms. The Bank's solutions help connect the donors to the platforms working towards advancement of underprivileged segments of the society. Some partners successfully onboarded are Indus Hospital &

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
				Health Network, Al-Khidmat Foundation Pakistan, Alamgir Welfare Trust, SUNDUS Foundation, The Patient Behbud Society and Shahid Afridi Foundation.
	• Reduce transaction costs for migrant remittances (10.C)	[GRI Standard 203-2]	• Bridge widespread income inequality through financial regulation, development aid and safe migration opportunities	• Bank Alfalah's products and services such as the Roshan Digital account, Rapid account, Cash-over-Counter payments, Instant Account Credit to BAFL and 1link member bank account holders, same day account credit to other bank holders via RTGS and money exchange partnerships are a step ahead towards equality of access to financial avenues.
				• Bank Alfalah facilitates remittance payments by having partnered with world renowned Money Transfer Operators, Financial Technology Companies, Banks, and Exchange Houses. As a proud PRI member bank, Bank Alfalah also facilitates remittances under the SBP PRI Rebate Scheme whereby remitters benefit from zero remitting charges. The Bank's network of 1,100+branches facilitates the walk-in beneficiaries especially in rural areas in receiving cash over the counter remittances from their nearest branch, thereby reducing the cost of travel, etc. Bank Alfalah has also conducted various marketing campaigns to create awareness of the use of legal banking channels for sending remittances to Pakistan.
	• Empower and promote the social, economic and political inclusion of all (10.2)	Reduce inequality within and among countries		• Bank Alfalah established a dedicated network of model branches specialising to serve PWDs (Persons with Disabilities). The branches (Islamic as well as conventional branches) are facilitated with modern infrastructure, technologies and facilities to help improve the financial inclusion of the specially abled community.
				• Bank Alfalah Islamic has contributed PKR 3.6 million to support the cause of promoting education for children with disabilities through its collaboration with Deaf Reach organisation.
	• Safe and affordable housing (11.1)	• Extent of development of significant infrastructure investments and services supported. • Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. [GRI Standard 203-1]	• Create good and affordable public housing in cities • Involve more citizens in urban planning • Invest in public spaces and green initiatives	• Further, the Bank offers multiple variants of housing loans as a part of its own product suite. These are for salaried class as well as self-employed. The available products, covering both conventional loans and Islamic financing, can be availed on fixed and variable rate terms.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	• Reduce the adverse effects of natural disasters (11.5) • Reduce the environmental impacts of cities (11.6) • Sustainable and resilient building (11.C)	[GRI Standard 203-2]		During the 2022 floods in Pakistan, Bank Alfalah pledged a generous donation of USD 10 Million to support the flood victims. ◦ Partnered with and supported NGOs by providing monetary donations. ◦ Supported 450+ employees who were affected by the floods through Employee Welfare programme. ◦ Ration drive for flood affected - including railway workers impacted by closure of railway operations.
				• To promote Green Banking and sustainable environment, Bank Alfalah is using renewable energy as a shared source of electricity consumption. Currently 155 ATMs are being run on solar panels. Further, Solar Grid Tied System of combined capacity of 315 KW is being installed at three Main building of Bank Alfalah, per premises. As a result, over 193 Tons of carbon dioxide equivalent has been offset with clean source of energy.
				• The Bank follows Building Design Manual which sets green guidelines for sustainable constructions across the bank.
				• Bank Alfalah Head Office building Karachi is awarded as certified 'Green Office Building' by WWF (World Wildlife Fund). • Some of the key initiatives and improvements at BA building which led BAFL to achieve this milestone are mentioned below. Energy-efficient lighting, Air-conditioning system, Solar system, Green procurement policy, Digitisation, Energy Star products, Communication, Condensed water utilisation for planting, Oil recycling, Trainings
	• Sustainable management and use of natural resources (12.2)	• Fuel consumption within the organisation is sourced from renewable sources • Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency i nitiatives, in joules or multiples. [GRI Standard 302-1 & 4]	• Protect natural resources	• To promote Green Banking and sustainable environment, Bank Alfalah is using renewable energy as a shared source of electricity consumption. Currently 155 ATMs are being run on solar panels. Further, Solar Grid Tied System of combined capacity of 315 KW is being installed at three Main building of Bank Alfalah, per premises. As a result, over 193 Tons of carbon dioxide equivalent has been offset with clean source of energy.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	• Substantially reduce waste generation (12.5)	[GRI Standard 203-2]		• Bank Alfalah has taken a significant step towards fostering sustainability by implementing a recycling initiative for the used oil from HVAC/Generators, by partnering with the Environmental Protection Agency approved expert to ensure that used oil undergoes recycling in an environmentally responsible manner. Not only does this initiative contribute significantly to environmental preservation, but it also underscores our steadfast commitment to sustainable practices. 500 liters of oil has been reclaimed this year through this initiative.
				Responsible waste management has been implemented in BAFL main building to handle wet, dry and hazardous waste in a safe and responsible manner Key elements of the initiative include: • Efficient waste sorting and disposal to reduce carbon footprint and environmental impact. • Strategic placement of color-coded bins throughout the BA building for seamless waste segregation. • Ongoing Janitorial staff training on sustainable waste management practices.
	• Promote sustainable public procurement practices (12.7)	[GRI Standard 203-2]		• Bank Alfalah has embedded sustainable procurement practices in its Green Procurement Policy.
	• Strengthen resilience and adaptive capacity to climate-related disasters (13.1)	• Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, [GRI Standard 201-2]	• Protect natural resources	• The Bank's dedicated Health Safety and Environment unit ensures proper advisory to its staff to stay protected from various weather conditions. Such advisories also contain precautions to be undertaken during such disruptions.
				• Bank Alfalah, as part of its #GreenWayForward initiative, embarked on mangrove tree plantation drive. This was a promising step towards sustainability, and towards meeting the Bank's target to plant 100,000 trees across Pakistan by the year 2030. This ambitious initiative showcases the Bank's dedication to environmental conservation and combating climate change. Till now 40,000 mangroves have been planted which will save 10,307.25 tons of carbon dioxide equivalent in 8 years.
	• Integrate climate change measures into policy and planning (13.2)			• The Bank's Business Continuity Plan (BCP) caters to situations having occurrence of any climate related disruption. The BCP involves having critical functions to operate by means of alternate working sites and 'Working from Home' in case of emergency.
	• Sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts (14.2)	[GRI Standard 101-1 & 8]	• Protect natural resources	• Bank Alfalah is supporting a WWF-Pakistan initiative focused on protecting blind dolphins in the Indus River and educating the local community to sustainably manage and thrive in the local ecosystems.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	• Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services (15.1) • Promote the implementation of sustainable management of all types of forests (15.2)	[GRI Standard 101-1 & 8]	• Protect natural resources	• Mangrove plantation - 40,000 trees planted till 2024, showcasing the Bank's dedication to environmental conservation and combating climate change. • Pakistan's Independence Day initiative - to encourage people to plant trees as a symbol of patriotism
	• Reduce violence everywhere (16.1)	• New suppliers that were screened using criteria. [GRI Standard 414-1 & 2]	• Limit all forms of violence and conflict by strengthening law and order	• Bank Alfalah adheres to the Bank's Exclusion List, which is aligned with the State Bank of Pakistan's Exclusion List. The Bank does not support activities related to weapons and munitions unless the customers hold proper licenses and permits issued by the relevant government authorities.
		• Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment [GRI Standard 414-1 & 2]		• The Bank has a Board approved Procurement Policy. This policy establishes procurement standards, which are primarily based on three pillars, i.e. integrity, transparency, and accountability. These pillars are applied to all activities before awarding any contract/business including contracts for capital expenditure, i.e. purchases or construction work. Suppliers are being screened through World Check application to identify any negative social impact.
	• Protect children from abuse, exploitation, trafficking and violence (16.2)	• Operations and suppliers considered to have significant risk for incidents of: i. Child labor; ii. Young workers exposed to hazardous work. [GRI Standard 408-1]		• Bank Alfalah complies with its Exclusion List whereby it does not lend money to organisations where child labor is involved.
	• Substantially reduce corruption and bribery (16.5)	• Significant risks related to corruption identified through the risk assessment. [GRI Standard 205-1]		• A Disciplinary Action Committee, led by a senior leader, is in place to oversee all disciplinary matters related to the Bank's operations. Final decisions are made in accordance with local labor laws and applicable regulatory requirements.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	• Mobilise resources to improve domestic revenue collection (17.1)	• Approach to taxation, including tax governance, control and risk management in line with business strategy and prevailing regulations. [GRI Standard 207-1,2,3&4]	• Foster unity and cohesion among all nations to achieve all other SDGs	• Bank Alfalah offers convenient payment options through its Alfa App, Internet Banking and ATMs/branches to help in the collection of tax revenue. • The Bank serves as a withholding tax agent for direct and indirect taxes. • Bank Alfalah has robust IT systems in place which ensure proper calculation and deduction of taxes from the customers, vendors, suppliers, employees and depositors at the rates specified by the tax authorities.
	• Increase exports of developing countries (17.11)	• Significance of the indirect economic impacts [GRI Standard 203-2]		• Bank Alfalah has taken initiatives in line with SBP's measures to uplift export-oriented industries. These initiatives include: ◦ Allocation of additional limit for Export Finance Subsidy Scheme administered by Export-Import Bank of Pakistan (EXIM) to enhance export business in Pakistan. ◦ Preferred FE-25 pricing and treasury rates for top exporters.

Environment, Social and Governance Initiatives and the Bank's Contribution

Background

All three ESG disciplines have distinct set of standards and practices but at a consolidated level, they indicate an organisation's dedication to achieving the greater good for the environment, society and the organisation itself. Shareholders/investors, customers, employees, and other stakeholders expect companies to reduce impacts that their businesses have on environmental and be more transparent about ESG reporting. ESG programme looks at business practices to ensure that the companies actually do what they are required to do. There are important components within each ESG discipline:



ENVIRONMENT

Environmental criteria focus on the company's impact on the planet. In addition to climate-change initiatives, this category includes energy usage, pollution outputs, water management, and other environmental impacts.

- Renewable fuels
- Greenhouse gas (GHG) emissions
- Energy efficiency
- Climate risk
- Water management
- Recycling processes
- Emergency preparedness

SOCIAL

The social element of ESG focuses on the way the company treats people. It includes the relationships that organisations have with their workforces, the societies in which they operate, and the current political atmosphere, including diversity, equity and inclusion, health and safety, labor management, data privacy, and community relations.

- Health and safety
- Working conditions
- Employee benefits
- Diversity and inclusion
- Human rights
- Recycling processes
- Impact on local communities

GOVERNANCE

The governance aspect refers to a set of organisational practices, controls, and procedures used to make effective decisions, remain compliant, and meet stakeholder demands, including fraud, anti-bribery and corruption, security, financial performance, business ethics, and internal audit, as well as executive leadership and pay.

- Ethical standards
- Board diversity and governance
- Stakeholder engagement
- Shareholders rights
- Pay for performance

Statement of Adoption
The Bank contributes towards the three pillars of ESG to the maximum possible extent.

Board's direction on Strategic ESG objectives
The Bank has adopted ESG as one of its strategic initiatives; the Board approves the strategy.

Demonstrating an ongoing commitment towards a sustainable future, the Bank is dedicated to improving the community's social, economic, and environmental capital sustainably. Moving forward from this, in a strategic move towards sustainable banking practices, Bank Alfalah formalised a Green Banking Advisory Agreement with the International Finance Corporation (IFC). This agreement is a testament to the Bank's commitment to fostering sustainable and accountable banking operations. The partnership encompasses a multifaceted approach aimed at enhancing the Bank's green banking initiatives sustainably and efficiently. This collaboration enables the Bank to explore and capitalise on opportunities in green finance, including green bond issuance and sustainable infrastructure financing.

During the current year, the Bank has also revised its Corporate Social Responsibility and Philanthropy guidelines, driven by a passion for giving back to the community. The policy seeks to strengthen Bank Alfalah's reputation through strategic donations and philanthropic investments, fostering a positive image among its stakeholders.

Moreover, during 2023, the Bank further delivered on its flood relief and rehabilitation programme. During the current year, the Bank has also revised its Corporate Social Responsibility and Philanthropy guidelines, driven by a passion for giving back to the community. The policy seeks to strengthen Bank Alfalah's reputation through strategic donations and philanthropic investments, fostering a positive image among its stakeholders.

For additional details on the Chairman's, President's and the Board's sustainability initiatives, please refer to the 'Chairman's Message', 'President and CEO's Message', and the 'Directors' Report' included within this Annual Report.

Compliance Status
The Bank believes in sustainable growth while adhering to the best ESG procedures. The Bank takes guidance from ESG Indicators from the Pakistan Stock Exchange (PSX). Given below are the contributions made by the Bank and steps in progress:

Pillars	Indicators	Supporting Activities
Environment	Climate risk	The Bank identifies environmental risks and uses mitigation strategies to protect the business and its surrounding environment. For further details, refer to this Annual Report's 'Risk and Opportunities' section.
	Renewable fuels	The Bank supports Green Projects based on Renewable Fuels / Energy, including 1) Solar, 2) Wind, 3) Hydro, and 4) Bagasse. For further details, refer to this Annual Report's 'Sustainability' section.
	Recycling Processes	The Bank has taken various measures to adopt recycling processes to reduce the impacts on climate. This includes responsible waste management through recycling processes, conservative paper printing and reuse of printed papers throughout the organisation. For further details, refer to this Annual Report's 'Sustainability' section.
	Emergency preparedness	The Bank assesses and remains adaptable to the crisis. The bank has board and management level crisis management teams to oversee emergencies and ensure that business continuity plans are in place. For further details on committee TORs, meetings, performance and BCP plans, refer to this Annual Report's 'Governance' section.
	Water management	The Bank takes action to conserve water during its daily operations. Refer to Water Conservation and Sanitation Measures in this Annual Report's 'Sustainability' section.
	Greenhouse gas (GHG) emissions	The Bank is working with WWF to identify its carbon footprints.

Pillars	Indicators	Supporting Activities
Environment	Energy Efficiency	The Bank has taken various steps in this regard: 1. Conversion of normal ACs to Inverter ACs/Solar ACs 2. Work from Home on Fridays for all head office buildings in Karachi & Lahore 3. Opening green branches where they have a lesser dependency on the power grid 4. Making more use of solar energy to fulfil the power needs of the Bank. 5. Financing for modernised farming that produces more crop with less water utilisation.
Social	Health & Safety	The Bank's dedicated Health, Safety, and Environment (HSE) team endeavours for sthe safety of its employees and customers. Further, the Bank has Employee Welfare programmes to support the medical expenses of employees in need Donations to the Health Sector and to employees affected by floods. For further details, refer to this Annual Report's 'Sustainability' section.
	Employee Benefits	Employees are key stakeholders of the Bank. The Bank takes all necessary steps to implement employee-friendly policies, a conducive working environment, health and safety and fair remuneration. For further details, refer to this Annual Report's 'Stakeholders' section.
	Human Rights	The Bank takes all necessary measures to promote human rights on all fronts. Given below are the Bank's contributions: 1. Bank Alfalah complies with IFC guidelines whereby it does not lend money to organisations involved in activities related to child labour; 2. Bank Alfalah offers a six-month paid maternity leave to all female employees and is the only bank to provide a maternity cover incentive to the employees who serve as maternity covers for the women availing maternity leaves; 3. Bank Alfalah actively supports its female and single-parent employees through its childcare policy. This initiative anchors the Bank's commitment to working mothers/single parents as it allows them to arrange a daycare/caretaker while setting their sights on their careers; 4. The Bank has various employee-centric policies aimed at uplifting the economic status of employees. For further details, refer to this Annual Report's 'Stakeholders' and 'Sustainability' sections.

Pillars	Indicators	Supporting Activities
Social	Diversity & Inclusion	Bank Alfalah embarked upon a Diversity and Inclusion (D&I) journey because it strongly believes in the business and social impact created by a diverse workforce and an inclusive work culture. The Bank wants to build a workforce that is representative of different genders, ages, backgrounds, experiences, working styles and abilities. The Bank harbours a commitment towards fostering a workplace culture where people can bring their best and authentic selves every day. The Bank believes that D&I inspires creativity and innovation unlocks productivity, and enhances profitability. For further details, refer to 'Stakeholders' section of this Annual Report.
	Working Conditions	The Bank's professional and experienced HSE (Health, Safety and Environment) and Business Resilience teams continually strive to create a culture that ensures that the Bank's services are made available to customers safely despite any disruptive events or crises. The Bank's frameworks and emergency protocols, proactive planning, training, exercise programmes, advisories and alerts, premises inspections and hazard mitigation plans distinguish the Bank as a standard setter in the industry. For further details, refer to this Annual Report's 'Sustainability' section.
	Impact on Local Communities	Bank Alfalah is committed to Corporate Social Responsibility (CSR). The Bank's CSR initiatives have enhanced its reputation by contributing positively to society. Bank Alfalah remained committed throughout the year and contributed to economic, social and environmental development. Above all, Bank Alfalah was at the forefront of efforts to support the vulnerable and underserved segments of society, especially people affected by the floods. The Bank contributes to institutions, projects, and facilities that share the same belief in philanthropy, which is aligned with the Bank's motto of 'giving back to our communities' and adheres to the Bank's CSR policies. These community services create a ripple effect and alleviate hardships for the less privileged in society. Priority CSR areas for the Bank include education, health, social welfare, environmental sustainability, leadership development, and promotion of sports, arts and culture. For further details, refer to this Annual Report's 'Sustainability' section.

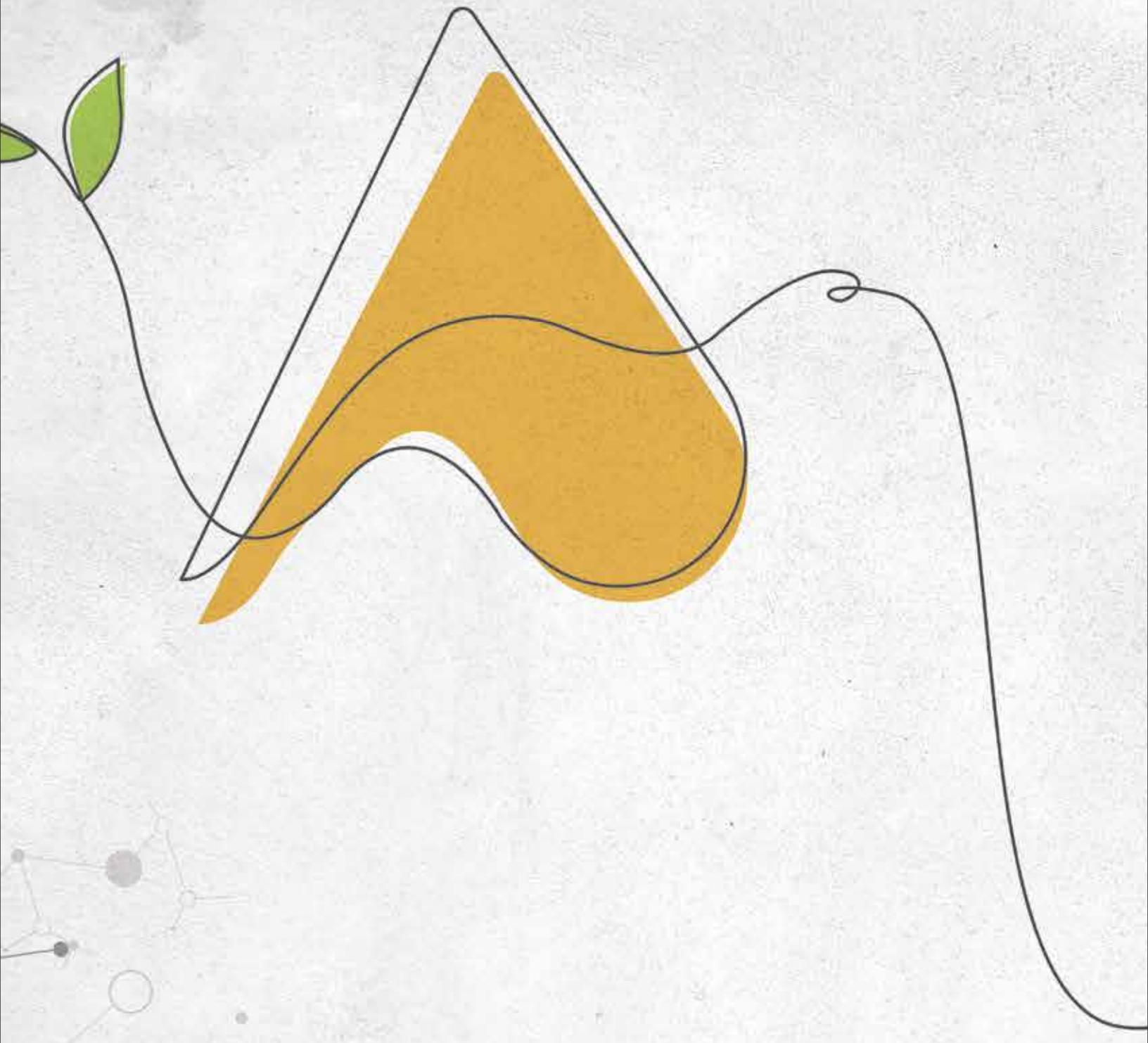
Pillars	Indicators	Supporting Activities
Governance	Board Diversity and Governance	The Bank follows diversity in forming the Board and senior management, including committees. Further, it covers all governance aspects through the formation of policies. For further details, refer to the Governance section within this Annual Report.
	Pay for Performance	The Bank follows remuneration guidelines given by the State Bank of Pakistan. Further, it has board-level committees (Human Resource, Remuneration and Nominations Committee and Compensation Committee) to monitor and ensure transparency in all aspects. The Bank also has a performance-linked appraisal mechanism for its employees. For further details on their TORs, meetings, and committee performance, refer to the Governance section of this Annual Report.
	Stakeholder Engagement	The Bank identifies its stakeholders and monitors its relationships through many communication channels, including regular dialogue. The Bank's primary stakeholders are employees, customers, shareholders/institutional investors, suppliers/vendors, analysts and rating agencies, regulatory bodies, society/community, and media. For further details, refer to the Stakeholders Engagement section within this Annual Report.
	Shareholder Rights	The Bank protects the rights of all of its shareholders through fair policies, transparent disclosures, and constant engagement to ensure effective communication and informed decision-making. The Bank has deputed qualified staff and a share registrar to handle shareholders' matters and ensure their rights are protected. For further details, refer to the Stakeholders Engagement section within this Annual Report.
	Ethical Standards	The Bank adopts fair business practices. It protects the rights of customers. The Bank has Business Ethics and Anti-Corruption Measures in place. For further details, refer to this Annual Report's 'Governance' section.

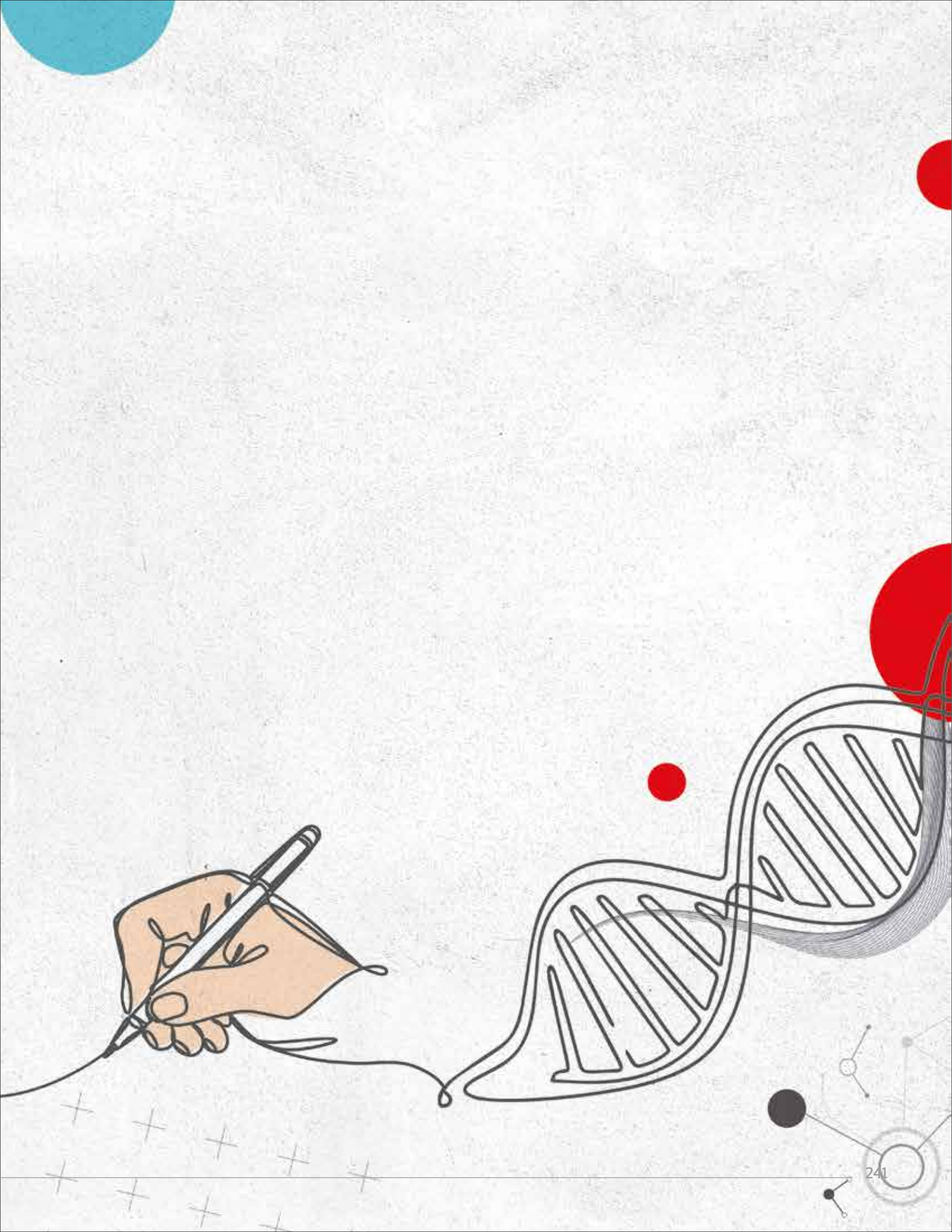
Certifications Acquired and International Standards Adopted

The Environmental Risk & Green Banking Department is responsible for providing Advisory on SBP's Environmental & Social Risk Management (ESRM) implementation manual so that the Bank's internal customers can easily comply with this regulatory ESRM framework. All personnel in the department have acquired IFC online certification of Sustainability Training and E-Learning programme (STEP).

Bank Alfalah's Business Resilience and Health & Safety team has acquired reputable, industry-wide and internationally recognised degrees and certifications, including National Examination Board in Occupational Safety and Health (NEBOSH) International General Certification, Highfield Awarding Body for Compliance (HABC) Level 2-International Certification in Fire Safety, HABC-Certified International First Aider, Diploma (HSE), ISO 22301 – Business Continuity Management, ISO 45001 – Occupational Health and Safety Management System, CEH, etc.

GOVERNANCE





Board of Directors



His Exellency Sheikh Nahayan Mabarak Al Nahayan

Chairman



Mr. Abdulla Nasser Hawaileel Al Mansoori

Director



Mr. Abdulla Khalil Al Mutawa

Director



Mr. Khalid Mana Saeed Al Otaiba

Director



Mr. Khalid Qurashi

Director



Dr. Gyorgy Tamas Ladics

Director



Dr. Ayesha Khan

Director



Mr. Atif Aslam Bajwa

Director and CEO



Mr. Efstratios Georgios Arapoglou

Director

His Excellency Sheikh Nahayan Mabarak Al Nahayan

Chairman

His Excellency Sheikh Nahayan Mabarak Al Nahayan is a prominent member of the ruling family of Abu Dhabi, United Arab Emirates. Currently, His Excellency is UAE Cabinet Member and Minister of Tolerance and Coexistence. Prior to his current responsibility, he served as Minister of Culture and Knowledge Development; Culture, Youth, and Social Development and Minister of Higher Education and Scientific Research. Besides his ministerial responsibilities, he has been playing a leading and distinguished role in the educational advancements, focusing on the role of education in achieving development and progress. His Excellency also holds various offices as Chairman and Director at Board and Trusts along with Patronship of various local and foreign organizations and affiliates. His direct and indirect business interest spread throughout various industry sectors such as banking, telecom, insurance, hospitality, healthcare, construction, and investment management in Pakistan, UAE, Middle East, Europe, and the US.

Moreover, he supports many charitable institutions and devotes special attention to the disabled children as the Honorary President of Future Rehabilitation Center, formerly known as Future Center for Special Needs. His Highness is also recipient of Pakistan's highest civilian award, the "Hilal-e-Pakistan", which was conferred upon him in 2005 for his contribution to the economic growth of Pakistan. His Excellency received his education from the British Millfield School until the high secondary level before joining Magdalen College at Oxford University-UK.

Mr. Abdulla Nasser Hawaileel Al Mansoori

Director

Mr. Abdulla Nasser is a prominent businessman of Abu Dhabi, UAE. Presently the Chairman of the Board, Al Nasser Holdings and Group Companies which have diversified activities ranging from Oilfield services, Retailing, Investments, Manufacturing Industries, Real estate and Food & Beverage.

He served as a member of UAE Federal National Council, Member of Abu Dhabi Executive Council and Member of the Board of Directors of the Abu Dhabi Council for Economic Development. In addition, he also held Board positions as Director of Mashreq Bank, Director of United Arab Bank and Director of Dubai Islamic Bank.

Mr. Abdulla Nasser Hawaileel holds a B.Sc. (Hons) degree in Electrical Engineering from Swansea University, UK.

Mr. Abdulla Khalil Al Mutawa

Director

Mr. Abdulla Khalil Al Mutawa is serving in the position of H.E. Sheikh Suroor Bin Mohammad Al Nahyan Private Office Advisor. He is Chairman of the Board of Makhazen Investment PJSC - (Private Joint – Stock) in Abu Dhabi and is a non-Executive Member of the Board of EFG Hermes in Egypt; Mr. Abdulla Khalil Al Mutawa holds a B.Sc. in Business Administration from the University of North Carolina, USA.

Mr. Khalid Mana Saeed Al Otaiba

Director

Mr. Khalid Mana Saeed Al Otaiba is the Office Manager of His Excellency Dr. Mana Saeed Al Otaiba (Personal Advisor to His Highness, the President of UAE).. Mr. Khalid is the Director of Alfalah Insurance Company Limited, Pakistan and EFG Hermes Holding, S.A.E. He is also Chairman of Liwa International Investment Tourism and Royal Mirage Hotel & Resort Ltd, Morocco. He is also a Director of Ghantout International. Mr. Khalid Mana Saeed Al Otaiba holds a Bachelor of Arts & Science degree in International Economics from Suffolk University of Massachusetts, Boston, USA.

Mr. Khalid Qurashi

Director

Mr. Khalid Qurashi is a retired banker with considerable international banking experience. He has worked for 38 years with a major US international bank, where his area of expertise was in corporate risk management and profit center/franchise management. He was responsible for risk management for the Middle East, Africa and Turkey operations. He contributed materially to overall institutional policy debate and strategy formulation. Before he took over responsibilities as a risk senior, he managed some large country franchises in the Middle East and Africa, where the portfolio encompassed a wide spectrum ranging from large corporates, to governments, to financial institutions as well as SMEs and PE companies. Mr. Qurashi has previously served on the Board of Directors of Bank Alfalah from May 2015 to February 2018. He has also served as Board member at TMB Pakistan, NMB Bank Zimbabwe, Citibank Nigeria, Vice Chairman, Citi International Islamic Bank Bahrain and as a consultant at HBL Pakistan. Presently, he is an independent member of the Board of HBL Bank, UK. He is also an advisor and member of Investment Committee of Sidra Capital, Saudi Arabia, a shariah compliant asset manager that specializes in income generating real estate and private finance strategies. He holds Master's Degree in Business Administration from IBA/Karachi University.

Dr. Gyorgy Tamas Ladics

Director

Dr. Gyorgy Tamas Ladics is a seasoned financial services professional with over 30 years of experience in the financial services industry, formulating digital strategies and businesses transformation globally. He brings extensive experience in Digital Banking, Digital Transformation, FinTech collaboration, Innovation, Business strategy formulation. Skilled in the strategic planning and use of information technology, business processes and providing practical solutions to business issues. Wide geographical field experience including UAE, Egypt, Africa, India, Pakistan, Central Europe, Russia, Singapore, and Brunei. At present he is Chief Executive Officer of Silverlake Symmetri. In the past, he has worked as Chief Operating Officer at Bank Islam Brunei Darussalam and International Director at Fajr Capital, Chief Technology Officer with Barclays Bank, Emerging Market, Regional Technology Office, Dubai, Chief Operating Officer, Prague, Citibank Central Europe Cluster, Head of Operations Citibank Hungary, Budapest etc. Dr. Gyorgy holds Doctorate Degree in Economics and Master's Degree in Electrical Engineering and Informatics from Budapest University of Technology and Economics.

Dr. Ayesha Khan

Director

Dr. Ayesha K. Khan, is an expert in the field of corporate strategy and institutional growth in emerging markets. She is currently the CEO and Regional Managing Director at Acumen – a global impact investment fund, where she focuses on climate finance and investments across the Agriculture value chain. As part of this work, she sits on various high-level committees advising the Pakistan government on climate finance and impact investing. In this context she has been recognized by multiple organisations, including GLF (Germany), where she was selected as one of 16 Women Renewing the Earth (2023) and Fin-Erth (UK) where she was awarded the inaugural Women in Climate award for unlocking capital (2024). Dr. Khan is an Independent Director on the Board of Bulleh Shah Packaging (Pvt) Limited and a Director of NRSP Microfinance Bank. She has previously been the head of strategy and corporate planning at HBL and also served as an Independent Director on the Board of Fauji Fertilizer Company Limited. Dr, Khan previously worked in New York as a management consultant with McKinsey and Company, where she focused on the financial sector, taught economics at Harvard University and consulted with the UNDP on the Millennium Development Project. Dr. Khan holds a doctorate from Harvard Business School (HBS), where she focused on corporate strategy, institutional development and emerging markets. Her doctoral research concentrated on consumer financial choices in the banking sector. In addition, Dr. Khan has authored HBS case studies and published several articles focused on various aspects of building a successful business for various publications - including the Harvard Business Review and Harvard Law School ILSP. Dr. Khan also holds a graduate degree in International Development from Harvard Kennedy School, as well as an undergraduate degree in Economics from Princeton University.

Mr. Atif Aslam Bajwa

Director and CEO

Mr. Atif Bajwa has an extensive international career spanning more than 40 years of executive leadership roles in banking, and of multiple boards and public interest positions. He started his professional journey with Citibank in 1982, and has since held numerous senior positions in large local and multinational banks, including President/CEO of Bank Alfalah, President/CEO of MCB Bank and Soneri Bank, Regional Head of Citigroup for Central and Eastern Europe, Head of Consumer Banking of ABN AMRO's Asia Pacific region, and Country Manager of ABN AMRO Pakistan. Mr. Bajwa has been active in business, social and public interest areas, and has led key advocacy institutions to impact economic and social sectors. In this regard, he has served as the Chairman of Pakistan Business Council (PBC), and the President of Overseas Investors Chamber of Commerce and Industry (OICCI). He has also served as the Director on Boards of various private and public sector companies. Mr. Bajwa received his education from the Columbia University, New York.

Mr. Efstratios Georgios Arapoglou

Director

Takis Arapoglou is a consultant with an earlier career in International Capital Markets and Corporate & Investment banking based in London and later in managing, restructuring and advising publicly listed Financial Institutions and Corporates in South Eastern Europe and the Middle East. Most recent executive assignments include: Managing Director and Global Head of the Banks and Securities Industry for Citigroup (1997-2004), Chairman and CEO of the National Bank of Greece (2004-2009), Chairman of the Hellenic Banks Association (2004-2009), CEO of Commercial Banking at EFG-Hermes Holding SAE (2010-2012). He has an over fifteen years of experience in chairing boards and being a member of boards and board committees of international companies, focusing on Governance, Risk Management, Digital transformation and Sustainability. He is presently holding the following non-executive board positions: Chairman of Bank of Cyprus- listed in the Athens Stock Exchange, Chairman of Tsakos Energy Navigation- listed in the New York Stock Exchange, independent board member of EFG-Hermes Holding- listed in the Cairo Stock Exchange. He is a member of the Business Advisory Council for the International MBA program at the Athens University of Economics and Business. He holds degrees in Mathematics, Engineering and Management from Greek and British Universities.

Senior Management



Faisal Rabbani
Chief Risk Officer

Haroon Khalid
Group Head, Compliance and Business Solutions

Faisal Farooq Khan
Chief Human Resources Officer

Khawaja Muhammad Ahmad
Group Head, Operations and Corporate Services

Anjum Hai
Chief Financial Officer

Tahir Khurshid
Group Head, Audit and Inspection

Mohammad Raheel Yousuf
Chief Marketing Officer

Pervez Shahbaz
Group Head, Treasury and Capital Markets

Muhammad Akram Sawleh
Company Secretary and Group Head, Legal and Corporate Affairs



Mehreen Ahmed
Group Head, Retail Banking

Aasim Wajid Jawad
Group Head, Strategy, Transformation and Customer Experience

Farooq Ahmed Khan
Group Head, Corporate, Investment Banking and International Business

Dr. Muhammad Imran
Group Head, Islamic Banking

Atif Aslam Bajwa
President and Chief Executive Officer

Zahid Anjum
Group Head, Special Asset Management

Muhammad Yahya Khan
Chief Digital Officer

Mohib Hasan Khan
Chief Information Officer



Atif Aslam Bajwa

President and
Chief Executive Officer

Mr. Atif Aslam Bajwa has an extensive international career spanning over 40 years of executive leadership roles in banking, and of multiple boards and public interest positions. He is serving as the Director on boards of various private and public sector companies. Mr. Bajwa received his education from Columbia University, New York.



Farooq Ahmed Khan

Group Head Corporate,
Investment Banking and
International Business

Mr. Farooq Ahmed brings a wealth of experience, boasting a remarkable career spanning over 28 years within the financial sector. His career includes tenures at renowned institutions such as Faysal Bank, MCB Bank, Eco Trade & Development Bank, and United Bank Limited.
Prior to his appointment at Bank Alfalah, Farooq held the position of Group Executive-Corporate & Investment Banking Group at United Bank Limited. His impressive credentials extend to his academic background, holding a Master of Business Administration (MBA) degree from John M. Olin School of Business at Washington University in St. Louis, Missouri, USA.



Mehreen Ahmed

Group Head,
Retail Banking

Ms. Mehreen Ahmed is currently heading the Retail Banking Group of Bank Alfalah. She joined Bank Alfalah in April 2012 as the Group Head, Consumer Business and New Initiatives. She carries 36 years of banking and non-banking experience with financial institutions, including Soneri Bank, MCB Bank and Standard Chartered Bank. She holds an MBA degree in Finance and Marketing from the Institute of Business Administration (IBA).



Muhammad Yahya

Chief Digital Officer

Mr. Muhammad Yahya Khan joined Bank Alfalah as the Group Head, Digital Banking in February 2018. He has over 28 years of banking and non-banking experience with leading organisations like ICI Pakistan, Engro Chemical, Unilever Pakistan, AXA Sun Life Services (UK), PricewaterhouseCoopers (London), J.P. Morgan Chase Bank (London) and Telenor Bank. He is a Fellow Chartered Accountant and holds an M.Sc. degree from the Cranfield University, UK.



Dr. Muhammad Imran

Group Head, Islamic Banking

Dr. Muhammad Imran joined Bank Alfalah in August 2018. He has over 27 years of banking and non-banking experience with leading institutions like National Bank of Oman, UBL, Bank Islami Pakistan Limited, Standard Chartered Bank, Shell Pakistan Limited and Philips Pakistan Limited. He holds a Ph.D. in Economics from the University of Karachi and a Master's degree in Business Administration from the IBA, Karachi, where he was awarded a gold medal.



Pervez Shahbaz Khan

Group Head, Treasury and Financial Markets

Pervez Shahbaz Khan has over 30 years of diversified experience in the field of Treasury and Global Markets both locally and internationally. During his career, he has been associated with Credit Agricole Indosuez, ABN Amro Bank, Citibank, The Royal Bank of Scotland and Askari Bank Limited. He is a business graduate with an MBA degree from the Institute of Business Administration.



Anjum Hai

Chief Financial Officer

Ms. Anjum Hai joined Bank Alfalah as Chief Financial Officer in November 2017. She has over 30 years of work experience across financial institutions like Soneri Bank Limited, Citibank N. A. Pakistan, Faysal Bank Limited and A. F. Ferguson & Company. She is a Fellow Member of the Institute of Chartered Accountants of Pakistan as well as a Fellow Member of the Associated Chartered Certified Accountants. She also holds an Accelerated Certificate in Company Direction from the Institute of Directors, UK.



Faisal Farooq Khan

Chief Human Resources Officer

Mr. Faisal Farooq Khan has over 34 years of diversified experience in the fields of Human Resources, Sales and Marketing. During his career, he has been associated with ICI Pakistan Ltd., MCB Bank Ltd., Soneri Bank Ltd. and Khaadi SMC Pvt. Ltd. He holds a Mechanical Engineering degree from NED University and an MBA degree from the Lahore University of Management Sciences (LUMS).



Faisal Rabbani

Chief Risk Officer

Mr. Faisal Rabbani joined Bank Alfalah in November 2018. He has over 34 years of extensive banking experience with renowned financial institutions like Abu Dhabi Islamic Bank (UAE), Noor Bank (UAE), Commercial Banking Group (UAE) and Citibank Pakistan. He has been heading Credits, Risk Management, Commercial Banking, Trade Finance and Cash Management products. He holds a Master's degree in Business Administration from the IBA, Karachi.



Aasim Wajid Jawad

Group Head, Strategy, Transformation and Customer Experience

Mr. Aasim Wajid joined Bank Alfalah as the Group Head, Strategy in June 2013. Prior to this, he served in various senior and leading positions with institutions like United Bank Limited, Associated Industries Garments Pakistan Pvt. Limited, Ernst & Young LLP (London), Deloitte & Touche LLP (London), RSM Robson Rhodes LLP, Chartered Accountants (London) and Blick Rothenberg, Chartered Accountants (London). He is a Fellow Chartered Accountant and holds a Bachelor of Science degree from the London School of Economics.



Khwaja Muhammad Ahmad

Group Head, Operations and Corporate Services

Mr. Khawaja Muhammad Ahmad joined Bank Alfalah in April 2015. He is currently heading the Operations and Corporate Services Group. He has over 31 years of experience in diverse areas of banking with institutions like Standard Chartered Bank, Prime Commercial Bank, The Bank of Punjab, Dubai Islamic Bank (UAE), Allied Bank and Soneri Bank Limited. He holds a Bachelor's degree in Finance from the Drake University Iowa, USA.



Mohib Hasan Khan

Chief Information Officer

Mr. Mohib Hasan Khan joined Bank Alfalah as the Chief Information Officer in January 2016. He holds over 29 years of experience in Information Technology with financial institutions like Habib Bank Limited and Bank Al Habib Limited along with international work experience of handling IT affairs globally in 28 countries. He holds a Bachelor of Engineering in Computer Systems and an MS degree in Electrical Engineering from the NED University.



Haroon Khalid

Group Head, Compliance and Business Solutions

Mr. Haroon Khalid is currently heading the Compliance and Control Group of Bank Alfalah. He carries over 28 years of banking experience, primarily with MCB Bank, and has 16 years of association with Bank Alfalah since joining the Bank in May 2007. He holds an MBA degree from the Lahore University of Management Sciences (LUMS).



Muhammad Akram Sawleh

Company Secretary and Group Head, Legal and Corporate Affairs

Mr. Muhammad Akram Sawleh joined Bank Alfalah in August 2018. He has over 32 years of diversified experience as a practicing lawyer as well as in-house counsel for renowned corporations like Habib Bank Limited, Standard Chartered Bank, Union Bank and the State Bank of Pakistan. He holds an LLB degree from the University Law College, Punjab University, Lahore.



Tahir Khurshid

Group Head, Audit and Inspection

Mr. Tahir Khurshid, with over 28 years of experience, heads the Audit and Inspection Group at Bank Alfalah. He is a Certified Internal Controls Auditor (CICA) from the Institute of Internal Controls, USA. Before joining Bank Alfalah in August 2002, he worked at MCB Bank Limited and Ford Rhodes Robson Morrow.



Zahid Anjum

Group Head, Special Assets Management

Mr. Zahid Anjum joined Bank Alfalah in August 2018. He has over 31 years of diversified experience with leading commercial banks. His main area of expertise has been Management of Special Assets, Credit Management, and Structuring and Relationship Management. Prior to joining Bank Alfalah, he was associated with Faysal Bank Limited as Head Special Assets Management and Government Relations. He holds a Master's degree in Business Administration and Law from the Punjab University, Lahore.

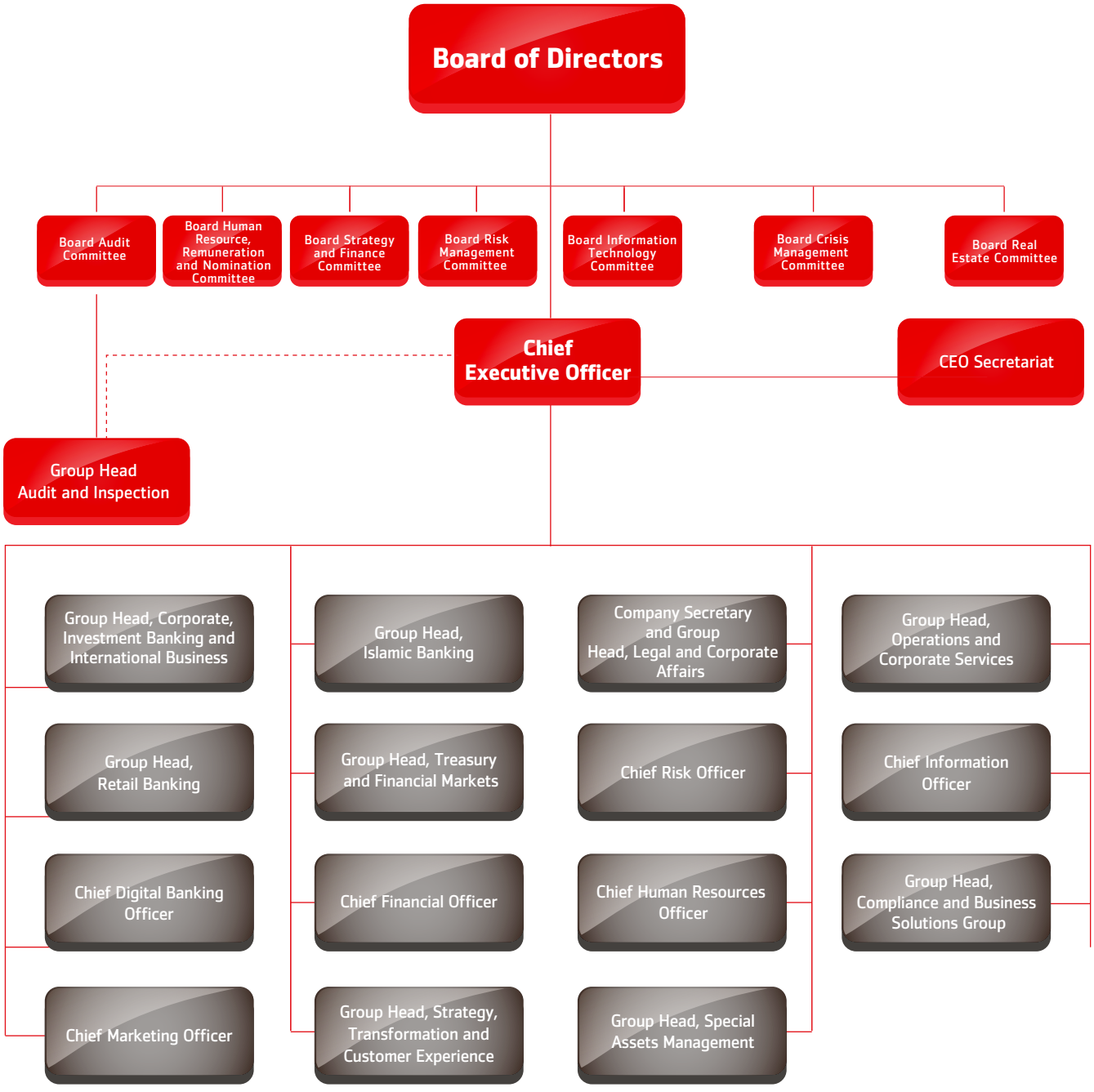


Mohammad Raheel Yousuf

Chief Marketing Officer

Mr. Mohammad Raheel Yousuf joined Bank Alfalah in May 2018. He has over 23 years of diversified experience in areas of Marketing, Branding and Strategic Planning with institutions like Habib Bank Limited, Group M Pakistan, Manhattan Intl. Private Limited, Adcom Private Limited and Emirates Global Islamic Bank Limited. He holds a Master's degree in Business Administration from the Pakistan Institute of Management.

Organisational Structure



Legends

Administrative Reporting

Functional Reporting

Role of the Board and the Management

Role of the Board

The Board of Directors assumes its role independent of the day-to-day operations run by the Management and focuses on policymaking, governs the affairs of the Bank to achieve strategic objectives, and provides general direction, oversight and supervision of the affairs and business of the Bank. The Board has ultimate responsibility for the strategic direction and control of the Bank. The Board has delegated to the Senior Management Team, under the leadership of the Chief Executive Officer, the responsibility to deliver on the strategic direction and goals determined by the Board. A key function of the Board is to monitor the performance of the Senior Management.

The Board periodically establishes Committees to streamline the discharge of its responsibilities. For each Board Committee, the Board adopts formal Terms of Reference (ToR) setting out the matters relevant to the composition, roles, functions, responsibilities and administration of such Committees. The Board has currently established the following Board Committees:

- Board Audit Committee
- Board Strategy and Finance Committee
- Board Risk Management Committee
- Board Human Resources, Remuneration and Nomination Committee
- Board Information Technology Committee
- Board Crisis Management Committee
- Board Real Estate Committee

The Board Committees' ToR are reviewed periodically and on need basis. It is intended that each Board Committee has a Non-Executive Director as Chairman of the Committee. As a matter of principle, Committee Members have access to appropriate external and professional advice needed to assist the Committee in fulfilling its role.

Role of the Management

The Management Committees' composition and operating methodologies are covered on coming pages within this section.

The Management of the Bank implements strategies approved by the Board of Directors in order to generate optimal performance of the Bank. The senior management, under the charge of the President and CEO, executes all goals and objectives of the Bank in line with the company's strategies, risk management, compliance, compensation, and all other Board-approved policies.

Roles and Responsibilities of the Chairman and the CEO

The Chairman of the Board and the Chief Executive Officer of the Bank play a substantial and significant role in the overall growth of the Bank by providing the Management with strategic direction and helping it materialise its Mission and Vision.

In this regard, key roles and responsibilities of the Chairman and the CEO are described below.

Key Roles and Responsibilities of the Chairman

The Chairman of the Board acts as a leading figure for the Board of Directors, and is entrusted with numerous responsibilities and roles ranging from monitoring Board level decision-making activities to safeguarding the Bank's commercial interests.

Other responsibilities include:

- To serve as a leader and driving agent of the Board of Directors, monitoring and managing all of its activities, and aligning the Board's goals and decisions with that of the Management;
- To ensure that the Board stays in the right direction with respect to achieving its objectives;
- To preside over the Board's meetings and general meetings and ensure that these meetings are executed productively, and key agenda is discussed along with a valuable conclusion/decision. The Chairman also oversees the Board's key decision-making activities; and
- To exercise powers and authorities that are vested in and conferred to the Chairman under the Terms of Reference of Board Committees as approved by the Board of Directors.

Key Roles and Responsibilities of the President and CEO

The Chief Executive Officer at Bank Alfalah also plays a critical and significant role, and is entrusted with numerous responsibilities, subject to the control and supervision of the Board of Directors.
Key responsibilities include:

- To serve as the link between the Board and Senior Management for execution of Board driven vision and strategies;
- To manage and administer the affairs of the Bank in accordance with laws, rules, regulations, and the Memorandum and Articles of Association of the Bank;
- To comply with and ensure bank-wise implementation of and compliance with all policies, procedures and manuals approved by the Board of Directors, and any directives given by the Board of Directors or Board Committee(s);
- To prepare plans for growth and expansion of the Bank's operations in Pakistan and abroad, and submit the same for consideration and approval of the Board of Directors;
- To appoint, promote, transfer, suspend or dismiss employees of the Bank and fix their remuneration and other entitlements in accordance with the policies and procedures approved by the Board of Directors;
- To deal with, represent, and act on behalf of the Bank before the State Bank of Pakistan, Securities and Exchange Commission of Pakistan, federal and provincial ministries, government departments, local bodies, corporations, courts, stock exchanges, and any other competent authority; and
- To ensure that the Bank performs to the highest levels of ethical, legal and business standards in order to execute the Bank's strategies effectively in line with all applicable laws.
- To ensure that the culture and values of the Bank are upheld at all times, the Board receives timely, accurate and complete information, shareholders' interests are protected in compliance with laws and regulations, meetings are duly recorded, productive participation of board members, and effective resolution of issues.

Board Committees and Terms of Reference

Board Audit Committee

- To oversee the integrity of the accounting and financial reporting processes, including internal controls over financial reporting, as well as of the financial statements with focus on compliance with applicable accounting and reporting standards to give a true and fair view of the financial position and performance of the Bank.
- To oversee the Bank's compliance with legal and regulatory requirements.
- To oversee the Internal Control Framework (both Policies as well as Procedures), established by the Management, to ensure compliance with applicable laws and regulations, and to ensure adherence to Accounting and Reporting Standards.
- To oversee adherence of employees and the Management to the Bank's Control Framework and Code of Conduct.
- To recommend appointment of the External Auditor to the BOD, after, thorough analysis of qualification and competence, and ensuring its independence from the Management.
- To review the Management letter and/or any other communication stating significant issues raised by External Auditors and Management response to each of the financial reporting and internal control issues, and to ensure the implementation of recommendations of External Auditors, where considered appropriate.
- To establish and ensure smooth functioning of an independent, objective and competent Internal Audit Group supported by adequate resources.
- To review the performance of Internal Audit Function (IAF) and External Auditors.
- To review and recommend to the Board of Directors amendments in the 'Internal Audit Policy'.
- To ensure the conformance of Internal Audit activities to Global Internal Audit Standard International Standards for the Professional Practice of Internal Auditors, issued by the Institute of Internal Auditors (IIA) and Information Systems Audit & Control Association (ISACA), where applicable.
- To approve the Audit Manual, Assurance Level and Internal Audit Plan, prepared and presented by CIA/Head of Internal Audit, after thorough discussion and analysis, with prime focus on Risk Based Audit Approach.
- To oversee Shariah Audit Function, Credit Risk Review of the credit portfolio and the Management's actions for identification of gaps, and implementation of controls as a preventive measure against frauds in line with the fraud prevention policy.
- To review and discuss with CIA/Head of Internal Audit, as Secretary BAC, the status of implementation of the Committee's decisions and reasons for any significant delay(s) together with Committee's direction for necessary actions.
- To review the Bank's risk assessment related to Anti-Money Laundering (AML)/Combating the Financing Terrorism (CFT)/ Proliferation Financing (PF)/Targeted Financial Sanctions (TFS) risk factors.
- To review sanctions and CFT statistics of account freeze/unfreeze and statistics of Currency Transaction Reports (CTR) and Suspicious Transaction Reports submitted to the Financial Monitoring Unit.
- To formulate and approve Key Performance Indicators (KPIs) of CIA/Head of Internal Audit.
- To review the effectiveness of Whistle Blow mechanism of the Bank.
- To evaluate, at least annually, its own performance and report the results of such evaluation to the Board, in accordance with the Board Evaluation process.
- To fulfil any other task/responsibility assigned by the Board as well as by the Regulators.

Committee Members

Mr. Khalid Qurashi
Chairman

Mr. Abdulla Khalil Al Mutawa
Member

Mr. Khalid Mana Saeed Al Otaiba
Member

Dr. Ayesha Khan
Member

Mr. Efstratios Georgios Arapoglou
Member

Mr. Tahir Khurshid
Secretary

Meetings held during the year

- 30th January, 2024
- 31st January, 2024
- 23rd April, 2024
- 31st July, 2024
- 16th October, 2024
- 21st November, 2024

Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Directors' participation in the meetings.

Board Human Resources, Remuneration and Nominations Committee

- To ensure that HR policies and practices are in line with market dynamics and the business objectives of the Bank.
- To design competitive compensation programmes that attract, retain and motivate staff to achieve business objectives of the organisation, while enhancing and sustaining shareholder value.
- To review the implementation of the State Bank of Pakistan's remuneration guidelines, and ensure that remuneration policy is aligned with significant requirements of the guidelines.
- To periodically examine the Bank's remuneration policy.
- To review and recommend the HR policies of the Bank to the Board and ensure development of new policies to help attract, retain, develop and motivate talent.
- To review the Management Structure/Organogram of the Bank.
- To review and recommend the selection/appointment/ reappointment, evaluation, compensation, increments, performance bonuses, fringe benefits, including retirement benefits, and terms and conditions of service agreement of the CEO to the Board.
- To review and recommend to the Board the selection, evaluation and compensation of key executives of the Bank as defined in the State Bank of Pakistan's Fit and Proper Test Criteria (SBP's FPT).
- To review and confirm the job descriptions of key executives, and to review and recommend the appointments and promotions of all key executives and general managers.
- To investigate and recommend resolutions to the Board of major violations of the Code of Business Conduct and Ethics that may relate to personnel or internal controls relating to Human Resource policies or benefits.
- To consider/review and recommend to the Board, the remunerations to be paid to the Non-Executive Directors of the Bank for attending Board and Board Committee meetings.
- To review and monitor the training and development budget.
- To evaluate, at least annually, its own performance and report the results of such evaluation to the Board, in accordance with the Board Evaluation process.
- To look after any other matters relating to Human Resource Management.

Committee Members

Mr. Efstratios Georgios Arapoglou
Chairman

Mr. Abdulla Khalil Al Mutawa
Member

Mr. Khalid Mana Saeed Al Otaiba
Member

Dr. Gyorgy Tamas Ladics
Member

Mr. Khalid Qurashi
Member

Dr. Ayesha Khan
Member

Mr. Muhammad Akram Sawleh
Secretary

Meetings held during the year

- 31st January, 2024
- 15th October, 2024
- 21st November, 2024

Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Directors' participation in the meetings.

Board Strategy and Finance Committee

- To assist the Board in performing its functions and responsibilities with focus on policy-making and general direction, oversight and supervision, within the framework of applicable regulations, and without involvement in the day-to-day operations of the Bank.
- To review all matters relating to strategy and finance, as well as all other matters not specifically covered in the Terms of Reference of other specialised Board Committees.
- To review the strategic plan of the Bank, and periodically monitor the status of the implementation of the approved strategic plan. To review the annual business and capital expenditure budgets, operational budgets and periodic reviews of the Bank's performance, vis-à-vis the approved budget and in comparison with peer banks and the industry.
- To review the financial and operational performance of the Bank as well as acquisitions, investments, impairments/write-offs, claims against the Bank, etc.
- To oversee aspects of capital management, including issuance of shares and capital instruments, issuance of cash/stock dividend and capital injection decisions for overseas operations.
- To review and approve capital expenditure, recurring and operating expenses, and write-offs as per defined thresholds.
- To review, obtain updates on and recommend annual branch network expansion plans for approval to the Board, including plans for overseas operations, and establishing companies/operations/offices in new overseas locations.
- To review and recommend Shariah Board reports in compliance with the SBP Shariah Governance Framework, for approval to the Board.
- To review and recommend matters relating to the shareholders and related parties to the Board in consultation with the Chairman.
- To evaluate, at least annually, its own performance and report the results of such evaluation to the Board, in accordance with the Board Evaluation process.

Committee Members

Mr. Abdulla Khalil Al Mutawa
Chairman

Mr. Khalid Mana Saeed Al Otaiba
Member

Dr. Ayesha Khan
Member

Dr. Gyorgy Tamas Ladics
Member

Mr. Khalid Qurashi
Member

Mr. Efstratios Georgios Arapoglou
Member

Mr. Atif Aslam Bajwa
Member

Mr. Aasim Wajid Jawad
Secretary

Meetings held during the year

- 11th January, 2024
- 29th January, 2024
- 31st January, 2024
- 3rd April, 2024
- 22nd April, 2024
- 31st July, 2024
- 25th September, 2024
- 22nd November, 2024

Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Directors' participation in the meetings.

Board Risk Management Committee

- To establish and maintain a system to oversee Risk Management policies and principles.
- To review the adequacy and effectiveness of the Risk Management process across the Bank.
- To establish and maintain the Risk Management Framework to identify risks, and to evaluate the alignment and effectiveness of Risk Management activities.
- To review the Bank's strategy from a risk perspective and ensure that it is prepared in accordance with the Bank's policies.
- To review and recommend to the Board, the Bank's overall risk appetite and delineate risk tolerance in relation to credit, market, liquidity, operational, Shariah, legal and outsourcing risk, Trade Based Money Laundering Risk and any other material risk faced by bank; ensuring adequacy of bank liquidity and capital profile.
- To approve the exposure limits in relation to Risk Management strategies, and review compliance with these limits.
- To ensure a system to identify any exceptions to the appetite/ limits and Risk Management policies and procedures, and to take timely corrective measures.
- To review Risk Management information reports, evaluate findings and the appropriateness of the remedial measures, and direct necessary actions, besides reviewing internal risk rating models , ICAAP, Stress Testing results and recommending the same for the Board approval where required.
- To recommend to the Board the delegation of authorities to Management Committees to achieve the Board mandated strategic direction.
- Review of Risk related reporting.

Committee Members

Mr. Khalid Mana Saeed Al Otaiba
Chairman

Mr. Abdulla Khalil Al Mutawa
Member

Mr. Khalid Qurashi
Member

Dr. Ayesha Khan
Member

Mr. Atif Aslam Bajwa
Member

Mr. Farhan Ali
Secretary

Meetings held during the year

- 30th January, 2024
- 22nd April, 2024
- 30th July, 2024
- 15th October, 2024
- 21st November, 2024

Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Directors' participation in the meetings.

Board Information Technology Committee

- To review and recommend the IT Strategy and Digital Strategy of the Bank to the Board.
- To advise and report to the Board on the status of technology activities and digital initiatives in banks.
- To review and monitor the implementation of the SBP's 'Enterprise Technology Governance and Risk Management Framework'.
- To monitor the overall impact of the Information Technology infrastructure and applications on businesses and customers, and to assess and address strategic gaps and issues.
- To monitor, oversee and optimise investments related to technology and capital expenditure related to Information Technology, and to make recommendations to the Board for approval of IT budget.
- To reinforce Information Technology roles and responsibilities through relevant policies and to issue high-level policy guidelines.
- To ensure that effective Risk Management strategies, including Information Security Risk, are designed and implemented to achieve resilience, enabling effective response to wide-scale disruption, cyber attacks, attacks on critical infrastructure, and other security threats.
- To monitor and track all major technology related projects, ITG performance and IT services delivery.
- To ensure compliance of regulatory requirements.
- To review IT Capacity Planning and Resource Management, including financial, data and information, infrastructure and assets, human resource staff development, recruitment and the retention of skilled staff, and vendors.
- To evaluate, at least annually, its own performance and report the results of such evaluation to the Board, in accordance with the Board Evaluation process.

Committee Members

Dr. Gyorgy Tamas Ladics
Chairman

Mr. Abdulla Khalil Al Mutawa
Member

Mr. Khalid Mana Saeed Al Otaiba
Member

Mr. Efstratios Georgios Arapoglou
Member

Mr. Khalid Qurashi
Member

Mr. Atif Aslam Bajwa
Member

Mr. Aasim Wajid Jawad
Secretary

Meetings held during the year

- 30th January, 2024
- 23rd April, 2024
- 30th July, 2024
- 21st November, 2024

Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Directors' participation in the meetings.

Board Crisis Management Committee

- To review and recommend the Business Continuity Plan and the Disaster Recovery Plan of the Bank due to the crisis for approval of the Board.
- To identify 'mission-critical' and key risks, and take specific and targeted actions to setup a reasonable system of regular and timely reporting of the risks and their mitigants to the Board.
- To assess all impacts of the crisis on business operations, employees, customers and key stakeholders of the Bank, and to suggest measures to manage the same.
- To monitor industry trends, best practices, tools and techniques to deal with the crisis.
- To receive reports and monitor emerging risks due to the crisis at regular intervals, and recommend necessary mitigating strategies for the same.
- To review and inform the Board (if necessary) about the communication strategy to deal with the crisis.
- To review the Bank's strategy from a Risk Management perspective to deal with the crisis.
- To assess the financial strength and solvency issues of the Bank during and after the crisis and advise the Board accordingly.
- To highlight most imminent challenges to macroeconomic stability in the banking industry, as a result of crisis.
- To ensure that proper governance principles/procedures and practices are being followed in order to meet any potential litigation/regulatory risk.
- To approve any expenditure, necessary to deal with the crisis.
- To evaluate, at least annually, its own performance and report the results of such evaluation to the Board, in accordance with the Board Evaluation process.

Committee Members

Mr. Abdulla Khalil Al Mutawa
Chairman

Mr. Khalid Mana Saeed Al Otaiba
Member

Dr. Ayesha Khan
Member

Dr. Gyorgy Tamas Ladics
Member

Mr. Khalid Qurashi
Member

Mr. Atif Aslam Bajwa
Member

Mr. Aasim Wajid Jawad
Secretary

Meetings held during the year

- 13th August, 2024

Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Directors' participation in the meetings.

Board Real Estate Committee

- To review, recommend and approve real estate proposals of the Bank and to make/amend relevant policies thereunder.
- To review and recommend to the Board any property acquisition proposed by the Management.
- To review and assess the adequacy of its TORs and recommend to the Board any amendments or modifications in the TORs that the BREC deems appropriate.
- To evaluate, at least annually, its own performance and report the results of such evaluation to the Board, in accordance with the Board Evaluation process.

Committee Members

Mr. Abdulla Khalil Al Mutawa
Chairman

Mr. Khalid Mana Saeed Al Otaiba
Member

Mr. Khalid Qurashi
Member

Mr. Atif Aslam Bajwa
Member

Mr. Muhammad Akram Sawleh
Secretary

Meetings held during the year

- 11th January, 2024
- 31st January, 2024
- 28th Februray, 2024
- 3rd April, 2024
- 22nd April, 2024
- 21st May, 2024
- 30th August, 2024
- 15th October, 2024
- 22nd November, 2024
- 18th December, 2024

Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Directors' participation in the meetings.

Management Committees

Bank Alfalah has three main Management Committees for the purpose of strategic planning and decision-making under the Chairmanship of the CEO. The Board of Directors has approved the Committees and their TORs. The role of these Committees is to ensure that the activities of the Bank reflect its vision, purpose and aims. They establish the fundamental values, ethical principles and strategic direction in which the Bank operates. These Committees meet regularly and their decisions are communicated to the Board frequently.

1. Central Management Committee (CMC)
2. Central Credit Committee (CCC)
3. Digital Council (DC)

The CMC has formed sub-committees to carry out its mandate. For each sub-committee, the CMC adopts formal TORs, setting-out the matters relevant to the composition, roles, functions and responsibilities. The CMC has full authority to review and reorganise the composition and TORs of the sub-committees.

Central Management Committee (CMC)

- Atif Aslam Bajwa – Chairman
- Aasim Wajid Jawad
- Anjum Hai
- Faisal Farooq Khan
- Faisal Rabbani
- Haroon Khalid
- Khawaja Muhammad Ahmad
- Mehreen Ahmed
- Mohib Hasan Khan
- Muhammad Akram Sawleh
- Dr. Muhammad Imran
- Muhammad Yahya Khan
- Pervez Shahbaz Khan
- Farooq Ahmed Khan
- Zahid Anjum
- Zahra Anwar Furniturewalla – Secretary

Central Credit Committee (CCC)

- Atif Aslam Bajwa – Chairman
- Faisal Rabbani
- Mehreen Ahmed
- Farooq Ahmed Khan
- Pervez Shahbaz Khan
- Dr. Muhammad Imran
- Muhammad Imran
- Shaykh Zeeshan Rauf
- Beena Fawad – Secretary

Digital Council (DC)

- Atif Aslam Bajwa – Chairman
- Aasim Wajid Jawad
- Anjum Hai
- Faisal Farooq Khan
- Faisal Rabbani
- Haroon Khalid
- Khawaja Muhammad Ahmad
- Mehreen Ahmed
- Mohib Hasan Khan
- Dr. Muhammad Imran
- Muhammad Yahya Khan
- Wajahat Ali Khan – Secretary

Sub-Committees of CMC

Customer Experience Council

- Atif Aslam Bajwa – Chairman
- Asim Wajid Jawad
- Faisal Farooq Khan
- Khawaja Muhammad Ahmad
- Mehreen Ahmed
- Mohib Hasan Khan
- Dr. Muhammad Imran
- Muhammad Yahya Khan
- Farooq Ahmed Khan
- Aamir Mehmood Gandhi
- Imran Assad Khan
- Muhammad Raheel Yousaf
- Mohammad Hussain
- Syed Muhammad Asif
- Wahab Ahmed Qureshi
- Business Heads (Conventional, Islamic and Corporate)
- Suhail Siddiqui – Secretary

Information Technology Steering Committee (ITSC)

- Atif Aslam Bajwa – Chairman
- Anjum Hai
- Faisal Rabbani
- Khawaja Muhammad Ahmad
- Mehreen Ahmed
- Mohib Hasan Khan
- Dr. Muhammad Imran
- Muhammad Yahya Khan
- Zeeshan Siddiqui
- Imran Jafri – Secretary

Compliance and Controls Committee (C&CC)

- Atif Aslam Bajwa – Chairman
- Anjum Hai
- Faisal Farooq Khan
- Faisal Rabbani
- Khawaja Muhammad Ahmad
- Mehreen Ahmed
- Mohib Hassan Khan
- Muhammad Akram Sawleh
- Dr. Muhammad Imran
- Muhammad Yahya Khan
- Farooq Ahmed Khan
- Abdur Rehman Khan
- Faisal Ahmed
- Mubashir Mustafa
- Muhammad Ayyaz Ashraf
- Haroon Khalid – Secretary

Asset and Liability Committee (ALCO)

- Atif Aslam Bajwa – Chairman
- Anjum Hai
- Faisal Rabbani
- Mehreen Ahmed
- Dr. Muhammad Imran
- Pervez Shahbaz Khan
- Farooq Ahmed Khan
- Hasan Ahmed Khan – Secretary

Process Improvement Committee (PIC)

- Khawaja Muhammad Ahmad – Chairman
- Haroon Khalid
- Abdur Rehman Khan
- Farhan Ali
- Moiez Ahmed Usmani
- Mubashir Mustafa
- Muhammad Ayyaz Ashraf
- Muhammad Sadiq (observer)
- Syed Irfan Akhtar Gillani (observer)
- Rizwan Aftab (observer)
- Audit and Inspection Group representative (by invitation)
- Afsheen Jalal – Secretary

Investment Committee (IC)

- Atif Aslam Bajwa – Chairman
- Anjum Hai
- Faisal Rabbani
- Pervez Shahbaz Khan
- Farooq Ahmed Khan
- Syed Akbar Ali
- Fahad Rauf – Secretary

Expenditure Approval Committee (EAC)

- Anjum Hai – Chairperson
- Faisal Farooq Khan
- Khawaja Muhammad Ahmad
- Muhammad Azhar Khan
- Muhammad Ashraf
- Wahab Ahmed Qureshi
- Syed Ali Jawed Akhtar– Secretary

Governance Committee for Overseas Operations (GCOO)

- Atif Aslam Bajwa - Chairman
- Anjum Hai
- Faisal Rabbani
- Farooq Ahmed Khan
- Haroon Khalid
- Pervez Shahbaz Khan
- Muhammad Ehsan ul Haq
- Faisal Rashid – Secretary

Charity Affairs Committee (CAC)

- Atif Aslam Bajwa - Chairman
- Anjum Hai
- Dr. Muhammad Imran
- Mehreen Ahmed
- Farooq Ahmed Khan
- Syed Faraz Ahmed – Secretary

Donation Committee (DOC)

- Atif Aslam Bajwa - Chairman
- Faisal Farooq Khan
- Mehreen Ahmed
- Anjum Hai
- Haroon Khalid
- Muhammad Raheel Yousaf
- Madiha Javed Qureshi – Secretary

Other Committees

- Crisis Management Team
- Disciplinary Action Committee
- Diversity and Inclusion Council
- Employee Welfare Programme Committee
- Grievance Committee
- Harassment Inquiry Committee
- IFRS 9 Steering Committee
- Management Oversight Committee
- Outsourcing Review Forum
- Branch Audit and Governance Improvement Forum (BAGIF)
- Anti-Sexual Harassment Committee
- Fraud Risk Management Committee

Review Report by the Chairman on the Board's Overall Performance

The Bank complies with the requirements set out in the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and SBP Circular No. 11 of 2016 dated 22nd August, 2016. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Bank Alfalah Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of the objectives set for the Bank. Areas requiring improvement are given due consideration, and action plans are framed.

In addition to the annual independent review, the Chairman of the Board, as part of his responsibilities, arranges an annual review for the performance of the Board. The key areas reviewed during the year were independence, contribution and attendance at Board meetings, interaction with the CEO, the Company Secretary and Senior Management, ability to communicate issues of importance and concern, their knowledge and effectiveness at meetings, and the overall time and commitment to their role on the Board.

The appraisal process concluded that each director is performing well and is committed to their role in terms of dedication of time and attendance at meetings. No area of significant weakness was identified, and it was concluded that the Board and its Committees operated effectively throughout the period under review.

Annual Evaluation of the Board, Committees and Individual Directors' Performance

The Board of Directors at Bank Alfalah is responsible for devising strategies that help the Bank in reaching its desired goals, monitoring the overall performance of the Bank, providing the Management with strategic direction, and ensuring the Management's compliance with the regulatory regime, including the SBP's requirements and the Code of Corporate Governance and Ethical Conduct.

In order to ensure that interests of stakeholders in the Bank are protected, the Board plays a pivotal role as a fiduciary to act and communicate with the Management on their behalf.

The roles and responsibilities as specified by relevant laws / regulations, the State Bank of Pakistan's prudential regulations and its guidelines are well-defined.

Descriptive evaluation criteria have been established at Bank Alfalah to evaluate and monitor the performance of the Board, the Committees, individual Directors including independent Directors, the Chairman and the Chief Executive Officer, and to ensure that the desired purpose is effectively achieved. The evaluation criteria take into account numerous factors to assess the functions and behaviours thereof.

Key performance indicators or criteria that are in place to benchmark the Board and its Committees, the Chairman and the CEO's performance include:

- Strategic Direction: To ensure that the Board is actively involved in setting and devising key strategies that provide the Bank with futuristic directions going forward, and to ensure that all Management proposals, challenges, assumptions and alternatives are duly considered prior to deciding such strategy.

- Management's Performance: To ensure that the Management's performance and its progress towards achieving its set targets are periodically monitored by the Board.

- Performances of the Individual Directors and Committees: To gauge the contribution of individual Board Members and Committees towards achieving the strategic goals of the Bank. This helps the Bank measure the level of awareness of key responsibilities, establish the current baseline of the Board's performance, identify critical gaps in key areas of Board effectiveness, measure the degree of alignment among the Board Members, focus on high impact, low performance areas, create Board effectiveness improvement plans, and execute and follow-up on improvement plans.

- Internal Controls: To oversee and ensure that an appropriately designed Internal Control Framework is in place, and is tested at regular intervals to address all types of key risks.

- Audit and Compliance: To ensure that there is an active compliance function in the Bank, and to monitor its compliance with external laws and regulations and internal codes, and also to monitor the organisation's abidance by audit principles.

- Understanding of Corporate Governance and Conduct Code: To ensure that the Directors fully understand the Bank's agreed policies on Corporate Governance and Ethics.

- Understanding of Roles and Responsibilities: To ensure that the Board has a clear understanding of the Bank's goals, vision and mission statements.

- Committee Composition: To ensure that each of the Board Committees is appropriately structured to effectively achieve its underlying goals and objectives, and its key functions are also clear and well-defined.

The Board of Directors, in addition to numerous other functions and responsibilities, also holds a duty of care and loyalty towards the Bank to act honestly in the interests of the Bank, and exercise its roles with complete integrity and care.

The evaluation framework established assesses the Board's performance on numerous criteria, including those described above.

Over the past years, the Board of Directors at Bank Alfalah has efficiently fulfilled their vested roles and responsibilities towards stakeholders and the Management to steer the Bank in the right direction and ensure maximum shareholder value.

Board's Performance Review by the External Consultant

The State Bank of Pakistan (SBP), through BPRD Circular No. 11 of 2016 dated 22nd August, 2016, mandated that the Board of every bank must carry out a formal annual performance evaluation of the Board, its Committees, and individual Directors. The circular also requires performance evaluation by an external independent evaluator at least once every three years.

In 2022, M/s Pakistan Institute of Corporate Governance (PICG) carried out the performance evaluation of the Board, its sub-committees and the Directors as an External Independent Evaluator. The performance evaluation report was submitted to the Chairman and other Board members for their review and information.

Other Matters Relating to Governance

Leadership Structure of those charged with Governance

The Bank's operations are governed under the Board of Directors. The Board comprises of non-executive directors and an executive director. The Chairman leads the Board. The Directors' profiles, describing their experience and education, have been disclosed at the start of this section.

Non-Executive Directors

At present, all Directors on the Board are non-executive except the President/CEO of the Bank. The non-executive directors provide an outside viewpoint to the Board. They are neither involved in management of day to day affairs of the Bank, nor are they from the Executive Management Team of the Bank.

Independent Directors and their Independence

The Board has three (03) independent Directors who meet the criteria of independence stipulated under the Company Act, 2017 and the directives issued by the State Bank of Pakistan (SBP).

Independent Directors of the Bank play a vital role in the independent functioning of the Board. They bring in an external and broader perspective to decision-making by the Board.

Below are the details of independent Directors on the Bank's Board:

Name of Independent Directors	Justification for Independence
Dr. Gyorgy Tamas Ladics	They meet the criteria of independence in all aspects as stipulated under the Companies Act, 2017 and the directives issued by the SBP. As per legal requirement, they were selected from the databank maintained by the PICG.
Mr. Efstratios Georgios Arapoglou	
Mr. Khalid Qurashi	

Executive Director(s) and their Directorship

The Executive Director on the Bank's Board, Mr. Atif Aslam Bajwa, is serving as a non-executive Director/Member on the Board of nine other companies/institutions.

Diversity in the board

The importance of diversity and inclusion for boards is well-founded. In addition to reflecting shared social values, diverse board composition is a significant and measurable contributor to board effectiveness. Deep insight, multiple perspectives, and a wealth of experience are necessary for robust discussions of challenging issues. Businesses face many challenges and complexities, so having a broad set of competencies as a primary asset is crucial to overcoming them.

Bank Alfalah has a diverse board which results in effective decision-making, guidance, and risk management.

The Bank's Board is composed on the basis of above diversity factors. Please refer to the Directors' profiles disclosed at the start of this section.

Representation of Female Director on the Board

Dr. Ayesha Khan is the female Director on the Board, who is also an a Non-Executive Director.

Election of the Board of Directors

The election of the Board of Directors of the Bank was held on 27th May, 2024 and the shareholders elected nine (9) Directors for a period of three years.

Casual Vacancies on the Board of Directors

During the year 2024, no casual vacancies occurred on the Board of Directors.

Directors' Orientation

Directors' Orientation refers to the process of helping new Directors contribute fully, and as early as possible in their tenure, to the governing work of the Board. The objective of the orientation is to enable the Directors to:

- Understand their roles, responsibilities and time commitment to governance work around the Board and Committees;
- Be aware of the current goals, opportunities and challenges facing the organisation;
- Be aware of who the organisation's main stakeholders are, including clients, partners, public, as well as the staff;
- Develop an understanding of how their own background, knowledge, experience and skills will contribute to the current work of the Board, and the goals of the organisation;
- Appreciate the background, knowledge, experience and skills of other Directors;
  Gain knowledge of how the Board meetings are run, decisions are made, and what formal governing policies and practices exist; and
- Understand how the Board functions similarly or differently from other boards they have served on, or are serving on.

Directors' Training Programme (DTP)

The Bank is fully compliant with the criteria and requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG-2019).

The Bank arranged Directors' Training Programme named 'Corporate Governance Leadership Skills (CGLC) – Directors Education Programme' as per the SECP's approved criteria from the Pakistan Institute of Corporate Governance (PICG) for its Board Members as well as Executives. The following Board Members have undertaken the said training:

Board Members:

- Dr. Ayesha Khan
- Mr. Khalid Qurashi
- Dr. Gyorgy Tamas Ladics
- Mr. Atif Aslam Bajwa

The other Directors, with a minimum of 14 years of education and 15 years of experience on the Board of a listed company, local and/or foreign, stand exempted from the Directors' Training Programme as allowed under Code of Corporate Governance (CCG), 2019.

Executives of the Bank who attended the DTP:
In addition to the Directors, the following Key Management Personnel attended DTP:

CFO, Group Head Audit and Inspection, Group Head Operations and Corporate Services, Chief Information Officer, Chief Digital Banking Officer, Group Head Islamic Banking, Group Head Treasury and Financial Markets, Chief Human Resources Officer, Chief Risk Officer, Group Head Compliance and Business Solutions

Related Party Transactions

Bank Alfalah Limited enters into transactions with its related parties in its daily operations.

The Bank enters into such transactions to meet its business objectives, and at the same time we recognise the need to maintain transparency and to fulfil our obligations towards our stakeholders, including shareholders, regulators, employees, etc. The Bank believes that there must not be any conflicts of interest or non-disclosure of such transactions.

To meet this objective, the Bank has a Related Party Transactions Policy, which aims at ensuring that it follows transparent and compliant procedures and guidelines to enter into such transactions. This policy is subject to guidance from the SECP and/or actions taken by the Company's Board of Directors or the Board Audit Committee. The purpose of this policy is to ensure that Bank Alfalah meets its obligations under:

- The Companies Act, 2017;
- The Banking Companies Ordinance, 1962;
- The Corporate Governance Framework / Prudential Regulations of State Bank of Pakistan;
- The Code of Corporate Governance;
- Pakistan Stock Exchange (PSX) Rule Book; and Applicable International Financial Reporting Standards.

Names of related parties in Pakistan and outside Pakistan, with whom the Bank had entered into transactions or had agreements and/or arrangements in place during the financial year, along with the basis of relationship, including common directorship and percentage of shareholding, have been disclosed as part of the Organisational Overview (subsection: Group Ownership Structure), Governance (subsection: Board of Directors – details and shareholding), and Financial Statements of the Bank (Related Party Transactions). Such disclosures are in line with regulatory requirements.

Conflicts of Interest

The Directors have the ultimate responsibility for managing the affairs of the Bank and, accordingly, hold fiduciary duties of care and loyalty to the Bank and its shareholders. One of the key duties that Directors owe to the Bank is the duty to avoid conflicts of interest. This includes not placing one's self in a position where the Director's personal interest could possibly conflict with their duty to the Bank.

Conflicts may arise in several situations. Typical scenarios are:

- Where the Directors have a direct or indirect material interest in a transaction that the Bank enters into;
- Where the Directors hold positions or offices or possess a property that may result in conflicting duties; and
- Where the Directors stand to benefit from information received by them, or opportunities made available to them in their capacity as Directors or officers.

The Bank exercises particular care in monitoring whether or not it is placed in a position of actual or potential conflicts.

In dealing with conflicts of interest, the Bank pays close attention to the:

- Provision of the Companies Act, 2017 and Listed
- Companies (Code of Corporate Governance) Regulations, 2019;
- SBP's Corporate Governance Regulatory Framework; and
- Article of Associations of the Bank.

Managing and monitoring conflicts of interest:

- The Directors are well-versed in their responsibilities to act in the best interests of the Bank and investors and to refrain from any conduct that may be considered adverse or contrary to the interests of the Bank and investors;
- The Directors are required to disclose their (along with family members) interests to the Bank before entering into any such transaction as per the manner prescribed in the applicable laws and regulations;
- The concerned Director, if any, does not participate in any deliberation, decision-making, proceeding, or investigation action by the Board of Directors in case of a conflict of interest.
- Insider Trading is prohibited, and the records of persons having access to sensitive information are maintained in an insider register.

The ultimate objective of procedures to deal with conflicts is the protection of the Bank's interest and the promotion of transparency for the benefit of the shareholders.

Governance of risk and internal controls

The Board oversees matters relating to risks, compliance and internal control through its committees. These committees include Board Risk Management Committee, Board Strategy and Finance Committee, Board Audit Committee and Board Crisis Management Committee.

For the governance of risk, please refer to 'Risk and Opportunities' section of this Annual Report.
For governance of internal controls, please refer 'Statement of Internal Controls' within this section and 'Internal Controls over Financial Reporting' (ICFR) in 'Performance and Position section' of this Annual Report.

External oversight and Measures taken to enhance credibility of internal controls

The Bank's controls and systems are subject to review by regulators and external auditors. Also, the Bank, depending upon regulatory or internal requirements, may conduct system reviews.

The Compliance Group's Internal Control Division (ICD), through its regular onsite visits and offsite thematic reviews, facilitates the Management in timely identification and resolution of key control/compliance risk exposures, which can affect the Bank adversely. Besides ICD, other units of Compliance Group, vis-à-vis Customer Due Diligence (CDD) Department and Compliance Risk Management Unit are also integral parts of the Bank's control framework, helping the Bank improve controls. The Bank has an online Internal Controls Dashboard (ICD Dashboard) for centralised monitoring of controls. It serves as a tool to enhance the entity wide coverage of control risk exposure through timely identification of operational and regulatory risks, including control breaches at the branches and other functions. Please refer to the Bank's 'Statement of Internal Controls' within this section for specific measure taken to improve internal controls.

Please refer IT Governance and Cybersecurity section for updates on bank's actions towards internal controls enhancement and oversight actions.

Board's Policy on Diversity

The Bank recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include, and makes good use of, differences in the knowledge & skills, competencies, regional and industry experience, background, gender, race, caste, creed and other distinctions between Directors. These differences determine the optimum composition of the Board, and should be balanced appropriately, when possible. All Board appointments are merit-based, in the context of the skills, experience, independence and knowledge, which the Board as a whole requires to be effective.

Policy for Remuneration of Non-Executive Directors including Independent Directors

The Bank has a policy for remuneration of non-executive Directors duly approved by the shareholders in the 28th Annual General Meeting held on 27th March, 2020 and amended on 29th Mar 2022 in the 30th Annual General Meeting. The policy sets out the methodology and scale of remuneration for non-executive Directors, including independent Directors. It ensures that Board Members are adequately and fairly compensated in line with their responsibilities, experience and skillset. The remuneration policy is in compliance with all laws and regulations, including the SBP guidelines.

Please refer to the Remuneration Framework within this section for further details. The meeting fee is disclosed as part of the financial statements note detailing administrative expenses, including compensation of Directors and key management personnel.

Policy for Fee earned by the Executive Directors

The Executive Director of the Bank serves as a non-executive Director on the Board of some other companies. The Director, may or may not, depending upon the remuneration policy of such companies, receive fee for attending the meetings.

Foreign Directors' Security Clearance

Foreign Directors elected on the Board of the Bank require security clearance from the relevant Ministry. All legal formalities and requirements in this regard are met.

Details of Board Meetings held outside Pakistan

During 2024, four out of seven Board meetings were held outside Pakistan; all meetings included a web link/video conference facility.

Human Resource Management Policy and Succession Planning

Bank Alfalah is committed to cultivating a culture that keeps its human capital motivated, engaged, and content, facilitating the achievement of strategic objectives through a consistent focus on capacity building, alongside competitive rewards. The Human Capital Group (HCG) is entrusted with the responsibility of ensuring employee happiness and well-being, fostering a values-driven culture.

Seamless succession planning ensures a thriving future by cultivating and empowering a pipeline of capable leaders. Emphasising Succession Planning, the Bank aims to nurture existing talent into capable, satisfied, and engaged individuals prepared to assume future strategic roles. To ensure the same, the bank diligently assesses and manages talent to identify, develop and strategically place individuals to ensure a smooth transition of leadership roles.

The detailed procedures and approaches toward employee engagement and management are elaborated in the 'Stakeholder Relationship and Engagement' section within this Annual Report.

Social and Environmental Responsibility Policy

Bank Alfalah places a strong emphasis on its social and environmental responsibilities, viewing them as integral aspects of its operational ethos. The Bank is unwavering in its commitment to comprehending, monitoring, and effectively managing its social, environmental, and economic impacts. This commitment aligns with broader sustainable development goals, embodying the bank's dedication to contributing positively to society.

The following guiding principles underscore the bank's approach:

- Instill our vision for a secure, eco-friendly, and socially-responsible culture throughout the organization.
- Manage our activities effectively to minimize environmental impact.

- Support local employment and entrepreneurship initiatives.
- Collaborate with the community to contribute to the development of infrastructure, health, education, training, and cultural activities.
- Ensure compliance with both local and international social and environmental laws.
  Increase the frequency of social welfare activities.
  Introduce cutting-edge products that encourage environmentally friendly procurement.
- Maintain a continuous focus on safe and environmentally conscious building designs.
- Collaborate with employees, customers, and all stakeholders for mutual benefits.
- Develop mechanisms and processes for the preservation of natural capital.
  Implement comprehensive policies for managing and reporting on procurement, waste, and emissions.
- Bank Alfalah has a comprehensive Green Procurement Policy in place, which addresses the effective and responsive procurement practices.
- **Responsible waste management is implemented in BAFL main building to handle wet, dry and hazardous waste in a safe and responsible manner**
- **Reduce GHG emissions by installation of Solar Panel System and transitioning from conventional products to Energy Star products.**

This comprehensive set of principles reflects Bank Alfalah's holistic and proactive approach to social, environmental, and economic sustainability, reinforcing our commitment to create a positive impact.

For more details, please refer to the 'Sustainability and Corporate Social Responsibility section of this Annual Report.

Stakeholder Engagement and communication Policy and Procedures

Stakeholder engagement is an integral part of developing an understanding of our stakeholders' needs, interests and expectations, assisting the Bank with strategic and sustainable decision-making. Stakeholders are those individuals, groups of individuals, or organisations that impact and/or could be impacted by the Bank's activities or services, and associated performance.

Bank Alfalah identifies its stakeholders and monitors its relationships through a multitude of communication channels, including regular dialogue. The Bank's primary stakeholders are the employees, customers, shareholders / institutional investors, suppliers / vendors, analysis and rating agencies, regulatory bodies and society / community and Media.
The Bank's stakeholder engagement principles state that:

- The Bank is committed to engage with its stakeholders in a respectful and constructive manner, listening to concerns and suggestions with an open mind;
- The Bank strives to be reasonably accessible to its stakeholders, responsive to legitimate stakeholder concerns and transparent in its stakeholder engagements; and
- All business functions are primarily responsible for managing engagement with their material stakeholders in line with relevant standards, policies and guidelines.

For more details on policies and procedures adopted by the Bank for communicating with various stakeholders, please refer to 'Stakeholder Relationship and Engagement' section of this Annual Report.

Investors Engagement and Grievance Management Policy

The Bank has a two-pronged strategy for investor engagement and grievance management.

A fully functional Investor Relations (IR) Department ensures that all material developments are communicated to investors via statutory announcements and quarterly result briefings, and the presentation material of these briefings is readily available on the website and can be accessed by investors. In addition, designated personnel in the IR Department are available to meet all the stakeholders, including investors, and address their queries. Also, the Bank's IR team regularly participates in both domestic and international conferences and roadshows to engages with all the stakeholders. It seeks their feedback to ensure that feedback from international investors is also sought on a timely basis.

The other part of the strategy pertains to operational logistics where the Bank's in-house staff and contracted third parties (Share Registrar, etc.) strive for timely dissemination of dispatch material to shareholders. However, in the event of any grievances registered by shareholders, there is dedicated staff in the Company Secretariat to address all such concerns. The contact details of the designated people are prominently

displayed in the relevant section of the Bank's website, and shareholders can reach out with their complaints electronically, over the phone or in writing. All grievances/complaints of shareholders are addressed promptly by the Bank.
The investors or shareholders can visit the Investor Relations page of the Bank's official website at https://www.bankalfalah.com/investor-relations for guidance and resolution of their grievances relating to shares. For general queries, investors/customers can visit https://www.bankalfalah.com/contact-us/.

For details on investor engagement, please refer to the 'Stakeholder Engagement and Relationship' section of this Annual Report.

Employee Health, Safety and Protection

Bank Alfalah is committed towards the health, safety and protection of its employees. It has an established and dedicated unit to implement and monitor health & safety related matter. For more details, please refer to 'Sustainability and Corporate Social Responsibility' section of this Annual Report.

Whistleblowing Policies and Procedures

Overview
In line with the goal of maintaining the highest standards of ethical, moral and legal business conduct, the Bank has established a Whistleblowing Policy to ensure that any concerns raised in relation to unethical practices, corruption and/or fraudulent activities that may cause damage to the Bank's assets/reputation, are duly addressed.

This reinforces focus and commitment to create an environment of trust and transparency, which subsequently nurtures a culture based on honesty and the highest ethical standards.

Purpose
The core purpose of the Whistleblowing Policy is to provide a safe and secure channel to internal as well as external stakeholders (i.e. our staff or any other person) with genuine suspicions about any wrongdoing/irregularity, to raise concerns/complaints without any fear of reprisal or adverse consequences. The objective of this policy is to encourage everyone to come forward and register concerns through a secure and confidential channel for the redressal of complaints and concerns or for further detection or prevention of any impropriety or malpractice in order to safeguard the interests and reputation of the Bank. It remains an ethical responsibility of all Directors, Senior Management and employees to report violations in accordance with the approved Whistleblowing Policy.
Scope
The policy encompasses voluntary disclosures by a person about any type of actual or suspected wrongdoings/improprieties at the individual/organisational level, including unethical or fraudulent activities and misconducts that may pose serious threats to the Bank's operations, financial performance or reputation.

Process of the Whistleblowing
Any person with the intention to disclose any wrongdoing/impropriety, whether actual or suspected, with reasonable evidence, should report it in writing to the Group Head, Audit and Inspection Group. This can be done either through email at whistleblowing@bankalfalah.com, surface mail, calling the whistleblower hotline number, or interoffice mail at the official address of CIA/Head of Internal Audit by marking the envelope as 'Confidential'. Keeping in view the nature, materiality and seriousness of the allegation, CIA/Head of Internal Audit decides whether it requires immediate investigation/audit. All complaints are subject to review by Chairman BAC without any exception.

Protection for Whistleblower
The identity of the whistleblower is kept confidential, and it remains the Management's responsibility to ensure that no harm comes to the whistleblower by virtue of his act of blowing the whistle in good faith.

Number of Instances during the Year and Reporting to Audit Committee
Reported instances are presented through the Group Head, Audit and Inspection, for oversight of the Board Audit Committee (BAC) in BAC meetings. The instructions from BAC (if any) are immediately circulated to the concerned departments for enforcement of actions required in real-time. **65** whistles were blown during the year 2024 and details thereof were duly submitted to BAC.

Policy for Safety of Records

Records management is vital for the delivery of our services in an orderly, efficient and accountable manner. Effective records management helps to ensure that we have the right information at the right time to make the right decisions. Records provide evidence of what we do and why, and help protect the rights of employees,

regulators and our customers simultaneously. Records and the information we preserve provide an audit trail to meet business, regulatory and legal requirements. These are important corporate assets.

The Bank recognises that the efficient management of records throughout their lifecycle is necessary to support our core functions, to comply with our legal and regulatory obligations, and to effectively contribute to the overall management of the institution. The Bank aims to balance its commitment to openness and transparency with its responsibility as an effective financial institution. Thus the Bank creates and manages records efficiently, make them accessible where possible, protect and store them securely, and dispose of them safely at the right time. To materialise this aim, the Bank has invested its resources in developing a comprehensive Document Management System (an online record storing system), and has a dedicated team mandated with maintaining and updating records in line with defined procedures.

Furthermore, all digital records are duly backed up to off-site locations as per defined frequencies and requirements using industry best tools & technologies for automated / scheduled backup management. Bank also perform periodic resilience testing of its people / data / systems and ensures efficacy of its planned recovery point objectives for all critical, core and surround functions / systems. The Bank is PCI-DSS compliant and keeps its sensitive data under an encrypted environment. The Bank has also developed DLP (Data Loss Protection) policy and has also successfully implemented the same.

Opportunity to shareholders for participation in AGM

Any general meeting called on by the Bank is informed to all shareholders through proper notice in line with regulatory instructions. Further, public awareness message is also sent through newspaper and stock exchange notices. Through this manner, the Bank ensures that each and every shareholder has an opportunity to become aware about the meeting and make for participation in the meeting.

Business Resilience (Business Continuity Plan) and Disaster Recovery Planning

Bank Alfalah has a strong business resilience architecture in place to guarantee that the Bank's services are always accessible to its clients, even in times of crisis or other disruptive situations. The Business Continuity Plan (BCP) is intended to be used by the resilience team and all concerned as an action guide in the event of a disruption, providing a pre-planned response to any unforeseen event. By aligning Business Continuity Management (BCM) of people, spaces, systems, and dependent third parties, the Bank's business resilience team aims to continuously strive to elevate develop a culture that facilitates adaptability in its business operations amidst any disruptions. This is accomplished through proactive planning, maintenance, and testing.

In order to ensure that all essential business functions continue in the event of a disaster, the Board of Directors (BoD) has approved comprehensive and well-established procedures that allow the Bank's critical business processes to be resumed in a timely and orderly manner and to be continued temporarily with little interruption to operations.

The most important and noteworthy aspect of Business Continuity is training and testing of critical functions, allowing relevant teams to stay abreast with roles and responsibilities during emergencies, and to assess effectiveness of their respective departmental recovery plan by testing it within established timelines like Recovery Time Objective (RTO), Recovery Point Objective (RPO) and Maximum Tolerable Down Time (MTD). RTO, RPO and MTD are elaborated below:

Recovery Time Objective (RTO): The period of time within which the process should be recovered after an outage.
Recovery Point Objective (RPO): The point in time when the data must be restored in order to perform the process. RPO is the basis on which a data backup strategy is developed.
Maximum Tolerable Downtime (MTD): The Maximum period of time within which the process should be recovered after an outage.

Business Ethics and Anti-Corruption

Bank Alfalah has a zero-tolerance policy regarding corruption and bribery. The Bank expects all employees to conduct themselves in accordance with the highest standards of personal and professional integrity, and to comply with all laws, regulations and corporate policies and procedures. The employees are, therefore, required to comply with the rules and regulations of the Bank. Any deviation may lead to strict disciplinary action.

The following Committees, comprising of senior executives, fulfill their responsibilities to ensure adherence to policies, rules and regulations:

- Disciplinary Action Committe
- Anti-Sexual Harassment Committee
- Grievance Handling Committee

The Bank's Disciplinary Action Committee decides the action to be taken against a staff member in the event that the Bank and/or its clients sustain any losses, damages and/or claims due to any illegal activity or any actions/inactions of the employee in breach of the Code of Conduct, and/or any other policy of the Bank.

Our Anti-Corruption Policy as well as other policies relating to Business Ethics are described in our Employee Code of Conduct and Vendors/Suppliers Enlistment Process. These policies are applicable to all our employees, in all our operations, as well as to all our Board Members. Top-level commitment is essential in ensuring dedication, focus and compliance with the anti-corruption framework. Our work within anti-corruption and related policies is authorised, endorsed and supported by our Board of Directors, and President and CEO.

IT Governance Policy

Please refer to the section 'IT Governance and Cybersecurity' of this Annual Report.

Sustainability and CSR Policy

Our sustainability values are woven into everything we do. We are committed to constantly serve the society with the greatest dedication in line with our philosophy.

For details, please refer to the 'Sustainability and Corporate Social Responsibility' section of this Annual Report.

Shares held by Sponsors /Directors/Executives and Major Shareholders

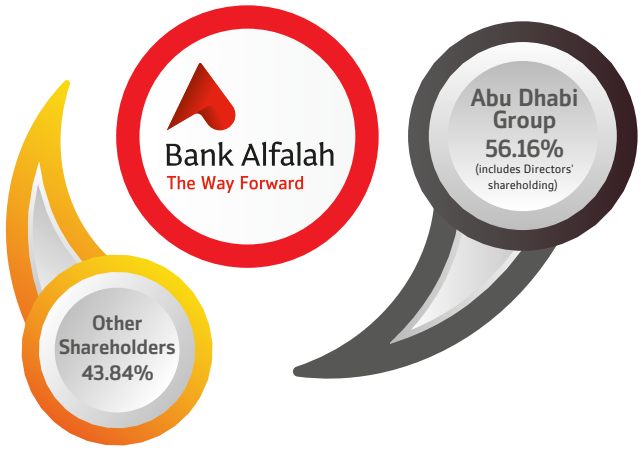
Shares held by the sponsors (Abu Dhabi Group), Directors and Executives are given below. Detailed categories of shareholding and pattern of shareholding are annexed to this Annual Report.

31st December, 2024	Number of shares held	% holding
Sponsors Abu Dhabi Group and Directors	885,809,351	56.16%
Executives (as per clause 5.6.4 of PSX Rule Book)	1,858,001	0.12%
All other Shareholders (Mutual Funds, NBFCs, Fis, DFI and Individuals)	689,497,767	43.72%
Total	**1,577,165,119**	**100.00%**

Particulars of major foreign shareholders, other than natural persons, holding more than 5% of paid-up capital

Particulars of foreign shareholders, other than natural persons	31st December, 2024 % holding
Electro Mechanical Co. LLC	6.13%

Beneficial Ownership and Group Structure



For group structure, please refer to the section 'Organisational Overview'.

Compliance with the Best Practices of Corporate Governance

The Board of Directors has, throughout the year 2024, complied with the requirements of the Code of Corporate Governance, PSX Rule Book, Banking Companies Ordinance, Companies Act, Securities & Exchange Commission of Pakistan's directives, and Financial Reporting Framework.

The Statement of Compliance by the Chairman of the Bank along with the Code of Corporate Governance and Review Report by the Bank's Auditor are part of this Annual Report.

Governance Practices Exceeding Legal Requirements

Our Board of Directors and Management Team have put systems and procedures in place that define how the Bank is managed, its corporate and other structures, its culture, its policies and strategies, and the ways in which it deals with its various stakeholders. We have successfully adapted our practices to reflect the changing standards of evolving governance regulations. We are committed to the highest standards of corporate governance and we meet corporate governance legal requirements in Pakistan, as well as the best practices recommended by PSX and SECP:

- There are seven sub-committees formed by the Board compared to the legal requirement of four sub-committees;
- There are various management sub-committees which exist to execute tasks to achieve the objectives set by the Board;
- The Board has only one executive Director (President and CEO) against the maximum SBP limit of two, and one-third of the Board as executive Directors as allowed under the Listed Companies (Code of Corporate Governance) Regulations, 2019;
- The Bank voluntarily aligns itself with the recommended reporting practices required by ICAP to promote transparency;
  The Bank reports information/disclosures in this
- A nual Report over and above minimum disclosures required by the law to ensure transparency.

Board's Authorisation of Financial Statements

The financial statements for the year ended 31st December, 2024 were authorised for issuance by the Board of Directors of the Bank on 30th January, 2025.

Presence of Chairman of Audit Committee at the AGM

The Chairman of the Board Audit Committee was present at the AGM to respond to questions on the Audit Committee's activities and matters within the scope of the Committee's responsibilities.

Appointment of Chairman and Non-Executive Director through an External Search Consultancy

Non-executive Directors are appointed/elected through election of directors at a General Meeting. The elected Board appoints a Chairman from among the non-executive Directors. The last election was held on 27th May, 2024. No external consultant was engaged for appointment of the Chairman or non-executive Directors.

Chairman's Significant Commitments

The Chairman is a prominent member of the ruling family of Abu Dhabi, and is significantly involved in various state and government level commitments. Currently, His Highness is a UAE Cabinet Member and the Minister of Tolerance and Coexistence. He is the Chairman / Director or Board Member of various other entities, as explained in more detail with in this section. The Chairman, being a non-executive Director, oversees the Bank's performance, and provides an independent and outside view to the Board.

Government of Pakistan's Policies impacting Banking Business

Please refer to the Directors' report for the impacts of government policies on banking business.

Report from the Board Audit Committee

The Board Audit Committee (BAC) performs its functions in compliance with regulatory requirements, Code of Corporate Governance (CCG), and its own Terms of Reference (TORs).

BAC Composition

The BAC comprises of five (5) non-executive Directors with financial, banking, strategic and relevant knowledge. Names and detailed profiles of BAC's Members are set out in the relevant section of this Annual Report. In accordance with the requirements of Code of Corporate Governance, the Committee is chaired by an Independent Director with diversified banking experience, and exposure to key management positions.

BAC Meetings

The meetings of the Committee are designed to facilitate and encourage communication among the Committee Members, Senior Management, the Internal Audit Function and the Bank's External Auditors. The Committee held six (6) meetings during the year 2024. Members' attendance records are disclosed in the Remuneration Framework disclosed within this section of the Annual Report. The BAC, in accordance with the requirements of COCG, met with Internal and External Auditors with and without the presence of the Management, for discussions on the results of auditors' examinations/evaluation of internal controls, and the overall quality of the Bank's financial reporting. The Chairman of the Audit Committee reports to the Board after each meeting on the activities of the Committee.

Oversight Function

BAC discharged its oversight responsibilities as mandated by the Board in accordance with the requirements of Code of Corporate Governance, listing regulations and applicable laws/directives issued by the respective regulators for local and overseas locations. The considerations of Board Audit Committee during the year include:

- Review of 'Statement of Compliance with the Code of Corporate Governance' prior to its approval and publication in the Annual Report;
- Review of the Bank's financial reporting framework and periodic financial statements, including details and disclosures of all related party transactions prior to their approval by the Board of Directors (BOD);
- Review and evaluation of effectiveness of the Bank's Internal Control Framework, overall control environment and systems, including compliance with applicable laws and regulations, adherence to accounting and reporting standards, information technology security controls, and the contingency planning process;
- Review of effectiveness of implementation of ICFR Framework along with reported gaps;
- Review of significant/high risk issues highlighted by internal audit during audits/reviews of branches and other functions of the Bank (including overseas operations) along with the compliance status thereof;
- Review quarterly Statement on Internal Controls and internal control systems of the Bank as per regulatory requirement;
- Review analysis related to fraud and forgery incidents in the Bank along with associated root causes and remedial measures to be taken to curb such instances in the future;
- Evaluate the effectiveness of the Bank's overall management of compliance risk (AML/CFT/Proliferation Financing (PF)/Targeted Financial Sanctions (TFS) related risk factors), in line with domestic and international regulatory requirements;
- Monitor compliance with observations highlighted in State Bank of Pakistan's inspection reports;

- Evaluate Internal Audit Function's conformance with International Standards for the Professional Practice of Internal Auditors, issued by the Institute of Internal Auditors, USA (IIA), regulatory instructions for both local and overseas operations, and best international practices;
- Evaluate that no unjustified restrictions / scope limitations on work of Internal Audit Function exists;
- Review, approve and recommend to the Board (where applicable) amendments to relevant control documents, including Internal Audit Policy, Credit Risk Review Policy, Whistleblowing Policy, Internal Audit Manual, and TORs of BAC;
- Review effectiveness of whistleblowing procedures for receiving (through internal or external sources) complaints/concerns regarding business ethics/conduct practices, governance and risk management practices, controls over financial reporting, and auditing practices;
- Review the results of the Bank's Internal Risk Assessment report in accordance with revised SBP AML/CFT/CPF regulations;
- Review the status of complaints lodged under the Bank's Whistleblowing Policy along with resolutions thereof;
- Review and recommend the Internal Audit strategy for approval of the Board;
- Review, approve and oversee the Risk Based Audit Plan along with any revisions/deviations in the plan, Annual Audit Budget along with its utilisation, and resource requirements for Internal Audit;
- Review of annual compliance plan and compliance performance report on bi-annual basis as per regulatory requirements;
- Review the performance of Chief Internal Auditor, Internal Audit Function and External Auditors in terms of adding value and strengthening internal controls of the Bank through identification of and recommendations for key control issues;
- Approve promotions, increments and rewards for Chief Internal Auditor (CIA)/Head of Internal Audit;
- In consultation with Chief Internal Auditor (CIA)/Head of Internal Audit, ensure that Internal Audit staff is equipped with relevant auditing skills, knowledge, tools, methodologies, technique and competencies to perform their respective roles and responsibilities with sufficient budget for training and development activities along with periodic review of the same;
- Review the implementation of instructions of the Committee along with follow-up;
  Review issues/exceptions pointed out by the External Auditors in the Management Letter furnished in accordance with the requirement of Code of Corporate Governance;
- Ensure strong coordination among Internal Auditors, External Auditors and the Management and act as an arbitrator in case of any conflict/disagreement; and
- Ensure separate meetings with CIA/Head of Internal Audit and External Auditors of the Bank in the absence of the Management, at least on an annual basis.

Significant Matters in Relation to the Financial Statements

The BAC deliberated over issues raised by External Auditors of the Bank in the Management Letter, Key Audit Matters and Shariah Audit report, along with rigorous follow-up for unresolved issues as per the prescribed frequency.

Review of Risk Management and Internal Control Systems

The BAC reviewed the effectiveness of the Bank's policies and procedures regarding Internal Control systems (including the financial, operational, IT, risk management, information security, outsourcing, legal, compliance, Shariah, and those controls designed to detect material weaknesses), leveraging the work of the Bank's Internal and External Auditors, and regular reports from the Management, including those on risk management, regulatory compliance and legal matters.

BAC reviewed and concurred with Management's confirmation that for the year ended 31st December, 2024, the Bank's Risk Management and Internal Control systems worked effectively. BAC is satisfied that the Management has adopted necessary control mechanisms to monitor and reduce non-compliance.

Committee's Overall Approach to Risk Management and Internal Controls

BAC reviews and reports control weaknesses in the Bank's processes and systems. This includes review of KYC/AML/CFT, customer experience, IT/systems, operations, foreign trade and trade based money laundering, governance, HR, etc. BAC discussed and deliberated at length, and identified control breaches and strategies to overcome control weaknesses along with timelines, as part of the BAC meeting agenda.

Internal Audit and Effective Implementation of Internal Controls

The independence of the Internal Audit Function has been ensured via direct reporting of CIA/Head of Internal Audit to the Board Audit Committee (BAC). The scope of work of Internal Audit Function is finalised in accordance with BAC/regulatory instructions to ensure that all significant activities of the Bank are subject to Internal Audit review in line with risk based strategy/ IIA standards and best practices. Further, the performance of Internal Audit is gauged through reports presented at regular intervals, including summary of key audit findings during the period. The Head of Internal Audit has direct access to the Chairman of the Audit Committee, and the Committee meets with the Head of Internal Audit on a regular basis with and without the presence of the Management. Head of Internal Audit provides an independent assessment/opinion, to BAC on an annual basis on the state of Internal Controls on the basis of audits conducted during the period supported by specific observations/conclusions. The Audit Committee Charter/TORs are updated periodically vis-à-vis changes in local laws/regulatory directives/statute.
BAC ensured that there were no restrictions on Internal Auditors' access to people, information, processes, properties, records, and systems, to allow them to perform their audit activities with objectivity.

Review of Whistles Blown

BAC reviewed the whistles blown during the year 2024 from time to time, including the action taken along with remedial action to resolve the issue permanently, and measures taken to protect the complainant in accordance with Whistle Blowing Policy as disclosed in Governance section of this Annual Report.

External Audit

BAC recommends appointment of external auditors of the Bank (including appointment of external auditors for overseas operations and Shariah Auditors) after careful selection based on various qualitative factors, including the firm's profile, reputation, independence, capabilities, technical expertise and knowledge of the Bank's operations and industry. BAC also finalises the scope of audit and remuneration of the auditors.

The Bank has received an unqualified audit report for the year ended 31st December, 2024, from its external auditors, (M/S A. F. Ferguson & Co. / PWC), Chartered Accountants. The existing auditors of the Bank have given consent to continue to act as auditors of the Bank for the year 2025, if so appointed.

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

The committee concluded that it was satisfied with the external auditors' (A. F. Ferguson & Co., a member firm of the PWC network) performance on audit and other assurance or agreed upon procedures assignments

performed for the year ended December 31, 2024. Accordingly, the BAC has recommended the appointment of A. F. Ferguson & Co. for the year ending 31st December, 2025 to the Board. This will be approved by the shareholders in the upcoming Annual General Meeting. There have been no external auditor appointment changes in the overseas regions of the Bank.

Annual Report for the Year

The Committee is of the view that the Annual Report of the Bank is fair, balanced and understandable, and provides necessary information to shareholders to assess the Company's position and performance, business model and strategy.

Self-evaluation of the Committee

The Committee evaluates its own performance on annual basis thereby assessing the targets achieved and performance initiatives. The committee submits the report to the Board of Directors.

Conclusion

In addition to the committee's key responsibilities, the committee has and will continue to pay attention to the ongoing and long-term impacts on the financial reporting of the Bank. Based on the reviews and aforementioned discussions, the Committee recommended to the Board of Directors, and the Board, approved the audited financial statements along with regulatory statements, to be included in the Annual Report for the year ended 31st December, 2024.

BOARD AUDIT COMMITTEE

Mr. Khalid Qurashi – Chairman BAC
Mr. Abdulla Khalil Al Mutawa – Director
Mr. Khalid Mana Saeed Al Otaiba - Director
Dr. Ayesha Khalid Khan – Director
Mr. Efstratios-Georgios Arapoglou – Director

Khalid Qurashi
BAC Chairman

Abu Dhabi
January 29, 2025

Profile of Shariah Board Members

Dr. Mufti Khalil Ahmad Aazami, Chairperson

Dr. Mufti Khalil Ahmad Aazami is a renown Shariah scholar with over 22 years of experience in Islamic finance and banking. He currently serves as the Chairperson of the Shariah Board at Bank Alfalah and is also a member of the Shariah Boards of Faysal Bank and National Bank of Pakistan – Islamic Banking. Alongside these roles, he is the Shariah Advisor of Alfalah Insurance – Window Takaful Operations.

Dr. Aazami plays an active role in shaping the Islamic financial industry in Pakistan. He is a member of various committees and sub-committees of the State Bank of Pakistan and the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), where he contributes to the research and the development of Shariah standards and guidelines.

Over the years, he has worked with several financial institutions, including Bank Alfalah, Takaful Pakistan, and Alfalah GHP, offering his expertise to ensure their operations align with Shariah principles.

Beyond his professional engagements, Dr. Aazami is involved in academic and educational initiatives. As a faculty member at Jamia Darul Uloom Karachi, he teaches Hadith and Fiqh, and he frequently conducts training sessions at institutions such as the Centre for Islamic Economics (CIE), the National Institute of Banking and Finance (NIBAF), and the Institute of Business Administration (IBA). He has also written extensively on various Islamic topics, including Waqf.

Dr. Aazami earned his Ph.D. in Islamic Jurisprudence from Karachi University and completed his Takhassus fil-Iftaa' (Specialization in Islamic Jurisprudence and Fatwa) from Jamia Darul Uloom Karachi.

Mufti Muhammad Mohib ul Haq Siddiqui, Member

Mufti Muhammad Mohib-ul-Haq Siddiqui is a distinguished Shariah scholar with extensive experience spanning over two decades in the Islamic finance industry. He has been serving Faysal Islamic Banking since 2011, initially as the Shariah Advisor and later as the Chairman of the Shariah Board. He is also a key member of the Shariah Boards of Bank Alfalah Limited and Bank Al Habib Limited.

Throughout his career, Mufti Mohib ul Haq has provided his Shariah expertise to several financial institutions, including Takaful Pakistan Limited, the Royal Bank of Scotland Berhad in Malaysia, and JS Islamic Mutual Fund. He has contributed significantly to the development of Shariah-compliant frameworks and processes, ensuring alignment with Islamic principles.

He is actively involved in the regulatory landscape of Islamic finance In Pakistan as a member of various committees formed by the State Bank of Pakistan. His work includes reviewing and standardizing Islamic financial products and processes and contributing to the adoption of the Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI) Shariah standards within the banking sector.

Alongside his professional engagements, Mufti Mohib ul Haq is dedicated to academia and capacity building. He regularly delivers lectures and conducts training sessions on Islamic finance, Fiqh, and Islamic financial laws at renowned institutions such as Jamia Darul Uloom Karachi, the Centre for Islamic Economics (CIE), the National Institute of Banking and Finance (NIBAF), the Institute of Cost and Management Accountants of Pakistan (ICMA), and the Institute of Business Administration – Centre for Excellence in Islamic Finance (CEIF).

Mufti Mohib ul Haq earned his Shahadat-ul-Aalamia (Master's in Arabic and Islamic Studies) and Al-Takhassus fil-Iftaa' (Specialization in Islamic Jurisprudence and Fatwa) from Jamia Darul Uloom Karachi.

Mufti Aqeel Akhtar, Member

Mufti Aqeel Akhter is a Shariah scholar with around ten years of expertise in Islamic banking, particularly in Shariah structuring. He has been with Bank Alfalah since 2014 as the Unit Head of Business Support before joining the Shariah Board. Alongside his professional work, Mufti Aqeel teaches Islamic law (Fiqh) at various seminaries and serves as a visiting faculty member at the National Institute of Banking and Finance (NIBAF). He is also actively involved in researching the emerging challenges within Islamic banking, working to address them with innovative solutions.

Mufti Aqeel has earned numerous certifications in Islamic finance from respected institutions such as NIBAF and AAOIFI, where he holds the title of Certified Shariah Advisor and Auditor (CSAA). Academically, he holds M/S in Islamic Banking and Finance from the University of Management and Technology. Furthermore, he completed a Shahadat-ul-Aalamia (Master's in Arabic and Islamic Studies) from Jamia Darul Uloom Al-Islamia Lahore and Takhassus fil-Iftaa (Specialization in Islamic Jurisprudence and Fatwa) from Jamia Darul Uloom Karachi.

Mufti Usama Ehsan, Member

Mufti Usama Ehsan brings a wealth of experience of around a decade in Islamic banking and finance, having worked across various areas such as Shariah compliance, product development, and digital Islamic finance. Before joining the Shariah Board at Bank Alfalah, he was associated with United Bank Limited and Bank Alfalah in Shariah Compliance and Product Development departments. Mufti Usama also serves as a Shariah Advisor and Shariah Supervisory Board Member for various fintech companies in Pakistan and internationally.

In addition to his work in the financial sector, Mufti Usama is deeply committed to academic pursuits. He teaches Tafseer and Fiqh at Jamia Muhammadia Islamabad and regularly conducts training programs at country's prestigious institutions such as the National Institute of Banking and Finance (NIBAF), the Centres for Excellence in Islamic Finance (CEIF) at Institute of Business Administration (IBA) and IMSciences, Peshawar.

Mufti Usama holds Master in Business Administration (MBA) from the Karachi School of Business and Leadership (KSBL). He is also a Certified Shariah Advisor and Auditor (CSAA) from AAOIFI, Bahrain and holds Shahadat-ul-Aalamia (Master's in Arabic and Islamic Studies) and a Takhassus fil-Iftaa (Specialization in Islamic Jurisprudence and Fatwa) from Jamia Darul Uloom Karachi.

Mufti Ovais Ahmed Qazi,
Resident Member

Mufti Ovais Ahmed Qazi is an experienced Shariah scholar with around 14 years of experience in Islamic finance. For more than a decade, he has been an integral part of Bank Alfalah as a Resident Member of the Shariah Board, where he actively oversees the bank's day-to-day Shariah compliance matters, ensuring alignment with Islamic principles.

Beyond his role at the bank, Mufti Ovais contributes actively through education and training. He regularly conducts lectures and training sessions at renowned institutions such as the Centre for Islamic Economics (CIE) and the Institute of Business Administration – Centre for Excellence in Islamic Finance (IBA-CEIF), helping to spread awareness and understanding of Islamic finance.

His commitment to continuous learning is reflected in the prestigious certifications he has earned in Islamic banking and finance. These include the Certified Shariah Advisor and Auditor (CSAA) and Certified Islamic Professional Accountant (CIPA) from the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain, as well as the Certified Islamic Finance Executive (CIFE) from ETHICA, UAE.

Mufti Ovais obtained his Takhassus fil-Iftaa (Specialization in Islamic Jurisprudence and Fatwa) from Jamia Darul Uloom Karachi and he holds a Master in Business Administration from the Institute of Business Management (IoBM), Karachi.

Terms of Reference of Shariah Board

Shariah Board

- To perform such functions as stipulated under para 3(b) of the Revised Framework issued by the State Bank of Pakistan vide its IBD Circular No. 01 of 07th June, 2018.
- To consider, decide and supervise all Shariah related matters.
- To be responsible and accountable for all decisions made by the Shariah Board (SB).
- To develop a comprehensive Shariah governance/compliance framework for all areas of operations of BAFL-IBG.
- To meet at least on a quarterly basis and to rigorously deliberate on proposals before giving any decisions/fatwa.
- To meet BOD on a half-yearly basis for a detailed briefing on the Shariah compliance environment, issues/weaknesses, if any, and submit recommendations to improve Shariah compliance environment, and to ensure timely and effective enforcement of the SB's decisions/observations/recommendations.
- To review and approve all products/services and related agreements/contracts, structures, process flows, product manuals, marketing advertisements, sales illustrations, brochures and training plans, etc. to ensure that all such matters comply with the rules and regulations of Shariah.
- To review all Internal Shariah Audits, External Shariah Audit, SBP inspection and Shariah compliance review reports, which are presented to the SB for prescribing appropriate enforcement action.
- To call explanations from the Executive Management for not getting approval of SB for any products/services and related agreements/contracts, structure, process flows, product manuals, marketing advertisements, sales illustrations and brochures.
- To take up unresolved issues, including appropriate enforcement action prescribed in Internal Shariah Audits, External Shariah Audit, SBP inspection and Shariah compliance review reports, with the Executive Management.
- To issue a report on the Shariah compliance environment and conditions. This report includes open issues and is published in the annual accounts and presented to the BoD.
- To discuss all significant and unresolved issues with SBP inspections team during inspection, if required.

Committee Members

Dr. Mufti Khalil Ahmad Aazami
Chairperson

Mufti Mohammad Mohib Ul Haq Siddiqui
Member

Mufti Aqeel Akhtar
Member

Mufti Usama Ehsan
Member

Mufti Ovais Ahmed Qazi
Resident Member

Mr. Moiez Ahmed Usmani
Secretary

Meetings held during the year

- 23rd January, 2024
- 21st May, 2024
- 23rd July, 2024
- 29th October, 2024

Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Shariah Board's participation in the meetings.

Report of Shariah Board for the year ended 31 December, 2024

الحمد لله ربّ العلمين والعاقبة للمتقين والصلوة والسلام على سيد الرسل و خاتم النبيين وعلى اٰله و صحبه اجمعين

By the grace of Almighty Allah, the year under review was the 21st year of Islamic Banking Operations of Bank Alfalah Limited (herein referred as 'the Bank'). The Board of Directors and Executive Management are solely responsible to ensure that Islamic Banking operations of the Bank are conducted in a manner that complies with Shari'ah principles at all times. The scope of this report is to cover the affairs of the Islamic Banking operations of Pakistan from Shari'ah perspective as described under Shari'ah Governance Framework (SGF) of State Bank of Pakistan.

The Bank continues to update and revamp the Product programme Guidelines, manuals and relevant documents that pertain to existing asset and liability products during the year. Shari'ah Board reviewed and approved all such documents which have an impact on Islamic Banking operations.

In the year 2024, the Bank continued the expansion of its Islamic banking network in light of the strategic plan regarding the growth of Islamic Banking stated by the State Bank of Pakistan. The bank opened a total of 73 new branches during the year, bringing the network of dedicated Islamic Banking branches to 427 across Pakistan. The total Islamic Banking deposit has reached the figure of PKR 399 Billion.

For SME and Corporate customers seeking Islamic financing, the Bank continued to offer Murabaha, Musawamah, Salam, Istisna, Tijarah and Running Musharakah for their short-term financing needs and Ijarah and Diminishing Musharakah for their long-term financing needs. The bank's contribution in SME Financing is around 25 percent of the overall Islamic banking windows' portfolio. In order to meet the needs of Consumer financing customers, the Bank provided Ijarah for car financing and Diminishing Musharakah for solar and house financing.

During the year, the Bank developed and launched, through Product Development Department, different products along with their variants with the approval of Shari'ah Board such as Payable Finance under Musawamah, Alfalah Islamic Women Account , Islamic Auto Finance through RAPID Portal, Shariah Compliant Export Refinance Subsidy Scheme through EXIM Bank, Current Account & FCY variants of Alfalah Islamic Business Way Payroll Account, Bank Alfalah Islamic Gold Women Debit Card, Bank Alfalah Islamic Power Pack Women Debit Card and Alfalah Islamic Foreign Currency Debit Card. The bank rebranded Falah Classic Savings Account to 'Khayaal Rakhna Account' with the option of monthly profit payment and realigned 'Freelancer Digital Account' as per SBP directives.

The Bank remains committed towards providing its customers the digital banking solutions that are Shari'ah compliant. In this regard, the bank launched "Transaction Takaful" for its digital banking customers.

The bank played its role in nation building as a member of the Joint Financial Advisor to the Ministry of Finance of the Government of Pakistan by providing its advisory services for the launch of local currency Sukuk of Rs.1.918 Trillion. As a first, such Sukuk issued in 2024 were launched and offered through Pakistan Stock Exchange providing the general public with an opportunity to invest in these Shari'ah compliant instruments. Additionally, the Bank participated and provided Shari'ah Advisory services for several syndicate finance transactions.

The SGF empowers and strengthens the Shari'ah Compliance Department (SCD) and Internal Shari'ah Audit Unit as key organs for the Shari'ah compliance environment in the bank. In this regard, SCD of the Bank continued to perform its role effectively and maintain a satisfactory Shariah compliance level in the Bank. Shariah Compliance Department reviewed 120 Islamic branches and 11 departments and centralized functions under its Shari'ah Review function, whereas Internal Shari'ah Audit Unit audited 109 Islamic branches and 15 management and centralized functions. These review and audits were performed in light of PPGs and guidelines approved by the Shari'ah Board. To further strengthen the internal Shari'ah audit mechanism, Internal Shari'ah Audit Unit implemented the audit rating mechanism for centralized functions, previously approved by Shariah Board for Internal Shari'ah Audit Reports.

Shari'ah Compliance Department under its business support function facilitated the business units in obtaining approvals of various transactions and their process flows from the Shari'ah Board. During the year, Shari'ah Compliance Department and IBG Product Development Department performed customer visits to

understand their business mechanism for effective development of Shari'ah process flows of various financing products.

Product Development Department lent its support for Shari'ah structuring and development of modalities for different products and processes. Moreover, Shari'ah Compliance Department reviewed various process flows of Corporate, Commercial & SME clients in light of their business processes and sought approvals from Shari'ah Board. As part of its responsibilities, Shari'ah Compliance Department verified mechanism of profit and loss to the depositors prior to distribution on monthly basis.

Opinion:

To form our opinion as expressed in this report, we studied reports of the reviews carried out by Shari'ah Compliance Department, Internal Shariah Audit Unit and External Shariah Audit on test check basis of each class of transactions and the relevant documentation and process flows. Based on above, we are of the view that:

i) Business affairs of the Bank especially with reference to the transactions, relevant documentation and procedures performed and executed during the year 2024 are, by and large, in compliance with Fatwas/opinions/advices issued by the Shari'ah Board.

ii) The Bank has complied with directives, regulations, instructions and guidelines related to Shari'ah compliance issued by the SBP in accordance with the rulings of SBP's Shari'ah Advisory Committee.

iii) To ensure Shari'ah compliance in its operations, the Bank has an effective mechanism in place through Shari'ah Compliance Department and Internal Shari'ah Audit Unit.

iv) The Bank has a well-defined system in place in form of Internal Shari'ah Audit and Shari'ah Compliance Review to ensure that earnings realized from sources or means prohibited by Shari'ah are credited to the Charity Account to warrant that the income distributed among stakeholders remains Halal and pure. During the year, no transaction was classified as non Shariah Compliant.

During the year, Rs. 84.159 Million was recovered from the customers as charity on account of delayed payments. A substantial amount of 45.132 Million was granted to various charitable institutions from current collection and prior year balances.

v) The allocation of profit and losses to Mudarabah based remunerative depositors is generally in conformity with Shari'ah rules & principles and Pool Management Guidelines of State Bank of Pakistan. The allocation is reviewed on a monthly basis.

vi) Learning & Development Department has conducted sessions to enhance the capacity building of the Islamic banking staff through physical, online and e-learning trainings. The bank under the guidance of State Bank of Pakistan and Banking Services Corporation with the support of Shari'ah Board members conducted awareness sessions in different chambers of commerce, and different universities across the country. The Bank in collaboration with National Institute of Banking & Finance conducted the second series of an in-house Islamic Banking Certification Program which is a flagship program. This program provided foundational and comprehensive training in Islamic banking to senior officers from both Islamic and conventional banking.

vii) Management continued to provide resources and support to Shari'ah Compliance Department in line with the growth of the business on the directives of the Shari'ah Board.

In the end, we pray to Almighty Allah that He may forgive our shortcomings and accept our efforts for Islamic banking and grant us success in this world and the next, and on the Day of Judgment.

وصلّى الله علىٰ نبيّنا محمد و بارك وسلّم

Mufti Usama Ehsan
Member Shariah Board

Mufti Aqeel Akhtar
Member Shariah Board

Mufti Ovais Ahmed Qazi
Resident Member Shariah Board

Mufti Muhammad Mohib ul Haq Siddiqui
Member Shariah Board

Dr. Mufti Khalil Ahmad Aazami
Chairperson Shariah Board

January 21, 2025
Rajab 20, 1446

کمپلائنس ڈیپارٹمنٹ نے کارپوریٹ، کمرشل، اور SME کلائنٹس کے کاروباری طریقہ کار کی روشنی میں مختلف پراسس فلوز کا جائزہ لیا اور شریعہ بورڈ سے منظوری حاصل کی۔ اپنے فرائض کی سرانجامی کے دوران شریعہ کمپلائنس ڈیپارٹمنٹ نے کھاتہ داروں کو نفع کی تقسیم سے پہلے نفع و نقصان کے حساب کی تصدیق ماہانہ بنیاد پر کی۔

شریعہ بورڈ کی رائے

اس رپورٹ میں موجود رائے قائم کرنے کے لیے ہم نے شریعہ کمپلائنس ڈیپارٹمنٹ کے جائزے کی رپورٹس اور داخلی اور خارجی شریعہ آڈٹ کی پیش کی گئی رپورٹس کا معائنہ کیا، جو تمام انواع کی چیدہ چیدہ ٹرانزیکشنز اور متعلقہ دستاویزات اور پراسس فلوز کے جائزہ کی بنیاد پر پیش کیں۔ مذکورہ معلومات کی بنیاد پر ہماری یہ رائے ہے کہ:

۱. 2024 کے دوران بینک کے کاروباری معاملات، بالخصوص تمویلی عقود، متعلقہ معاہدات، طریقۂ کار اور اُن پر عمل درآمد مجموعی طور پر شریعہ بورڈ کے جاری کردہ فتاوٰی/تجاویز/ہدایات کے مطابق رہا۔

۲. نیز بینک نے اسٹیٹ بینک آف پاکستان کی طرف سے شریعہ ایڈوائزری کمیٹی کی ہدایات کی روشنی میں جاری کردہ اصولی احکام، تعلیمات اور قواعد وضوابط کی تعمیل کی ہے۔

۳. بینک کے معاملات کی شریعت سے ہم آہنگی کو یقینی بنانے کے لیے شریعہ کمپلائنس ڈیپارٹمنٹ اور داخلی شریعہ آڈٹ کے شعبوں کی شکل میں ایک منظم طریقۂ کار موجود ہے۔

۴. داخلی شریعہ آڈٹ اور شریعہ کمپلائنس جائزے کی شکل میں بینک کے پاس ایک مختص نظام موجود ہے جو اس بات کو یقینی بناتا ہے کہ غیر شرعی اور ممنوع طریقے سے حاصل ہونے والی آمدنی چیریٹی اکاؤنٹ میں ڈال دی جائے تاکہ حصہ داروں کو حاصل ہونے والی آمدنی حلال اور پاکیزہ ہو۔ سال 2024 کے دوران کوئی بھی ٹرانزیکشن شریعت کے خلاف قرار نہیں دی گئی۔

سال کے دوران 84.159 ملین روپے کسٹمرز سے ادائیگی میں تاخیر کے نتیجہ میں چیریٹی کے طور پر وصول کئے گئے۔ 45.132 ملین روپے کی خطیر رقم رواں اور گذشتہ سال کے دوران حاصل شدہ رقم کی مدسے مختلف خیراتی اداروں کو دی گئی ہے۔

۵. مضاربت کی بنیاد پر کھاتوں میں نفع و نقصان مجموعی طور پر شرعی اصول و ضوابط اور اسٹیٹ بینک کی Pool Management Guidelines کے مطابق ہے۔ اس تعین کا جائزہ ماہانہ بنیادوں پر لیا جاتا ہے۔

۶. اسلامک بینکنگ کے ملازمین کی استعداد میں اضافہ کے لیے بینک کے شعبۂ تعلیم و تربیت (Learning&Development Department) نے فزیکل، آن لائن، اور ای لرننگ ٹریننگ سیشنز کروائے۔ بینک نے اسٹیٹ بینک اور بینکنگ سروسز کارپوریشن (BSC) کی راہنمائی میں شریعہ بورڈ ممبرز کے ساتھ پورے ملک میں مختلف چیمبرز آف کامرس اور مختلف یونیورسٹیز میں اسلامی بینکاری کی آگاہی کے سیشنز بھی کروائے۔ بینک نے نیشنل انسٹیٹیوٹ آف بینکنگ اینڈ فائنانس (NIBAF) کے تعاون سے اندرونی اسلامی بینکنگ سرٹیفیکیشن پروگرام (IBCC) کی دوسری سیریز منعقد کی جو کہ نباف کا اعلی ترین پروگرام ہے۔ اس پروگرام نے اسلامی اور کنونشنل بینکنگ دونوں کے سینئر افسران کو اسلامی بینکنگ کی بنیادی اور جامع تربیت فراہم کی۔

۸. انتظامیہ کی جانب سے بینک کی کاروباری ترقی اور شریعہ بورڈ کی ہدایات کے مطابق شریعہ کمپلائنس ڈیپارٹمنٹ کو مزید وسائل اور معاونت کی فراہمی جاری رکھی۔

ہم اللہ تعالیٰ سے دعا کرتے ہیں کہ وہ ہماری لغزشوں سے درگزر فرمائیں، اسلامک بینکنگ کے لیے کی جانے والی ہماری محنت کو قبول فرمائیں اور ہمیں دنیا و آخرت کی کامیابی سے نوازیں اور بروزِ قیامت ہم سب کی دستگیری فرمائیں۔ آمین۔a

وصلّى الله علىٰ نبيّنا محمد و بارك وسلّم

مفتی اسامہ احسان
ممبر شریعہ بورڈ

مفتی عقیل اختر
ممبر شریعہ بورڈ

مفتی اویس احمد قاضی
ریذیڈنٹ ممبر شریعہ بورڈ

مفتی محمد محب الحق صدیقی
ممبر شریعہ بورڈ

ڈاکٹر مفتی خلیل احمد اعظمی
چیئرپرسن شریعہ بورڈ

۲۱ جنوری، ۲۰۲۵
۱۱ رجب، ۱۴۴۵

بسم اللہ الرحمن الرحیم

شریعہ بورڈ رپورٹ برائے سال 2024

الحمد للہ ربّ العلمین والعاقبۃ للمتقین والصلوۃ والسلام علی سید الرسل و خاتم النبیین وعلی اٰلہ و صحبہ اجمعین

اللہ تعالیٰ کے فضل و کرم سے زیرِ نظر رپورٹ بینک الفلاح - اسلامک بینکنگ (جو آئندہ "بینک" کے نام سے مذکور ہے) کے آپریشنز کے اکیسویں سال کی سالانہ رپورٹ ہے۔ بینک کے تمام معاملات کی شریعت کے اصولوں کے عین مطابق انجام دہی کی مکمل ذمہ داری بورڈ آف ڈائریکٹرز اور اعلیٰ انتظامیہ (Executive Management) پر ہے۔ اس رپورٹ کا مقصد اسٹیٹ بینک آف پاکستان کے شریعہ گورننس فریم ورک (SGF) کی ہدایات کے مطابق پاکستان میں بینک کے آپریشنز کی شرعی اعتبار سے صورتحال بیان کرنا ہے۔

اِس سال کے دوران بینک نے اثاثوں (Assets) اور ذمہ داریوں (Liabilities) سے متعلق موجودہ پراڈکٹز کے پروگرام گائیڈلائینز، مینولز (Manuals) اور متعلقہ دستاویزات کی تجدید کا عمل جاری رکھا۔ شریعہ بورڈ نے مذکورہ تمام ایسے دستاویزات کا جائزہ لینے کے بعد ان کی منظوری دی جن کا اثر اسلامک بینکنگ آپریشنز پر پڑتا ہے۔

سال 2024 کے دوران بینک نے اسٹیٹ بینک کی طرف سے اسلامک بینکنگ کی ترقی کے لیے طے کردہ حکمت عملی کے ہدف کی تکمیل کے لیے اسلامک بینکنگ نیٹ ورک کی ترقی کو جاری رکھا۔ رواں سال کے دوران بینک نے کُل 73 نئی شاخیں کھولیں جس کے نتیجہ میں پاکستان بھر میں اسلامک بینکنگ کا نیٹ ورک 427 شاخوں تک پہنچ گیا اور اسلامک بینکنگ کا ٹوٹل ڈیپازٹ 399 بلین روپے تک پہنچ گیا۔

اسلامک فائنانسنگ کے خواہاں اسمال میڈیم انٹرپرائزز (SME) اور کارپوریٹ کسٹمرز کی قلیل المیعاد فائنانسنگ کی ضرورت پوری کرنے کے لیے 'مرابحہ'، 'مساومہ'، 'سلم'، 'استصناع'، 'تجارہ' اور 'رننگ مشارکہ' جبکہ طویل المیعاد فائنانسنگ کی ضرورت پوری کرنے کے لیے 'اجارہ' اور 'شرکتِ متناقصہ' (Diminishing Musharaka) کے طریقے اختیار کئے۔
اسلامک بینکنگ ونڈوز کی طرف سے ایس ایم ای کو فراہم کی جانے والی مجموعی فائننسنگ میں بینک الفلاح کا تناسب ایک چوتھائی ہے۔ کنزیومر فائنانس کے کسٹمرز کی کار فائنانسنگ کی ضرورت پوری کرنے کے لیے "اجارہ" اور شمسی توانائی (سولر) اور ہوم فائنانسنگ کی ضرورت پوری کرنے کے لیے 'شرکتِ متناقصہ' (Diminishing Musharaka) کے طریقے اختیار کئے۔

سال کے دوران بینک نے پراڈکٹ ڈیولپمنٹ ڈیپارٹمنٹ کے ذریعہ مختلف پراڈکٹس اور ان کی مختلف انواع تیار کیں اور شریعہ بورڈ کی منظوری کے ساتھ ان کو لانچ کیا۔ جیسے مساومہ کے تحت پے ایبل فائنانس، الفلاح اسلامک ویمن اکاؤنٹ، ریپڈ پورٹل کے ذریعے اسلامک آٹو فنانس، ایگزم بینک کے ذریعے شریعہ کمپلائنٹ ایکسپورٹ ری فائنانس سبسڈی اسکیم، الفلاح اسلامک بزنس وے پے رول کرنٹ اکاؤنٹ اور ایف سی وائی ویریئنٹس، بینک الفلاح اسلامک گولڈ ویمن ڈیبٹ کارڈ، بینک الفلاح اسلامک پاور پیک ویمن ڈیبٹ کارڈ اور الفلاح اسلامک فارن کرنسی ڈیبٹ کارڈ۔ بینک نے فلاح کلاسک سیونگز اکاؤنٹ کو 'خیال رکھنا اکاؤنٹ' کے طور پر ری برانڈ کیا اور ماہانہ منافع کی ادائیگی کا آپشن بھی شامل کیا اور 'فری لانسر ڈیجیٹل اکاؤنٹ' کو اسٹیٹ بینک آف پاکستان کی ہدایات کے مطابق ترتیب دیا۔

بینک اپنے کسٹمرز کو شریعہ کمپلائنٹ ڈیجیٹل سہولیات اور پراڈکٹس مہیا کرنے کے لیے پر عزم ہے۔ اس سلسلے میں بینک نے اپنے ڈیجیٹل بینکنگ کے صارفین کے لیے "ٹرانزیکشن تکافل" لانچ کیا۔

بینک نے منسٹری آف فائنانس کے جوائنٹ فائنانشل ایڈوائزر کے طور پر قومی تعمیر میں اپنا کردار ادا کرتے ہوئے لوکل کرنسی کے 1.918 کھرب کے سکوک کے اجراء میں اپنی ایڈوائزری کی خدمات فراہم کیں۔ یہ سکوک 2024 میں پہلی بار پاکستان اسٹاک ایکسچینج کے ذریعے جاری کیے گئے جس سے عوام کو شریعہ کمپلائنٹ مالیاتی مدات میں سرمایہ کاری کرنے کا موقع فراہم ہوا۔ اس کے علاوہ بینک نے متعدد سنڈیکیٹ فائنانس ٹرانزیکشنز میں بھی حصہ لیا اور انہیں شریعہ ایڈوائزری کی خدمات فراہم کیں۔

شریعہ گورننس فریم ورک شریعہ کمپلائنس ڈپارٹمنٹ اور داخلی شریعہ آڈٹ یونٹ کو بینک میں شریعہ کمپلائنس کے ماحول کے لیے اہم عناصر کے طور پر مضبوط اور بااختیار بناتا ہے۔ اس تناظر میں بینک کے شریعہ کمپلائنس ڈپارٹمنٹ نے اپنا کردار مؤثر انداز میں ادا کیا اور بینک میں شریعہ کمپلائنس کا ایک اطمینان بخش معیار برقرار رکھا۔ دورانِ سال شریعہ کمپلائنس ڈیپارٹمنٹ نے اپنے شریعہ جائزے کی ذمہ داری کے تحت 120 اسلامک شاخوں اور 11 شعبوں اور مرکزی افعال کا جائزہ لیا جبکہ داخلی شریعہ آڈٹ یونٹ نے کل 109 شاخوں اور 15 شعبوں اور مرکزی افعال کا آڈٹ کیا۔ یہ آڈٹ اور ریویوز شریعہ بورڈ سے منظور شدہ PPGs، پالیسیوں، اور گائیڈلائینز کی روشنی میں کیے گئے۔ داخلی شریعہ آڈٹ کے نظام کو مزید مضبوط کرنے کے لیے، اندرونی شریعہ آڈٹ یونٹ نے شریعہ بورڈ سے منظور شدہ آڈٹ ریٹنگ کے طریقہ کار کو مرکزی شعبوں کے لیے اندرونی شریعہ آڈٹ رپورٹس میں شامل کیا۔

شریعہ کمپلائنس ڈیپارٹمنٹ نے اپنے بزنس سپورٹ یونٹ کے ذریعہ مختلف ٹرانزیکشنز اور ان کے پراسس فلوز کی منظوری شریعہ بورڈ سے حاصل کرنے میں بزنس یونٹ کی معاونت کی۔ دورانِ سال شریعہ کمپلائنس ڈیپارٹمنٹ اور پراڈکٹ ڈیولپمنٹ ڈیپارٹمنٹ نے کسٹمرز کے کاروباری نظام کو سمجھ کر مختلف فائنانسنگ پروڈکٹس کے شریعہ پروسیس فلوز کو مؤثر انداز سے تیار کرنے کی غرض سے کسٹمرز کے دورے کیے۔

پراڈکٹ ڈیولپمنٹ ڈیپارٹمنٹ نے مختلف پراڈکٹس اور پراسسز کی شریعہ اسٹرکچرنگ اور ان کے طریقہ کار وضع کرنے میں اپنا تعاون فراہم کیا۔ شریعہ

Remuneration Framework

With an intention to make Directors and Senior Management more accountable for their governance and performance vis-à-vis determination and payment of compensation, and to develop a fair, transparent and sound compensation policy that is aligned with risks and responsibilities, the SBP issued Corporate Governance Regulatory Framework and other guidelines through various circulars. . The following disclosures are given in compliance with the said framework.

Corporate Governance Culture and Standards followed by the Bank

The Bank observes Corporate Governance standards as stipulated in the Code of Corporate Governance and other relevant regulations, which are updated in accordance with the changing dynamics of corporate environment, culture and regulatory regime.

Directors - Appointment and Profiles

The process of appointment/nomination of the Directors of the Bank is in accordance with the applicable laws and regulations, and is governed by the Bank's Governance Policy. Profiles of Directors, including their qualifications, expertise and past work experience are disclosed as part of the 'Governance' Section within this Annual Report.

Board Committees - TORs and Meetings

Terms of Reference of the Board Committees, their composition and membership, number of meetings held, and number of meetings attended by the members are disclosed as part of the 'Governance' Section within this Annual Report.

Shariah Board - Appointment, Profiles, TORs, Meetings

Appointment of Shariah Board members and Chairperson is subject to the Board's approval, and prior approval of the State Bank of Pakistan. Profiles of the Shariah Board members and their membership on other boards are disclosed as part of the 'Governance' Section within this Annual Report. Terms of Reference (TORs) of Shariah Board, and number of meetings held and attended by each member are also disclosed as part of the 'Governance' Section within this Annual Report.

Key Management Personnel - Appointment and Profiles

The bank, when appointing the key executives follows an internal operating procedure duly approved by Board of Directors, that assesses the best fit for eligibility, integrity, track record, reputation, financial credibility, conflict of interest, qualification and experience of the potential management personnel. This has been developed in line with State Bank of Pakistan's Corporate Regulatory Governance Framework.

Key achievements of Board Committees

- **Board Risk Management Committee (BRMC)**
  The Board of the Bank is ultimately responsible for development, implementation and maintenance of a robust and dynamic ERM (Enterprise Risk Management) Framework in the Bank. However, to increase efficiency and effectiveness, the Board has delegated its risk oversight responsibilities to the Board Risk Management Committee (BRMC). The BRMC ensures that the Bank has an adequate Enterprise Risk Management Framework (policies, processes and people). The BRMC also recommends the delegation of authorities to the Management Committees, and approves the Terms of Reference of the Bank's Central Credit Committee (CCC).

  During 2024, the BRMC reviewed and recommended to the Board, the Bank's overall risk appetite and risk tolerance in relation to all risk areas, including credit, market, liquidity, operational, trade based money laundering and information security risks etc. It recommended approval of exposure limits to Board in relation to Risk Management strategies, and reviewed compliance with these limits. Additionally, the Committee carried out a comprehensive review of the Bank's policies for onward recommendation to the Board of Directors. In the year 2024, the BRMC continued to assess the adequacy of the Bank's capital level in lieu of Pillar 1 and Pillar 2 risks along with the resilience of the Bank's capital base under adverse economic environments. It also reviewed the liquidity position of the Bank in terms of Basel III liquidity ratios (LCR and NSFR). BRMC being primarily responsible for oversight of timely implementation process of IFRS 9 approved the transition plan and reviewed the implementation progress there against. The predictive powers of Obligor Risk Rating models were also reviewed.

During the year, the BRMC reviewed the reports presented to it, and effectively performed the risk oversight function. Based on submissions, it guided the Management for the actions required to manage the risks highlighted in a timely manner. The BRMC regularly informed the Board about its activities, performance, and risk related issues of the Bank.

- **Board Audit Committee (BAC)**
  The Board Audit Committee (BAC) plays a significant role in enhancing the credibility of financial statements, quality of internal controls, governance, and risk management practices of the Bank by performing its oversight responsibilities of reviewing financial reporting, internal controls, and risk management processes, and ensuring the execution of quality audits. BAC also evaluates the effectiveness of the Bank's overall management of compliance risk keeping in view domestic and international regulatory requirements.

  During the year 2024, the BAC, in accordance with the BoD approved mandate, has reviewed and made recommendations to the BoD on various policies, related party transactions and the control weaknesses pointed out by the regulator during inspections, annual plans/performance review for Internal Audit/Compliance function along with various other agenda items and ensured that Internal Audit Function has adequate resources and is appropriately placed within the organisation structure to maintain its independence.

  The BAC also reviewed the analysis of fraud incidents in the Bank along with identifying root causes and steps/remedial measures to curb such instances in the future. The BAC played a significant role in securing stakeholders' interests with establishment of a robust Whistleblowing Mechanism along with follow-ups, where all complaints were subject to review by the Chairman BAC without exception.

  Besides performing the responsibilities entrusted by the BOD as per approved TORs, the BAC has followed a proactive approach, and has taken/supervised actions, including the alignment of the Internal Audit (IA) approach and revamping of IA processes and documentation as per IIA standards, best practices and regulatory guidelines, automation of complete audit life cycle through implementation of audit management solutions in accordance with regulatory advice, and review of risk assessment methodology for incorporation in the upcoming annual audit plan, thus accelerating the journey of Internal Audit function towards its vision .

- **Board Strategy and Finance Committee (BSFC)**
  The Board Strategy and Finance Committee ("BSFC") assists the Board of Directors of the Bank in performing its functions and responsibilities with a focus on policy making, general direction, oversight, supervision etc. BSFC has played its role through extensive strategic decision making and recommendations, which contributed towards the growth and progress of the Bank.

  The Committee reviewed and recommended all matters involving the financial and strategic issues (other than periodical financial statements, which are mandated to be reviewed by the Board Audit Committee). The TORs of BSFC were also amended to comply with the new amendments in the Listed Companies (Code of Corporate Governance) Regulations, 2019 to address Sustainability Risks and Opportunities. The TORs were amended with a view to facilitate the Board of Directors on governance, oversight of sustainability risks, opportunities, including the environmental, social and governance considerations. The BSFC will review/consider the Strategic ESG Plan of the Bank with respect to the environmental, social and governance considerations, including but not limited to setting targets, priorities, way forward for the Bank's sustainability strategies, for creating a long-term corporate value. The last Strategic Plan (2021-2025) of the Bank was approved by the BSFC and Board in 2020. Alhamdolillah, the Bank exceeded the strategic plan targets well before 2025, in terms of profitability, deposits and other Key Performance Indicators. Accordingly, BSFC approved the new 5-year strategic plan for the years 2024-2028 and recommended to the Board for approval.

  During the year 2024, the Committee reviewed sale of Bank's entire shareholding in its subsidiary 'Alfalah Securities Limited' and recommended the same to be approved by the Board and the shareholders. The BSFC reviewed and recommended the acquiring of major equity stake (84.51%) of Saudi National Bank in Samba Bank, the Committee also evaluated the potential benefits, synergies and implications of acquiring Samba in detail. However, the transaction did not materialized and the process was terminated by the seller. The BSFC also discussed in detail the sale of the Bank's Bangladesh operations and reviewed the Severance Package (Ex-Gratia) Scheme to Bangladesh Employees. The BSFC reviewed the strategic expansion of Bank Alfalah in the UAE and Gulf Region and recommended the relocation of the office of Head, Transaction Banking from Pakistan to Dubai.

It has reviewed and recommended to the Board the Annual Business Plan/Budget 2025 of all business groups, including the overseas operations of the Bank. The Committee also reviewed the performance of the Bank's subsidiary and associates, future branch network expansion plans, various policies/frameworks along with monitoring and supervision of the Central Management Committee and other key management committees of the Bank.

The BSFC reviewed and recommended to the Board the reports of the Shariah Board, profit & loss distribution and pool management policy of Islamic Banking, investment plans, major capital expenditures, various policies of the Bank etc. and provided necessary directives to the Management. The Committee also interacted with the Shariah Board Members on Islamic Banking related matters. It also demonstrated its contribution and reaffirmed its commitment towards Corporate Social Responsibility by the Bank.

- **Board Information Technology Committee (BITC)**
  The Board Information Technology Committee (BITC) plays a vital role for IT, Information Security and Digital Banking functions within the bank and is responsible for advising and reporting to the Board on the status of technology and digital related activities and initiatives. The BITC closely monitored the performance of Digital Banking Group (DBG) of the Bank and provide strategic guidance to serve the customers more efficiently and enhance the market share in the digital banking landscape.

  Under the supervision of the BITC, the DBG delivered superior customer service through dedicated Digital Lifestyle branch as well as innovative digital products complemented by robust systems and established WhatsApp Banking (Transactions Summary, apply for Loans), Merchant on-boarding via RAPID Bio, SMS Self Services in Rapid, Dynamic QR Cash Withdrawal – POC, and FCCM International Upgrade.

  The Committee reviewed the Roadmap Progress (2023-2028) and ITG initiatives for the year 2024 in alignment with the 2024-2028 Strategy. BITC also reviewed the summary of all IT Projects and Change Requests during 2024. The Committee also reviewed various policies/frameworks along with monitoring and supervision of the IT Steering Committee and Digital Banking Council of the Bank. The Committee reviewed the AlfaMall technology revamp and migration of its existing platform achieving technology stability enabling AlfaMall to retain 1st position in banking-led e-Commerce model in Pakistan and becoming largest BNPL marketplace of the country.

  During the year 2024, more than 84% branch transactions routed through digital channels, due to which Bank was awarded again with the best digital bank twice in a row by the Pakistan Banking Awards conducted by the Institute of Bankers Pakistan in partnership with The Dawn Media Group and collaboration of A.F. Ferguson & Co. (a member of PwC global network) saw an increased participation of banks, along with the introduction of two new categories welcoming Fintech companies. The consecutive win as best digital bank, reflected BAFL's image in the industry; the jury rated us highly on our throughputs generated on the innovative products/channels suite offered to cater to the needs of our digitally active customer base. The Committee also demonstrated its contribution and reaffirmed its commitment towards making the digital services offered by the Bank, the best amongst its peer banks.

  The BITC is very sensitive on information security and cyber security issues and acts proactively for mitigation the risks by Management on a priority and timely basis. we have developed our strategic cyber security roadmap and initiatives for the year 2024 have been developed in the light of ever-looking cyber threat landscape and continuous improvement journey to enhance the Bank's cyber security state and building a resilient cybersecurity culture.

- **Board Human Resources, Remuneration and Nomination Committee (BHR&NC)**
  The Board Human Resources, Remuneration and Nomination Committee ("BHR&NC") has extended valued contributions towards the development of human resources in Bank Alfalah Limited ("the Bank"). During the year 2024, the Board of Directors, upon recommendation of BHR&NC, approved the size, structure and composition of the Board of Directors of the Bank, for the election of directors of the Bank by the shareholders.

  BHR&NC has been instrumental in guiding the Management and HCG in various human resources related matters including Employee Well Being, Culture, DEI initiatives and approved various initiatives during the year, as follows:
- Considering the drastic impact on take home salaries of employees due to significant tax changes, the committee advised and approved an index based tax relief for employees to alleviate the financial burden on employees.

- In order to utilize Bank's employee services, Deputation Policy for Subsidiaries and Associated Companies was introduced. Additionally, first of its kind flexible bank-maintained car facility and flexible working policies were introduced, in order to

empower the employees in tailoring their benefits according to their individual needs.

- Improvements to the Employee Welfare programme, as well as revisions in Maternity, Paternity and Staff Finances (House and Personal) policies.

- Oversee the work culture, including the implementation and assessment of initiatives so as to gauge their impact across the Bank.

  Furthermore, Bank Alfalah has earned recognition awards in 15 categories and best practice in each category at Prestigious Global Diversity, Equity and Inclusion Benchmark forum announced in 2024. Furthermore, awarded second place in Employer of Choice, second place in overall business community and first place in banking industry at the Pakistan Business Council and International Finance Corporations' Gender Diversity Awards.

- **Board Crisis Management Committee (BCMC)**

  In the year 2022, the scope of the Committee was broadened and the name of the Committee has been changed from 'Board Coronavirus-Crisis Management Committee' to the 'Board Crisis Management Committee (BCMC)' and it's Terms of Reference was amended. The BCMC is now dealing with any crisis situation, whether natural or otherwise, which cannot be foreseen and causes disruption of the normal/routine operations of Bank Alfalah Limited ("BAFL/the Bank"). The crisis may include, but not limited to the following:

- pandemic;
- civil unrest;
- terrorism;
- war or war like situation;
- cyberattack or any technological disaster;
- natural disaster/calamity;
- any other unforeseen act/situation ("the Crisis")

  With the enhancement of its scope the Committee reviewed/discussed update on political as well as economic situations of Pakistan, covering interest rate, Rupee devaluation, IMF update and their potential impact on the Bank. The Committee discussed political economic outlook as well as different scenarios along with credit risk, market and liquidity risks, interest rate risk, operational risk etc.

  BCMC also reviewed and discussed in details the devastating impact of the floods and rains in Pakistan during July/August 2022 and the flood relief work and different initiatives by the Bank for its employees and people affected by the rains/flood. The Committee also reviewed the impact of flood on its operations and different portfolios. The Committee, for the purpose of supporting the flood relief initiatives recommended a funding of USD 10 Million by the Bank to the Board for approval, which was duly approved by the Board.

- **Board Real Estate Committee (BREC)**
  The Board Real Estate Committee was formed to consider, recommend and approve the real estate related proposals and relevant policies and/or any amendments therein, acquisitions, and disposal of specific property, including land, buildings (either partly or fully constructed) beyond the Management Committee's scope, and proposals for development projects for the use of the Bank (including the overseas operations of the Bank).

  In 2024, the Bank's real estate portfolio continues to grow with the expansion in the distribution network and BAFL focuses on acquisition of strategic locations only and is aligned with industry trends of maintaining a 10:90 ratios. Alhamdulillah, Bank operates through approx. 1,150+ Branches, Sub-branches and Offices across 200+ cities in Pakistan.

  BREC reviewed/recommended to the Board various proposals of sale and/or purchase of properties for the Bank as well as proposals for renovations and development projects. The BREC exercised its powers and responsibilities as have been assigned vide its Term of Reference, relevant prevailing laws & regulations and the Bank's Memorandum and Articles of Associations, pertaining to the real estate matters/issues.

Formulation and Implementation of Remuneration Policy and Assessment of Board Performance

During the year 2020, A. F. Fergusons & Co., a member firm of PriceWaterhouseCoopers (PWC) was engaged to assist the Bank in implementation of the Remuneration Policy Guidelines issued by the State Bank of Pakistan (SBP). The scope included drafting the mechanism for identification of Material Risk Takers and Material Risk Controllers, review of their existing scorecards and preparation of risk-adjusted scorecards, drafting the Remuneration Policy for the Bank, including deferral mechanism, and assisting the Bank in implementation of the policy.

Information on overall remuneration policy of the Bank

The primary objective is to define a competitive remuneration system, balancing strategic business targets and correctly rewarding employees.

To ensure alignment of remuneration practices with international standards and best practices, the State Bank of Pakistan (SBP) has issued Guidelines on Remuneration Practices (Guidelines). Accordingly, the Remuneration Framework (Framework) was developed as part of the Bank's initiative to implement the Guidelines.

Following are the objectives of the Framework:

1. To promote and be consistent with sound and effective risk management, and not encourage risk-taking that exceeds the risk thresholds of the Bank;
2. To ensure that the remuneration practice is in line with the Bank's objectives, taking into consideration all major risks that the Bank may face, and promotes and supports long-term performance;
3. To align remuneration with risk appetite and with conduct expectations of the Bank, regulators and stakeholders; and
4. To attract, retain and motivate highly qualified employees, but also reward those who promote corporate values correlated with long-term value generation.

- **Governance Framework**
  The Bank's Governance Framework, with respect to these guidelines, aims at ensuring appropriate control oversight on remuneration practices, ensuring that decisions are taken with sufficient independence and in an informed way, by the authorities and functions to which different responsibilities are delegated.

  The BoD has the overall responsibility for reviewing, approving and monitoring implementation of the bank-wide Remuneration Framework, based on the recommendations of Board Human Resources Remuneration and Nominations Committee (BHR&NC). In addition, the Board, through BHR&NC, reviews on periodic basis, reports on remuneration structure, including the composition of fixed and variable remuneration of the President and CEO and the Management Team (direct reportees of the President and CEO and Board/Board Committees).

  The Board remains responsible for determining compensation and benefits for certain corporate roles, including the President and CEO, CFO, Head of Audit and Inspection, and Company Secretary.

- **Features of total compensation**
  The Bank offers a compensation structure with a balanced mix of fixed and variable elements. The compensation mix is periodically reviewed by Human Capital Group (HCG) to ensure external competitiveness and internal adequacy. The review also takes into account the results of performance evaluations, and assigned roles and responsibilities. The objective of maintaining a balanced pay mix is to encourage behaviours focused on the achievement of long-term sustainable results.

  This Framework, the Bank's HCG policies and frameworks, and general incentive structures focus on ensuring sound and effective risk management through the following:

1. A robust governance structure for setting goals (including risk adjustments), communicating these goals to employees, and performance measurement to ensure assigned goals are achieved without any excessive or undue risk-taking;
2. Alignment with the Bank's business strategy, values, key priorities and long-term goals;
3. Alignment with the principles of protecting of customers, investors, regulators, and other stakeholders; and
4. Restricting employees, including Material Risk Takers (MRTs) and Material Risk Controllers (MRCs), from undertaking hedging, pledging or insurance strategies for their remuneration, or for any other aspect that might alter, or undermine the risk alignment effects inherent in the Bank's remuneration mechanisms.

- **Factors considered for differentiating variable pays across employees or group of employees**
  The compensation structures for MRTs and MRCs is determined and proposed by the HCG, which ensures an appropriate balance between fixed and variable pay, while considering various factors, including the following :

1. Whether the individual is an MRT or MRC;
2. Position within the organisation;
3. Roles and responsibilities;
4. Risk alignment (i.e. the higher the risks undertaken the more shall be the variable remuneration); and
5. Performance against financial as well as non-financial objectives and KPIs, including risk-adjusting factors.
   The inclusion criteria have been developed in accordance with the guidelines and applicable best practices, and are subject to approval by the BHR&NC. The inclusion criteria comprises of two sections; namely the qualitative and quantitative MRT/MRC inclusion criteria.

Qualitative inclusion criteria

The following qualitative criteria shall be applied for identification of MRTs and MRCs:

1. President and CEO, or any other equivalent position;
2. Members of the Management Team, i.e. reporting directly to the President and CEO, and the BoD or any Board Committee;
3. Members of critical Management Committees;

4. Heads of critical functions responsible for managing business, risks and controls, that may subject the Bank to significant risks; and
5. Country Heads of overseas branches, unless the related branch is subject to similar remuneration regulations in the host countries.

Quantitative inclusion criteria
Quantitative inclusion criteria includes:
1. Credit Risk;
2. Market Risk;
3. Operational Risk; and
4. Liquidity Risk.

- **Implementing the remuneration measures, and their alignment with current and future risks and performance.**

This is done through the following steps:
1. Introduction of risk-adjusted balanced scorecards for performance evaluation of MRTs/MRCs;
2. Inclusion of another value driver in balanced scorecard categories, i.e. risk adjusting factors;
3. Identification of relevant Key Performance Indicators against each category;
4. Identification of risk adjustments (ex-ante risk adjustments);
5. Assignment of weightages;
6. Periodic review and update of risk-adjusted balanced scorecard;
7. Ratings mechanism; and
8. Application of overrides.

- **Responsibility levels of the key executives and Directors**

Compensations provided to non-executive Directors:
In accordance with regulatory requirements, the Policy on Directors' Remuneration was unanimously approved by the shareholders of the Bank in the 28th Annual General Meeting held on 27th March, 2020 and was further amended to align with the SBP's Corporate Governance Regulatory Framework on 29th Mar 2022 in the 30th Annual General Meeting of Shareholders. The basis of compensation provided to non-executive Directors is covered in the said policy.

Remuneration provided to the Shariah Board Members and its components:
The remuneration of the Shariah Board is governed under the compensation policy approved by the Board of Directors.

Fixed and variable pay provided to senior executives, including CEO, MRCs and MRTs:
Fixed Pay
For fixed pay, Human Capital Group annually derive an appropriate benchmark with external market data, in order to ensure the appropriateness of the fixed remuneration for the Bank to be able to attract and retain the relevant resources, particularly in relation to the MRTs/ MRCs.

Variable Pay
Variable remuneration takes into account performance of the Bank's, the Group, business unit /product and individuals. Achievement/ underachievement of financial performance, excessive or undue risks, customer experience, audit/internal controls/compliance issues, etc. are generally considered for determining risk-adjusted variable remuneration. Performance-based remuneration in the form of annual or periodic bonuses and sales incentives are disbursed in cash and/or share options, in accordance with relevant HR policies and frameworks.

Basis for payment of bonuses and awards to CEO, senior executives and MRTs/MRCs.
The basis for payment of bonuses is determined keeping in view the achievement of KPIs in all value drivers.

The Bank ensures that Risk Control Function employees are remunerated independently of the functions they oversee:
1. The Bank ensures provision of adequate feedback on relevant risk adjustments in the risk-adjusted balanced scorecards of MRTs/MRCs;
2. The Bank reviews the targets and measurement benchmarks against relevant risk adjustments, assigned within the risk-adjusted balanced scorecards to ensure alignment with the risk profile and risk appetite of the Bank; and
3. The Bank ensures timely provision of information/feedback to assist in performance evaluation against risk adjustments of MRTs/ MRCs.

Policy on vesting and deferral of variable remuneration.
A certain portion of variable compensation of the CEO, key executives, MRTs/MRCs are subject to mandatory deferrals for a defined period, thus creating alignment between the employees' and stakeholders' interests, and reinforcing that compensation is appropriately linked to longer-term sustainable performance. Deferred remuneration, especially with risk adjustments, is a useful tool for improving risk-taking incentives because the amount ultimately received by employees can be made to depend on risk outcomes.

The deferral amount shall be withheld for a period of three years whereas remaining portion of the variable compensation shall be paid upfront to the CEO, key executives and MRTs/MRCs. The deferred remuneration shall vest proportionately over the deferral period following the year of the variable remuneration award.

The deferred portion of the variable remuneration shall be paid to the CEO, key executives, and MRTs/MRCs proportionally through yearly instalments, during the deferred period, in case no malus triggers are applicable. In case of malus, and where accountability has been determined in accordance with the conduct and accountability framework of the Bank, the entire or certain portion of the deferred remuneration shall be withheld and not paid to the CEO, key executives and MRTs/ MRCs on becoming due, and will be recorded back as income in the books of accounts of the Bank.

Board of Directors - Details

S.No.	Name of Directors	Date of Joining/ Leaving the Board	Status of Director (Independent, Non-Executive, Executive)	Member of Board Committees	Board Memberships in other Companies and Institutions
1	H. E. Sheikh Nahayan Mabarak Al Nahayan	From 07-Jul-1997 to 03-Nov-2002 (resigned) and co-opted on 15-Jan-2017	Chairman/Non-Executive Director	None	• Chairman, Alfalah Insurance Company Limited • Chairman, Taavun (Pvt) Limited • Proprietor, Dhabi Group • Chairman, Dhabi One Investment Services LLC • Chairman, Dhabi Holdings PJSC • Chairman, MAB Investment INC • Raseen Technologies LLC • Chairman, Salsal Petroleum LLC • Chairman, Warid Telecom Pakistan LLC • Chairman, JSC TeraBank, Georgia • Chairman, Wincom Services Pakistan LLC and Wincom Pvt Ltd • Chairman, Wateen Telecom Limited • Sole Proprietorship, Wateen Digital Solutions LLC **Other entities (Ministries / NGO etc.)** • UAE Cabinet Member and Minister of Tolerance and Coexistence • Honorary President, Future Rehabilitation Center, Abu Dhabi • Patron, Emirates Natural History Group • Patron, Abu Dhabi Cricket & Sports Hub • Chairman, Emirates Cricket Board • Chairman, Sandooq Al Watan
2	Mr. Abdulla Nasser Hawaileel Al Mansoori	07-Jul-1997	Non-Executive Director	None	Chairman of the Board, Al Nasser Holdings and Group Companies (as follows): • Al Nasser Holdings LLC • Al Nasser Investments LLC
3	Mr. Abdulla Khalil Al Mutawa	07-Jul-1997	Non-Executive Director	• Board Strategy and Finance Committee • Board Audit Committee • Board Risk Management Committee • Board Information Technology Committee • Board Human Resources, Remuneration & Nomination Committee • Board Crises Management Committee • Board Real Estate Committee	• Chairman, Makhazen Investment Company • Non-Executive Board Member, EFG Hermes Holding S.A.E

S.No.	Name of Directors	Date of Joining/ Leaving the Board	Status of Director (Independent, Non-Executive, Executive)	Member of Board Committees	Board Memberships in other Companies and Institutions
4	Mr. Khalid Mana Saeed Al Otaiba	08-Mar-2003	Non-Executive Director	• Board Risk Management Committee • Board Audit Committee • Board Strategy and Finance • Committee • Board Information Technology Committee • Board Human Resources, Remuneration & Nomination Committee • Board Crisis Management Committee • Board Real Estate Committee	• Director, Alfalah Insurance Company Limited • Chairman, Liwa International Investment Tourism • Chairman, Royal Mirage Hotel & Resorts Ltd, Morocco • Director, Ghantout International • Director, EFG Hermes Holding S. A. E.
5	Dr. Ayesha Khan	27-May-2018	Female/Non-Executive Director	• Board Human Resources, Remuneration & Nomination Committee • Board Audit Committee • Board Strategy and Finance Committee • Board Crisis Management Committee • Board Risk Management Committee	• CEO and Regional Managing Director at Acumen • Director, NRSP Microfinance Bank • Independent Director, Bulley Shah Packaging.(Pvt.) Ltd.
6	Dr. Gyorgy Tamas Ladics	27-May-2018	Independent Director	• Board Information Technology Committee • Board Human Resources, • Remuneration & Nomination Committee • Board Crisis Management Committee • Board Strategy and Finance Committee	• Chief Executive Officer and Director, Silverlake Symmetri (various legal entities Singapore, Malaysia, Pakistan)
7	Mr. Khalid Qurashi	From 27-May-2015 to 26-Feb-2018 and co-opted on 14-May-2020	Independent Director	• Board Audit Committee • Board Strategy and Finance Committee • Board Risk Management Committee • Board Human Resources, Remuneration & Nomination Committee • Board Crisis Management Committee • Board Real Estate Committee • Board Information Technology Committee	• Independent Director, HBL Bank UK Limited
8	Mr. Efstratios Georgios Arapoglou	27 May 2024 (he was associated as Non-Executive Director with the Bank from 27-May-2015 to 26- May-2021)	Independent Director	• Board Audit Committee • Board Strategy and Finance Committee • Board Information Technology Committee • Board Human Resources, Remuneration & Nomination Committee	• Chairman of Board, Bank of Cyprus – Cyprus • Board Member, EFG Hermes – Egypt • Evdimon Ltd. (50% ownership company) • Non-exec Chairman, TEN – Tsakos Energy Navigation (shipping)

S.No.	Name of Directors	Date of Joining/ Leaving the Board	Status of Director (Independent, Non-Executive, Executive)	Member of Board Committees	Board Memberships in other Companies and Institutions
9	Mr. Atif Aslam Bajwa	From 25-Oct-2011 to 15-Jul-2017 and co-opted on 19-Feb-2020	CEO/Executive Director	• Board Strategy and Finance Committee • Board Risk Management Committee • Board Information Technology Committee • Board Crisis Management Committee • Board Real Estate Committee	• Board Member, Alfalah Insurance Company Ltd • Chairman, Alfalah Asset Management Limited • Board Member of PIA Investments Limited and its below subsidiaries; - Roosevelt Hotel Corporation N. V. - Minhal France S. A. - Avant Hotels (Pvt) Limited • Board Member, Institute of Bankers Pakistan • Board Member, Karachi Education Initiative • Board Member, Packages Limited • Aga Khan Development Network, Mr. Atif Bajwa is Chairman, AKU Corporate Committee for University Advancement (an independent committee working under the ambit of the Aga Khan University which is the agency of Aga Khan Development Network)

Directors' Participation in Board and Board Committees Meetings

Name of Directors	Board of Directors Meetings	Board Audit Committee Meetings	Board Strategy and Finance Committee Meetings	Board Human Resource, Remuneration and Nomination Committee Meetings	Board Risk Management Committee Meetings	Board Information Technology Committee Meetings	Board Crisis Management Committee Meetings	Board Real Estate Committee Meetings
2024								
No. of Meetings held during the year	**7**	**6**	**8**	**3**	**5**	**4**	**1**	**10**
Number of Board and Board Committees meetings attended								
1. H.E. Sheikh Nahayan Mabarak Al Nahayan	7	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2. Mr. Abdulla Nasser Hawaileel Al Mansoori	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3. Mr. Abdulla Khalil Al Mutawa	6	6	8	3	5	4	1	10
4. Mr. Khalid Mana Saeed Al Otaiba	7	6	8	3	5	4	1	10
5. Dr. Ayesha Khan	7	6	8	3	2	N/A	1	N/A
6. Dr. Gyorgy Tamas Ladics	6	N/A	8	2	N/A	4	1	N/A
7. Mr. Khalid Qurashi	7	6	8	3	5	1	1	3
8. Mr. Efstratios Georgios Arapoglou *	2	2	1	2	N/A	1	N/A	N/A
9. Mr. Atif Aslam Bajwa	7	N/A	8	N/A	5	4	1	10

* Director appointed during the year

2023										
Name of Directors	Board of Directors Meetings	Board Audit Committee Meetings	Board Strategy and Finance Committee Meetings	Board Human Resource, Remuneration and Nomination Committee Meetings	Board Risk Management Committee Meetings	Board Information Technology Committee Meetings	Board Crisis Management Committee Meetings	Board Real Estate Committee Meetings	Board Compensation Committee Meetings*
No. of Meetings held during the year	**5**	**6**	**7**	**4**	**5**	**4**	**Nil**	**6**	**Nil**
				Number of Board and Board Committees meetings attended					
1. H.E. Sheikh Nahayan Mabarak Al Nahayan	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2. Mr. Abdulla Nasser Hawaileel Al Mansoori	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3. Mr. Abdulla Khalil Al Mutawa	5	6	7	4	5	4	N/A	5	N/A
4. Mr. Khalid Mana Saeed Al Otaiba	5	6	7	4	5	4	N/A	6	N/A
5. Dr. Ayesha Khan	5	6	7	4	N/A	N/A	N/A	N/A	N/A
6. Dr. Gyorgy Tamas Ladics	5	N/A	7	4	N/A	4	N/A	N/A	N/A
7. Mr. Khalid Qurashi	5	6	7	4	5	N/A	N/A	N/A	N/A
8. Mr. Atif Aslam Bajwa	5	N/A	7	N/A	5	4	N/A	6	N/A

* Committee discontinued in 2024

Shariah Board Members - Details

S.No.	Name of Shariah Board Members	Date of Joining/ Leaving the Board	Designation	Relationship with other Banks
1	Dr. Mufti Khalil Ahmad Aazami	01-Oct-2015	Chairperson, Shariah Board	• Member, Shariah Board, Faysal Bank Limited • Member, Shariah Board, National Bank Limited
2	Mufti Muhammad Mohib ul Haq Siddiqui	01-Oct-2015	Member, Shariah Board	• Chairman, Shariah Board, Faysal Bank Limited • Member, Shariah Board, Bank AL Habib Limited
3	Mufti Aqeel Akhtar	01-Jul-2021	Member, Shariah Board	• None
4	Mufti Usama Ehsan	01-Jul-2021	Member, Shariah Board	• None
5	Mufti Ovais Ahmed	01-Oct-2015	Resident Shariah Board Member	• None

Shariah Board Committee Meetings

S.No.	Name of Director	Meetings held/attended
	Total meetings held	4
1	Dr. Mufti Khalil Ahmad Aazami	4
2	Mufti Muhammad Mohib ul Haq Siddiqui	4
3	Mufti Aqeel Akhtar	4
4	Mufti Usama Ehsan	4
5	Mufti Ovais Ahmed	4

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

Name of Company: **Bank Alfalah Limited** ("**the Bank**")
Year ended: **December 31, 2024**

The Bank has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("Code/Regulations") in the following manner: -

1. The total number of directors are nine as per the following:
   a. Male: Eight
   b. Female: One

2. The composition of the Board is as follows:
   i Independent Directors: Three
   ii Non-Executive Directors: Four
   iii Executive Directors: One
   iv Female Directors: One

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank;

4. The Bank has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The Bank had arranged Directors' Training program for its Directors. Four Directors of the Bank have already attained certification of the Director's Training Program while the other Directors stand exempted, as per criteria mentioned in the Code;

10. The Board had approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed/reconstituted committees comprising of members given below:

A) Board Audit Committee
1. Mr. Khalid Qurashi, Chairman
2. Mr. Abdulla Khalil Al Mutawa, Member
3. Mr. Khalid Mana Saeed Al Otaiba, Member
4. Dr. Ayesha Khan, Member
5. Mr. Efstratios Georgios Arapoglou, Member

B) Board Strategy and Finance Committee
1. Mr. Abdulla Khalil Al Mutawa, Chairman
2. Mr. Khalid Mana Saeed Al Otaiba, Member
3. Dr. Ayesha Khan, Member
4. Dr. Gyorgy Tamas Ladics, Member
5. Mr. Khalid Qurashi, Member
6. Mr. Efstratios Georgios Arapoglou, Member
7. Mr. Atif Aslam Bajwa, Member

C) Board Risk Management Committee
1. Mr. Khalid Mana Saeed Al Otaiba, Chairman
2. Mr. Abdulla Khalil Al Mutawa, Member
3. Mr. Khalid Qurashi, Member
4. Dr. Ayesha Khan, Member
5. Mr. Atif Aslam Bajwa, Member

D) Board Information Technology Committee
1. Dr. Gyorgy Tamas Ladics, Chairman
2. Mr. Abdulla Khalil Al Mutawa, Member
3. Mr. Khalid Mana Saeed Al Otaiba, Member
4. Mr. Khalid Qurashi, Member
5. Mr. Efstratios Georgios Arapoglou, Member
6. Mr. Atif Aslam Bajwa, Member

E) Board Human Resources, Remuneration & Nomination Committee
1. Mr. Efstratios Georgios Arapoglou, Chairman
2. Mr. Abdulla Khalil Al Mutawa, Member
3. Mr. Khalid Mana Saeed Al Otaiba, Member
4. Dr. Gyorgy Tamas Ladics, Member
5. Mr. Khalid Qurashi, Member
6. Dr. Ayesha Khan, Member

F) Board Crisis Management Committee

1. Mr. Abdulla Khalil Al Mutawa, Chairman
2. Mr. Khalid Mana Saeed Al Otaiba, Member
3. Dr. Ayesha Khan, Member
4. Dr. Gyorgy Tamas Ladics, Member
5. Mr. Khalid Qurashi, Member
6. Mr. Atif Aslam Bajwa, Member

G) Board Real Estate Committee

1. Mr. Abdulla Khalil Al Mutawa, Chairman
2. Mr. Khalid Mana Saeed Al Otaiba, Member
3. Mr. Khalid Qurashi, Member
4. Mr. Atif Aslam Bajwa, Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The number of meetings held during the year are as follows. The meetings of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Bank;

Name of Committee	No. of Meetings held during the year 2024
Board Audit Committee	6
Board Strategy and Finance Committee	8
Board Risk Management Committee	5
Board Information Technology Committee	4
Board Human Resources, Remuneration & Nomination Committee	3
Board Crisis Management Committee	1
Board Real Estate Committee	10

15. The Board has set up an effective internal audit function, whose staff is considered suitably qualified, experienced for the purpose and are conversant with the policies and procedures of the Bank;

16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan; and that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the nstitute of Chartered Accountants of Pakistan. Further, none of them and other partners of the firm involved in the audit are a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director(s) of the Bank;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have followed IFAC guidelines in this regard; and

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

19. Compliance status with respect to the requirements of Anti-harassment, Diversity, Equity and Inclusion (DE&I) & Sustainability Committee under Regulations 10, and 10a:

    Pursuant to the SECP's Notification (S.R.O. (1)/2024) dated June 12, 2024, a new regulation 10A and amendment to the existing Regulation Nos. 10 and 35 have been introduced. Accordingly, the Bank has by and large addressed the environmental, social and governance related matters. The existing Board Strategy and Finance Committee (BSFC) has been assigned additional responsibilities in the matter, whereas the matters pertaining to DE&I and sustainability related risks are under review for onward consideration and approval by the Board.

Atif Aslam Bajwa
President and Chief Executive Officer

Nahayan Mabarak Al Nahayan
Chairman

Abu Dhabi
January 30, 2025

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Bank Alfalah Limited (the Bank) for the year ended December 31, 2024 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Bank. Our responsibility is to review whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended December 31, 2024.

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: February 26, 2025
UDIN: CR202410061nDUWj4scM

Statement of Internal Controls

This Statement of Internal Controls is based upon an ongoing process designed to identify the significant risks in achieving the bank's policies, aims and objectives, and to evaluate nature and extent of those risks, and to manage them efficiently, effectively and economically. This process remained in place throughout the year 2024.

The Board of Directors (Board) considers a sound control framework as the key to sustainable growth and value creation. The Board is ultimately responsible for the internal controls system of the Bank. Further, the Board has defined role of the Board's Audit Committee (BAC) and Senior Management to establish and maintain an adequate and effective system of Internal Controls. Every endeavor is made to implement sound control procedures and to maintain a robust control environment.

The Bank's Internal Control Policy outlines the overall Control Objectives, the Bank's Controls Framework as well as the Bank's approach towards implementation of the framework. Bank Alfalah Control Framework is structured on the lines of globally recognized "Three Line of Defense Model" in which Business/Support Unit serves as First Line of Defense, various Risk, Controls & Compliance oversight functions are serving as Second Line of Defense, while independent assurance is the Third (Audit and Inspection Group). The framework focuses on devising policies and procedures that outline control activities so that process owners perform their functions without any risk exposure. This aspect is further evaluated and monitored through various organisational functions, such as Risk Management, Compliance & Internal Controls etc.

The Board of Directors has instituted an effective Audit function (Audit & Inspection Group), reporting to the Board through the Board Audit Committee, which not only monitors compliance with the Bank's policies, procedures, controls and reports significant deviations regularly to the Board Audit Committee, but also regularly reviews the adequacy of the overall internal control system. Furthermore, observations and weaknesses regarding control health pointed out by the Bank's external and internal auditors are also addressed promptly and necessary steps are taken by the management to eradicate such weaknesses.

Remedial actions against control breaches are advised and followed up by the Board Audit Committee as well. The Bank's Compliance & Controls Committee, which comprises of CEO & senior executives of the Bank has been entrusted with enhanced governance and monitoring as part of the overall Control Environment. Besides, there is a Process Improvement Committee (PIC), comprising of senior executives, which, as part of regular periodic evaluations, considers improvements and changes required in the policies and procedures. Recommendations from the stakeholders, such as Risk, Operations, Compliance, Shariah, Finance and Internal Audit are sought as part of such exercises.

The Bank, under its Compliance & Business Solution Group, has a dedicated Internal Controls Division (ICD) which through its regular onsite visits and offsite thematic reviews facilitates the management in timely identification and resolution of key control issues / compliance risk exposures which can affect the Bank adversely. The ICD, through its reviews, helps management to ensure that the Bank's operations are carried out as per defined procedures: transactions are recorded in a timely manner; financial and management reporting is accurate, reliable and complete; and the Bank is compliant with the applicable laws, regulations and policies. Besides ICD, other units of Compliance & Business Solution Group, vis-a-vis Customer Due Diligence (CDD) Department and Compliance Risk Management Unit are also integral parts of the Bank's control framework, helping the Bank improve controls.

The Bank has an online Internal Controls Dashboard (ICD Dashboard) for centralized monitoring of certain critical controls. It serves as a tool to enhance the entity wide coverage of control risk exposure through timely identification of operational and regulatory risks, including control breaches at the branches and other functions. It assists in instant closure/rectification of issues preventing the Bank from financial and reputational losses. It helps in analyzing major control gaps, devising corrective action plan and catering to the training needs of the staff. ICD dashboard has transformed the whole spectrum of controls and compliance monitoring from the sample based periodic reviews of selected entities to continuous monitoring of key risk areas with coverage of entire population. Comprehensive

reviews of AML / CFT and other critical regulatory areas are carried out on the basis of alerts and exceptions generated from the dashboard. Anomalies identified as a result of these reviews are conveyed to the concerned stakeholders for taking necessary remedial measures, which significantly improve the control environment of the Bank. During the year 2024, ICD Dashboard coverage was extended to various critical business & operation functions alerts for timely monitoring and mitigation of risk exposure to safeguard the Bank from any financial or reputational losses. Besides this, significant issues were escalated to senior management through onsite ICD reviews to improve the operational health of branches/units.

The Bank follows SBP guidelines on Internal Controls including guidelines pertaining to Internal Control over Financial Reporting (ICFR). The Bank's ICFR exercise is conducted annually with an objective to review the processes and operating effectiveness of controls over key areas of the Bank's operations, which affect financial reporting. ICFR unit, under Finance Division, is responsible for implementation of the stage-wise ICFR Framework and to perform tests of controls for the management functions. In line with SBP exemption from the requirement of external auditors' Long Form Report (LFR), Audit and Inspection Group of the Bank reviewed the bank's ICFR function for the year 2023 and submitted an Assessment Report to the Board Audit Committee (BAC). The ICFR review for 2024 is in progress and an Assessment Report will be submitted to BAC during first quarter of 2025 in line with regulatory requirements.

Management's Evaluation on Effectiveness of Control Framework

The Bank's system of Internal Controls is designed to manage rather than eliminate the risk of failure to achieve its business strategies and objectives. It can, therefore, only provide reasonable and not absolute assurance against material misstatement and losses.

In accordance with Board's vision along with SBP and SECP guidelines, the management has implemented a comprehensive governance and control framework to ensure efficiency and effectiveness of operations, compliance with legal requirements and reliability of financial reporting. Adequate systems, processes and controls have been put in place to identify and mitigate the risk of failure to achieve the overall objectives of the Bank.

The management believes that the Bank's existing system of Internal Controls is considered reasonable in design and is functioning effectively and constantly monitored. There is a continuous improvement in the Bank's Control Environment including technological solutions. Based upon the work performed, the management keeps on identifying areas for process improvements as well as implement additional controls required for strengthening existing controls. The management takes all necessary steps to ensure that the timelines and priorities assigned to the same are adhered to.

The Bank shall continue in its endeavor to further enhance its internal control design and assessment process in accordance with the industry best practices.

The Board of Directors has duly endorsed management's evaluation of internal controls, including ICFR.

For and behalf of the Board,

Atif Aslam Bajwa
President and Chief Executive Officer
Abu Dhabi
30 January, 2025

Management's responsibility towards Financial Statements and Directors' Compliance Statement

The Bank's Management is aware of its responsibility towards the preparation and presentation of financial statements. The Directors of the Bank confirm that:

- The financial statements, fairly represent the state of affairs of the Bank, the result of its operations, comprehensive income, cash flows, and changes in equity.
- Proper books of accounts of the Bank have been maintained.
- Appropriate accounting policies have consistently been applied in the preparation of financial statements and accounting estimates, and are based on reasonable and prudent business judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan and to the banks in Pakistan, have been followed in preparation of financial statements, and any departures therefrom have been adequately disclosed and explained.
- The system of Internal Controls is sound in design, and has been effectively implemented and monitored.
- There are no significant doubts regarding the Bank's ability to continue as a going concern.
- There is no material departure from the best practices of corporate governance.

Adoption and Statement of Adherence with the International Integrated Reporting Framework

Scope and Purpose

The primary purpose of this report is to establish a communication with our stakeholders about how the Bank's strategy, governance, performance and prospects, in the context of external environment, lead to the creation of value to achieve short, medium and long-term strategic objectives.

Responsibility of the Report

The preparation, presentation and integrity of the Integrated Report is the Management's responsibility. The report has been presented in accordance with the International Integrated Reporting Framework.

The Value Creation Process

The Board has created an appropriate oversight structure to support the ability of the Management to create value through core business activities. Value is created through organisation's business model, which takes inputs from the capitals, and transforms them through business activities and interactions to produce outputs and outcomes, that, over the short, medium and long-term, create value for the organisation, its stakeholders, society and environment. The capitals, from which the business model takes inputs, are identified as financial, manufactured, intellectual, human, social and relationship, and natural capitals.

Content Elements incorporated in our Annual Report

- **Organisational Overview, Business Model and External Environment**
  Bank Alfalah Limited (BAFL) is incorporated as a commercial bank with operations in Pakistan, Middle East and Asia Pacific. The Bank is listed on the Pakistan Stock Exchange (PSX). It operates under the directives issued by the State Bank of Pakistan (SBP), Securities and Exchange Commission of Pakistan (SECP) and Pakistan Stock Exchange (PSX).

- **Governance**
  The Board of Directors (BoD) governs and sets out the strategic objectives for the Bank. BoD has assigned responsibilities for daily operations to the Senior Management.

- **Stakeholder Relationship and Engagement**
  The Bank effectively manages the expectations of its stakeholders and considers this a key priority.

- **Sustainability and Corporate Social Responsibility**
  Besides focusing on business objectives, the Bank focuses on establishing a sustainable, safe and healthy environment. The Bank also considers caring for the community its prime responsibility.

- **Risks and Opportunities**
  The Bank operates in an environment where it is subject to Market Risk, Credit Risk, Liquidity Risk, Operational Risk and Environmental Risk. The Bank has mitigating strategies in place to address these risks, and effectively protects the capitals against the odds of these risks.

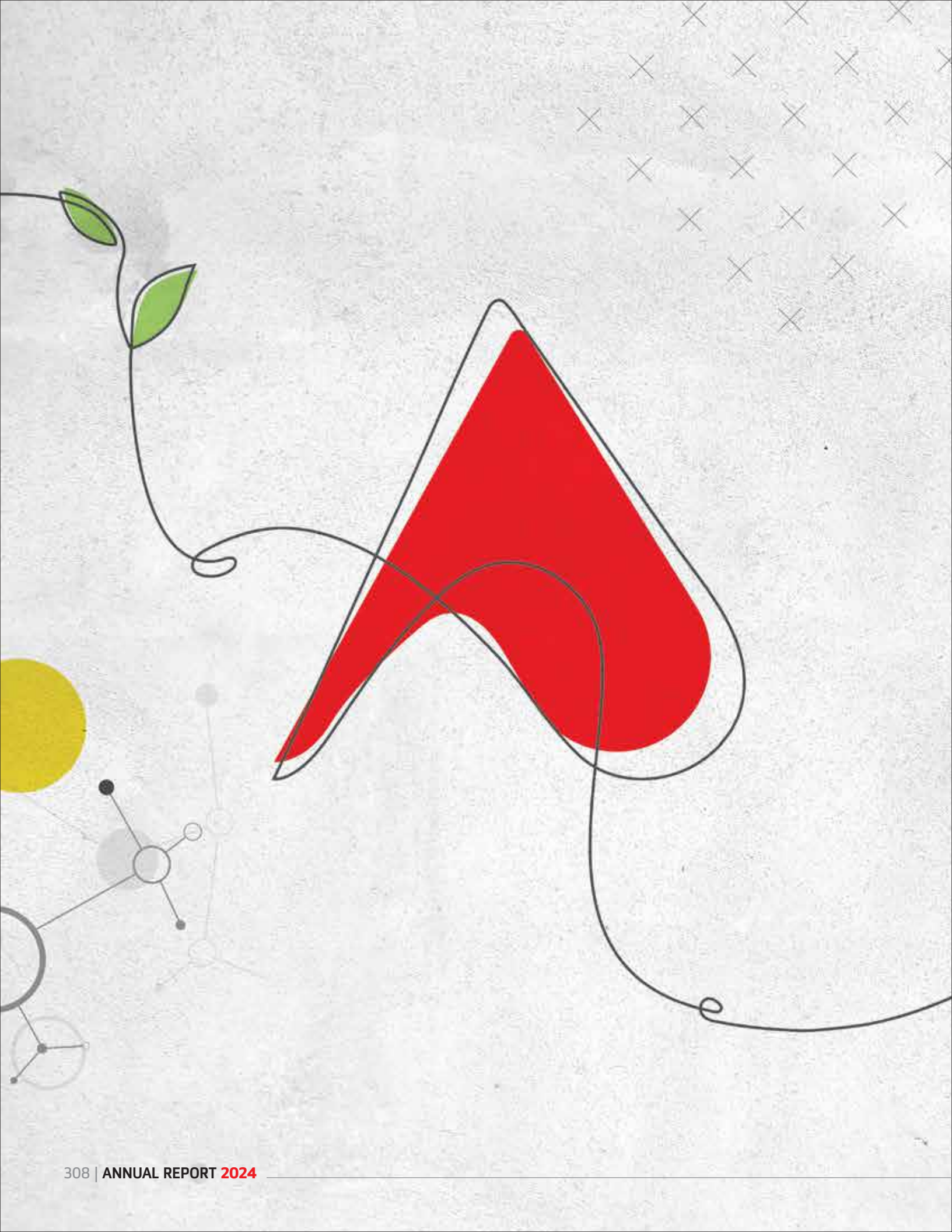
- **Strategy and Resource Allocation**
  The Bank has short, medium and long-term strategic objectives in place. These are to maximise shareholders' value, sustainable returns, and exceed shareholders' expectations. The Bank allocates its resources to achieve these objectives.

- **Information Technology Governance and Cybersecurity**
  The Bank has an established IT governance policy and a cybersecurity programme. The Bank performs on a regular basis, security assessment of its technological environment and has advanced technological infrastructure to provide secure customer service. Further, the Bank has state of the art core banking and surround systems to assist it in daily operations.

- **Performance and Position**
  Bank Alfalah measures its performance and position against Key Performance Indicators (KPIs). The Bank has been performing impressively in terms of year-on-year growth.

- **Outlook**
  Challenges and uncertainties to which the Bank may be exposed include the Government's fiscal measures, including monetary policy, geo-political situation, law and order situation, inflation and taxation. The Bank tracks key metrics, which might affect its performance and take corrective measures to maintain its market standing, protecting the capitals, and providing maximum returns to its shareholders.

- **Excellence in Corporate Reporting**
  The Corporate Reporting Framework comprises of International Financial Reporting Standards (IFRS), Islamic Financial Accounting Standards (IFAS), Companies Act, 2017, Banking Companies Ordinance, 1962, and the directives issued by the SBP and the SECP. The reporting calendar of the Bank and its subsidiaries is January to December. The External Auditor of the Bank is M/s A.F.Ferguson & Co. Key matters relating to the current year have been disclosed in the External Auditors' Report. The period for which this report is prepared is year ended 31st December, 2024.



OUTLOOK



Forward Looking Statement

Narrative Statement

There are signs of gradual recovery in Pakistan's economy as the government proactively contains its fiscal deficits, supported by the IMF stabilisation programme. As a result, inflation has fallen drastically with monetary easing following suit, with interest rates declining from 22% in early 2024 to 12% by 2025. The stabilisation of the PKR under the IMF programme is expected to reduce foreign exchange volatility and help keep inflation in check. All these measures are slowly improving business confidence in the economy. Furthermore, as per regulatory directives, conventional Banks are required to transition to Islamic banking by 2028, which is set to redefine the financial sector.

To navigate these evolving macroeconomic dynamics, the Bank is realigning its approach by refreshing its deposit strategy, accelerating lending book growth, and driving digital transformation for sustainable growth. Traditional deposit strategies will continue to focus on acquiring new customers and deepening existing relationships. Additionally, throughput growth via trade, cash management, payments, and remittances will be key drivers in generating future deposits growth.

The Bank is accelerating lending growth with a greater focus on consumer, SME, and Agri lending. its strategic expansion includes scaling operations in the UAE, enhancing advisory capabilities, promoting green finance, supporting customer growth in Mergers & Acquisitions, and cross-border expansion.

The Bank's commitment to digital transformation is central to its strategy. The Bank is advancing AI-driven decision-making, cheque digitisation, and robotic process automation to enhance efficiency. Key initiatives include expanding remote banking solutions for Gen-Z customers and converting cash payments to digital.

Bank Alfalah remains steadfast in its commitment to resilience, growth, and innovation. As the industry evolves, the Bank will continue to adapt to emerging economic and regulatory shifts, ensuring it is well-positioned to navigate future challenges and opportunities. The Bank's focus remains on enhancing customer experiences, embracing technological advancements, and aligning with sustainability principles, all while maintaining financial strength and operational efficiency.

In this new year, The Bank is not just prepared for the future - it is shaping it to create long-term value for its customers, shareholders, and stakeholders.

Quantitative Projections

The bank was able to deliver highest ever profit in 2024, and expects the profitability to normalize with interest rate reduction in a stable economic environment.

The interest rate declined from its peak of 22% in Jun'24 to 13% in Dec'24, followed by another 100-bps cut in Jan'25. The policy rate is expected to remain largely unchanged. Consequently, the net interest income of the bank is expected to remain at same level as last year as benefit from volumetric growth will be offset by lower spreads. Similarly, growth in fee / commission and FX income is also expected to remain flat despite higher number of transactions and throughput, and a lack of currency volatility. This is mainly due to change in BISP mandate and revision in SBP's remittance rebate scheme. The interest rate decline and strong PSX rally during 2024 enabled the Bank to realise higher capital gains from Money Market and Capital Market respectively. Such opportunities may be limited in 2025, thereby restricting overall revenue growth.

The bank plans to continue investment in adding touch-points i.e. new branches and further deployment of ATMs, CDMs and CCDMs despite import and payment related issues. New initiatives planned for 2025 will result in initial cost outlays, the benefits of which are expected to materialise in later periods. These are necessary for bank's long-term goal for gaining market share across the key performance drivers. The cost increase combined with limited growth in revenue will adversely impact bank's Cost to income ratio, which is expected to normalise in the long run as revenues normalise.

The bank will continue its deposits growth journey with strong focus on low cost and sticky core current deposits. We expect to deliver growth of 10%-15% from last year. Moreover, the bank plans to optimise its cost of deposits in both conventional and Islamic segments, while also focusing on improving its average deposits and expanding its current account base. Similarly, the bank expects to improve its spreads on lending book which were impacted due to 'price war'. With stability in the system and lower interest rates, the bank remains committed to

facilitate the SME and consumer sectors. Advances are expected to post double digit growth.

Uncertainties that Could Affect the Bank's Resource, Revenues and Operations

All forward looking statements are by nature, subject to risks and uncertainties, and some of these are beyond our control. The impacts could vary from short term to medium and long term. Factors that may potentially affect the Bank's resources, revenues and operations are as follows:

- Decisions on discount rate/monetary policy;
- Geo-political risks and uncertainties across the geography that the Bank operates in;
- Law and order situation;
- Cyber Security;
- Local government rules and regulations;
- Trade policies of trade partner countries;
- Changing priorities at the regulators' end;
- Inflation, fuel and general commodity prices;
- Corporate taxation measures; and
- Increased competition form emerging FinTechs and digital banks

The Bank's strong financial position, processes and controls make it resilient to these changes, many of which were tested in 2024. The results of these stress tests were presented to the management committees and the board committees for information and forward guidance.

External Environment

Please refer to the sub-section on the following pages within this section.

The Bank's Performance against Last Year's Forward Looking Statement

Forward-looking statement disclosed last year	The Bank's performance in 2024
Bank Alfalah is well-positioned for sustainable growth and building long-term shareholders' value.	The Bank's profit after tax stood at Rs. 38.318 Bn. Advances (gross) grew by Rs. 378.971 Bn and closed at Rs. 1.156 Tn. Deposits closed at Rs. 2.137 Tn as against Rs. 2.085 Tn as at the close of last year, representing an increase of 2.5%. CAR stood at 17.96% at the close of the year. The Bank has declared a final cash dividend of Rs. 2.50, in addition to interim cash dividend of Rs. 6.00, the Bank's share price as at 31-Dec is Rs. 83.33
In line with the Bank's strategy, it aspires to be the most customer-centric and innovative bank in the country with a caring culture. To cope with changing business dynamics, it will accelerate digital transformation and focus on business process re-engineering.	For the third year in a row, the Bank has been awarded the Best Digital Bank 2024 at the Pakistan Banking Awards. This honour signifies its deep commitment to shaping the future of banking in Pakistan. The Bank is proud of the positive impact our digital initiatives have had on customers and the broader financial landscape. Additionally, the Bank was awarded the Best Bank for Customer Engagement 2024 at the Pakistan Banking Awards, reflecting our dedication to fostering meaningful connections with customers and delivering exceptional service experiences. The Alfa App, now featuring a revamped interface for improved convenience and accessibility, provides seamless access to core offerings such as instant loans and investment options. These enhancements emphasize user-friendly design while maintaining the app's robust financial tools. To continue catering to customers advanced digital needs it made the onboarding of existing and new customers effortless through RAPID. Alfalah RAPID provides various digital features to fulfill the banking needs of customers at their convenience. Customers can do the following from anywhere in the world through the RAPID portal: • Open new deposits accounts, i.e. current and saving accounts • Apply for consumer products such as debit cards, credit cards and personal loans • Fulfil their self-service banking needs (e-statements, SMS alert subscription, cheque book request, CNIC updates, etc.) • Roshan Digital Account holders, can also apply for a credit card. Bank Alfalah strategically utilises the Sales Management System (SMS) internally to empower the Bank's sales team. This application aids in sales improvement, progress tracking, and service enhancement through advanced configuration and customisation options like Lead Management and Email Management.
The Bank will work hard to regain and grow its market share in low cost deposits, consumer products and SME financing.	With a great emphasis on building a low cost deposit base, the Bank's total deposits stand at PKR 2.137 Trn and current deposits at PKR 817.054 Bn as at Dec'24 end. These numbers are achieved through a segmented sales approach based on ideal customer personas and selective branch expansion in key areas. The Bank continues to solidify its position in the consumer banking sector. Credit card volumes maintained their upward trajectory in 2024, with the closing balance reaching PKR 28.35 Bn (Dec'23: PKR 23.77 Bn). Additionally, the Bank issued 76,333 Credit Cards in 2024, marking a substantial increase from the previous year. Credit card spending also witnessed a remarkable

Forward-looking statement disclosed last year	The Bank's performance in 2024
	surge, with throughput rising by 33% to PKR 228.5 Bn (Dec'23: PKR 172.2 Bn). Conversely, the high interest rate environment posed challenges for auto finance and personal loans. The gross outstanding volume of auto finance declined from PKR 11.7 Bn in Dec'23 to PKR 4.7 Bn in Dec'24, while the personal loan closing balance stood at PKR 6.9 Bn (Dec'23: PKR 4.3 Bn). The Bank remains a dominant force in the SME sector, with the SME loan book expanding from PKR 34 Bn in Dec'23 to PKR 52.3 Bn in Dec'24, reflecting a robust 53% year-to-date growth. The Bank onboarded over 2,000 new-to-bank SME clients and achieved a record disbursement of over PKR 16 Bn during the year. The Bank's participation in the Prime Minister's Youth Business Loan (PMYBL) initiative and the SAAF scheme continues to facilitate access to finance, with disbursements of PKR 5 Bn and PKR 10 Bn, respectively. Financial inclusion and literacy remain key pillars of its strategy. It has conducted numerous awareness sessions in collaboration with Chambers of Commerce across various cities, hosted webinars on financial topics, and enhanced the SME Toolkit to provide an online portal featuring essential resources for small and medium enterprises. Expanding its efforts to empower women entrepreneurs, the Bank partnered with organisations such as Greenstar, Circle Women, SMEDA, and LadiesFund to generate leads under the Prime Minister's Youth Business and Agriculture Loan Scheme (PMYB&ALS), conducting multiple awareness sessions with UN Women. As part of its Corporate Social Responsibility (CSR) initiatives under the "Revive and Rise" programme, the Bank provided financing to flood-affected farmers in Sindh. The fully digitised journey via the Alfa app ensures an average turnaround time of less than 4 minutes, with financing available for dairy and agricultural equipment at a fixed mark-up of 2%. In 2024, the Bank continued to expand its SME portfolio through Supply Chain Financing (SCF), adding PKR 4.5 Bn to the portfolio with an overall limit of PKR 9.6 Bn. Additionally, it has successfully integrated cash flow-based, non-collateralised lending solutions into its offerings, enhancing accessibility and efficiency for SME clients. The Bank's continued innovation and strategic focus on the SME, consumer, and deposit segments position us well for sustainable growth, as it capitalise on emerging opportunities and market dynamics.
The Bank looks forward to expanding its branch network to widen its reach and serve its customers.	Bank Alfalah has accelerated its strategic focus on expanding its network to 1,153 branches in 2024, in order to enhance market coverage through increased customer touchpoints. To grow its conventional network, the Bank added 56 new branches during 2024. Furthermore, as of Dec'24, the Premier footprint spans 69 locations across the country through Bank Alfalah Premier Lounges. In order to grow the Islamic outreach, the Bank opened 73 new Islamic branches. Over 40 Islamic Premier Lounges are also strategically located across major cities offering exclusive services to its valued customers.

Forward-looking statement disclosed last year	The Bank's performance in 2024
The Bank's focus will be on harnessing technology to ensure that customers' banking needs are fully met in a technologically advanced, secure and convenient manner.	To meet the digital expectations of its customers in today's tech-driven world, the Bank is committed to continually developing and delivering new and improved products and services. "ALFA", the digital banking app from Bank Alfalah, has been revamped with an improved UI/UX, streamlining the users' banking experience by introducing a suite of new features such as Tap & Pay, split payments, wealth management, prepaid cards, and more. These enhancements complement a vast range of lifestyle banking needs, including digital account opening, money transfers, bill payments, QR payments, mutual funds investment, digital insurance, Roshan Digital Account, Alfa wallets, digital term deposits, digital financing through personal loans, overdraft facilities, and instant issuance of credit cards, as well as account and card management features. Alfa Business App (featuring in-app QR generation, an e-shop catalogue, and a digital supply chain solution), Proximity QR merchant network, Alfa Payment Gateway (offering digital merchant onboarding, pay-via-link, and BNPL features), Alfa Mall (providing Islamic and conventional BNPL and COD solutions), and AlfaPay, the Bank's own agent network, serve as payment channels catering to consumer and SMME banking needs. The Bank operates the largest network of Cash Deposit Machines (CDMs) in Pakistan, with 550+ CDMs (as of December 2024) across the country, leading to CDM migration reaching 53%. Furthermore, the Bank's digital transactions have expanded significantly, with a substantial migration of over-the-counter transactions to digital platforms, generating a throughput of PKR 6.0 trillion during the year. The Bank also offers debit and credit card management services—such as card activation/deactivation and PIN generation/change—through digital channels. In order to encourage customers to transition from branch visits to digital channels, the Bank has introduced the ability to request banker's cheques, account statements, and cheque books conveniently via both Internet Banking and the Mobile Banking App. Additionally, the following products and services have been introduced to enhance the user experience: • Islamic BNPL solution • Digital sales and service centres • Virtual debit card • WhatsApp banking • S-Paisa, which enables branchless banking in AJK and GB • Automation of payroll onboarding • Best Buy collaboration for digitising collections • Tap & Pay, a contactless card transaction service • Ask Alfa The Bank has also launched digital Alfa Islamic Account onboarding, enabling the digital acquisition of customers who prefer Islamic banking for their daily transactional and savings needs.

Forward-looking statement disclosed last year	The Bank's performance in 2024
	The Bank serves 4.5+ million G2P beneficiaries, mandated by national and provincial government programmes. Notable initiatives include the Benazir Income Support Programme (BISP), EOBI Pension, and Sindh People's Housing for Flood Affectees. Furthermore, the Bank is committed to the development of analytics and machine learning, fostering a data-driven and automated culture. It emphasises data-driven decision-making, predictive modelling, and personalised services, with performance enhancements achieved through the implementation of Robotic Process Automation (RPA) and Generative Artificial Intelligence (Gen-AI).
Greater emphasis will be on boosting trade volumes, increasing penetration in cash management with the focus on SME/commercial clients.	Bank Alfalah continues to prioritise increasing trade volumes and deepening its penetration in cash management, with a strong focus on SME and commercial clients. By the end of December 2024, the Bank successfully recorded trade volumes of PKR 2.1 trillion, reflecting a 13% growth compared to December 2023. This remarkable achievement was driven by superior customer service, competitive pricing, reduced turnaround times (TAT), and a targeted approach toward SMEs. The Bank maintained its trade market share at 8.4% in 2024. The import market reached 10.0% in December 2024, the export market share closed at 5.4%. In line with its commitment to delivering best-in-class transaction banking solutions, the Bank has made significant investments in technological infrastructure. Introduced in 2022, Bank Alfalah Transact (BAT) - an Oracle-based electronic banking platform tailored for non-individual clients - has redefined how businesses in Pakistan manage trade and financial transactions. This state-of-the-art platform empowers businesses to embrace a digital future with unmatched efficiency and productivity. The portal offers a comprehensive solution to facilitate trade digitalisation, addressing the evolving technological needs of modern-day trade. Its benefits include creating a paperless environment, cost-effectiveness, and reduced dependency on branch visits, leading to substantial savings in fuel and operational costs. The platform has penetrated diverse economic sectors, including corporates, large and mid-sized SMEs, schools, clubs, FMCGs, and MNCs. To sustain the momentum of digital transformation, the Bank has extended its digitalisation efforts to Islamic banking businesses in FY24, focusing on trade and cash management. These initiatives have significantly contributed to achieving a total throughput of approximately PKR 4 trillion in 2024, a remarkable increase of 70% compared to 2023. By continuously leveraging technology and innovation, the Bank remains at the forefront of delivering value-driven solutions that enhance trade and cash management for its clients across various economic segments.

Forward-looking statement disclosed last year	The Bank's performance in 2024
Investing in human capital and creating a caring culture will be a priority. As Bank Alfalah continues to evolve and progress, HRLG will direct its efforts to ensure that the Bank becomes an employer of choice. its key focus will be on building a happy workforce along with a value-driven culture, ensuring conscious hiring, development, and merit-based elevation of female employees. Furthermore, safeguarding the health and wellbeing of its employees during the coronavirus crisis, introducing various digitised initiatives for existing and potential employees and continuing to support its business functions will also be given prime importance. As HRLG evolves to be the Voice of Employees for Bank Alfalah, the team is committed to strengthen the Business Partners platform to ease accessibility, while simultaneously devoting itself to be the employer of choice by constantly introducing new and digitised initiatives for its existing employees and potential candidates.	In 2024, the Human Capital Group (HCG) continued its focus on enhancing employees' happiness, diversity, and development in alignment with the Bank's strategic objectives. Several initiatives were undertaken to empower employees and enrich their experience, including: • A comprehensive Employee Happiness survey to assess engagement and satisfaction across the Bank. • Expansion of the Fit Hi Tu Hit Hai initiative, promoting employees health and fitness through structured programmes. • Enhancement of the Leadership Development programme, extended to cover multiple levels across the Bank to align behaviors with cultural values. • Organising Cricket Tournaments and Wellbeing Programs to foster team spirit and holistic employee well-being. • Introduction of Thankful Thursdays, promoting a culture of appreciation and recognition. The Bank maintained its commitment to Diversity, Equity & Inclusion (DE&I) by launching and expanding several initiatives to support gender and disability inclusion. The DE&I framework continued to focus on Colleagues, Customers, and Communities through initiatives such as: • Ignite Sponsorship programme, providing mentorship opportunities for female employees. • SHELEAD, designed to empower women by enhancing their leadership capabilities and self-awareness. • Uraan, tailored to support women's career advancement through a structured development roadmap. • Inclusive Leadership Training, aimed at developing gender and disability-inclusive leaders. • Sensitisation Programmes, including in-person sessions and e-learning modules to promote awareness and inclusivity. In recognition of its efforts, the Bank received several prestigious awards in 2024, including: 1. Achieving Best Practice levels across all 15 categories of the Global Diversity, Equity & Inclusion Benchmark (GDEIB). 2. Winning the Employer of Choice Award from the Pakistan Business Council & IFC. 3. Securing the EFP Disability Inclusion Excellence Award 2024. 4. Receiving the ICAP Gender Diversity Award in the financial institutions category. 5. Being acknowledged as the Best Place to Work for Women by PSHRM. 6. Recognition by the President of Pakistan for promoting women entrepreneurs in the SME sector through financial inclusion. HCG also played a pivotal role in supporting business units by strengthening the Business Partners platform and introducing digital learning solutions. Training programs were conducted in key areas such as anti-money laundering, trade-based money laundering, and cybersecurity, ensuring regulatory compliance and capacity building across all functions. In line with the Bank's commitment to employee growth, 2024 saw the continuation of Alfa Lead Management Trainee Programmes, recruitment of over 4,000 individuals, and the expansion of digital learning platforms, providing employees access to a variety of professional development opportunities.

Status of Key Projects

Projects and their Details	Status
Major Construction Works	
Branches added to the portfolio 2024 – 132 branches	Completed
Ramps for Disabled Persons – 150+ locations (as per SBP directives)	Completed
211 renovation, redesigning and relocation projects	Completed
38 sales and service centers, priority lounges, and currency exchange booths project	Completed
2 archiving facilities for HR and Ops.	Completed
Branch vouchers archiving, Centralised Account Opening Archiving, In-house Warehouses	Completed
Payment Schemes	
Tokenisation of debit and credit cards	Completed
Auto Loan Stage-II Documentation integration on Auto Loan RAPID Portal	In Progress
Auto Loan RAPID activation for Branch Channel and Auto Dealers	Completed
Instant Auto Loan	Completed
Major IT Projects	
Regulatory Compliance	
SBP RAAST P2P & Corporate Bulk Payment	Completed
Digital Onboarding Framework Compliance	Completed
RAPID eKYC Bangladesh	Completed
AI Automated Trade Pricing Validation	Completed
PCIDSS Recertification 2022	Completed
SWIFT Go - Low Value Cross-Border Payments	Completed
FCCM - AML System rollout for Overseas Locations	Completed
Technology Innovation, Platform Modernisation, Digitisation	
Alfalah Transact Plus (OBDX) - Cash Management Solution	Completed
Remittex – Home Remittances Solution rollout for Bangladesh	Completed
Corporate Invoice Payments	Completed
AsanPay – OTP based Cash Withdrawals / Remittances on ATM	Completed
Digital Banking Platforms for Corporate Services and Self-Service Banking Digital Platforms – Phase II (Trade services for SMEs and Cash Management services for corporate and SMEs)	Completed
Digital Branch	Completed
ATMs with Stateless Technology Platform	Completed
Tokenisation – Contactless Payments via Mobile	Completed
Digital Facilitation Desk - (DFD)	Completed

Security	
SWIFT Security Controls Framework 2020-21	Completed
Cyber Recovery Solution (Ransomware Prevention)	Completed
Operational Excellence and Continuous Improvement	
Core Infrastructure Upgrade (IBM Power10)	Completed
Consolidation of Debit Card and ADC Platforms	Completed
Cloudera – Private Cloud Platform Upgrade	Completed
T24 – Core Banking Application Upgrade (Pakistan)	Completed
FCCM – AML System Upgrade	Completed
Insight – Business Intelligence & Analytics System Upgrade	Completed
Unison Ace – Contact Center Solution Upgrade	Completed
Aggregation Router Upgrade	Completed
AI Automated Signature Verification System	Completed
DevOps and Automation Using CI/CD	Completed

Sources of Information and Assumptions used for Projections and Forecasts

The Bank bases its projections on internal and external factors. External factors include discount rate, inflation rate, external account position, industry analysis, GDP growth, and other macroeconomic indicators, while internal factors comprise strategic objectives, financial performance and competitive edge. Such indicators, along with certain assumptions for the forecasted period are incorporated into programmed models to get a desired level of growth outcome.

Assumptions

Economic Position

Successful negotiation of the USD 7 billion IMF EFF programme paved the way for economic stability as it helped the country improve its financial repute. Support from friendly countries, bilateral and multilateral lenders, along with positive current account balances aided in much needed foreign exchange reserve build-up despite debt servicing payments during the year. Furthermore, SBP also purchased USD 9 billion from the interbank market during the last six months of CY2024 to improve its foreign exchange reserves. Going forward, the current account stability is likely to persist as the Eid flows will likely keep the remittances numbers intact while the government's disciplined import policy is also likely to continue. Soft international oil prices owing to depressed global demand will also help to keep the import bill in check.

Policy Rate

State Bank of Pakistan decreased policy rate by 900 bps from 22% to 13% in response to substantial decline in inflationary pressures. The Bank expects policy rate to be in the range of 11-12% in 2025.

Inflation

The YoY CPI inflation for December 2024 was reported at 4.1% compared to 29.7% in December 2023. The drop in inflation during CY2024 was quicker than previously anticipated by the market. Going forward, SBP is hopeful for the inflation to stabilise between target range of 5-7% going forward.

Overall Outlook

On the back of stringent monetary and fiscal measures implemented by the government during 2023, Pakistan's economy underwent a stabilisation phase during 2024. The policy rate was slashed by 9% mainly during the second half of CY2024 amidst aggressive decline in inflation. On the other hand, external balances showed massive improvement with consecutive current account surpluses during July to November 2024 owing to increase in exports and remittances. We expect the stability to converge into moderate economic growth going forward, though it warrants coordinated monetary and fiscal measures to enable economic growth without overheating of the economy.

Sources

The information is obtained from external sources such as regulatory publications including SBP's reports, analyst reports, IMF/World Bank reports and internal sources such as the Bank's own forecasting models, business plans and projections.

Assistance by External Consultant

Internal teams (relevant departments) in the bank are responsible for managing external and internal assumptions. They carry out the task by gathering external data, integrating it with internal data, conducting data analysis and business assessments, entering this information into data models, and generating outputs in the form of projections/forecasts.

The consultant engaged by the Bank validates the external data and assumptions wherever required. They bring an element of objectivity, neutrality, expertise and global prospective in formulating strategies for the business to find ways to realise the projections through regular banking activities. Additionally, ongoing monitoring is done by relevant departments in relation to projections and forecasts made by the external consultant.

Significant External Factors and the Bank's Response

Bank Alfalah's external environment, including political, economic, social, technological, environmental, and legal factors have an impact on business performance, strategic objectives and availability, quality, and affordability of capital.

Macroeconomic Environment

The calendar year 2024 was a period of stabilisation for Pakistan's economy following the challenges faced in 2023. Inflation, which had surged and remained elevated throughout 2023, began to decline in 2024. The Consumer Price Index (CPI), which had peaked at 38% in 2023, fell drastically to 4.1% by December 2024. This reduction in inflation facilitated a decline in the policy rate, which dropped from 22% in June to 13% by December 2024, marking a cumulative reduction of 9% over five consecutive Monetary Policy Committee (MPC) meetings. The reduction in interest rates also benefited the equity market, helping the KSE-100 Index surpass the 100,000-point mark which closed around 115,000 points at the end of the year.

On the fiscal front, the government succeeded in reducing the fiscal deficit to 6.8% of GDP in FY2024, down from 7.8% in FY2023. The primary balance recorded a surplus of 0.9% of GDP during FY2024, in contrast to a deficit of 1.0% of GDP in FY2023. Government revenues grew by 38% during FY2024, driven by a significant increase in both tax and non-tax collections. Building on the momentum from FY2024, revenue growth, coupled with disciplined expenditure management, enabled the government to post a fiscal surplus of 0.4% of GDP and a substantial primary surplus of 3% of GDP during July-November FY2025.

The fiscal and monetary tightening along with government strategies for managing imports, along with growth in exports and remittances, have significantly improved the country's external position. The current account deficit narrowed to USD 0.7 billion in FY2024, down from USD 3.3 billion in FY2023. Goods exports rose by 11.5% while imports increased modestly by 0.9%. The decline in international oil prices helped relieve some pressure from the import bill. Worker remittances also saw a notable increase of 10% in FY2024 compared to FY2023. In the first half of FY2025, the external account position further improved. The current account posted a surplus of USD 944 million during July-November, compared to a deficit of USD 1.7 billion in the same period of the previous year. The surplus was fueled by strong worker remittances that showed an increase of 33.6% over the same period last year. As a result of the strong current account performance and the successful initiation of the IMF Extended Fund Facility (EFF) programme, foreign exchange reserves rose to USD 16.4 billion by December 2024, compared to USD 12.7 billion in December 2023.

With inflation continuing its downward trajectory, market expectations are for further rate cuts in the future. As the monetary easing cycle persists, business activity is likely to improve, evidenced by a recent uptick in private credit off-take. However, the resultant increase in domestic demand could lead to a rise in import demand, placing pressure on exchange rate stability. To mitigate these risks, the government will need to deploy appropriate fiscal tools to manage demand growth within sustainable limits, thereby preventing an overheating of the economy and minimising potential adverse effects on external balances. Additionally, the geopolitical environment and the global commodity prices, specifically oil, will need to be closely monitored as they pose major upside risks to the country's economic stability.

Response to Critical Challenges and Uncertainties

By leveraging the Bank's stable funding structure, substantial liquidity buffers, robust capital base, and practical business strategy, the Bank remains well-positioned to respond to any significant challenges and uncertainties arising from the realisation of various systematic and idiosyncratic risks.

For information on the Bank's capacity and readiness to address pressing issues, risk and uncertainties, the Board Crisis Management Committee continues to oversee situations requiring constant monitoring and it provides oversight to the management for strategies to cope. It also monitors impacts on the Bank, employees, customers, society, and shareholders.

Please refer to uncertainties and significant external factors portions within this section of this Annual Report for more information.

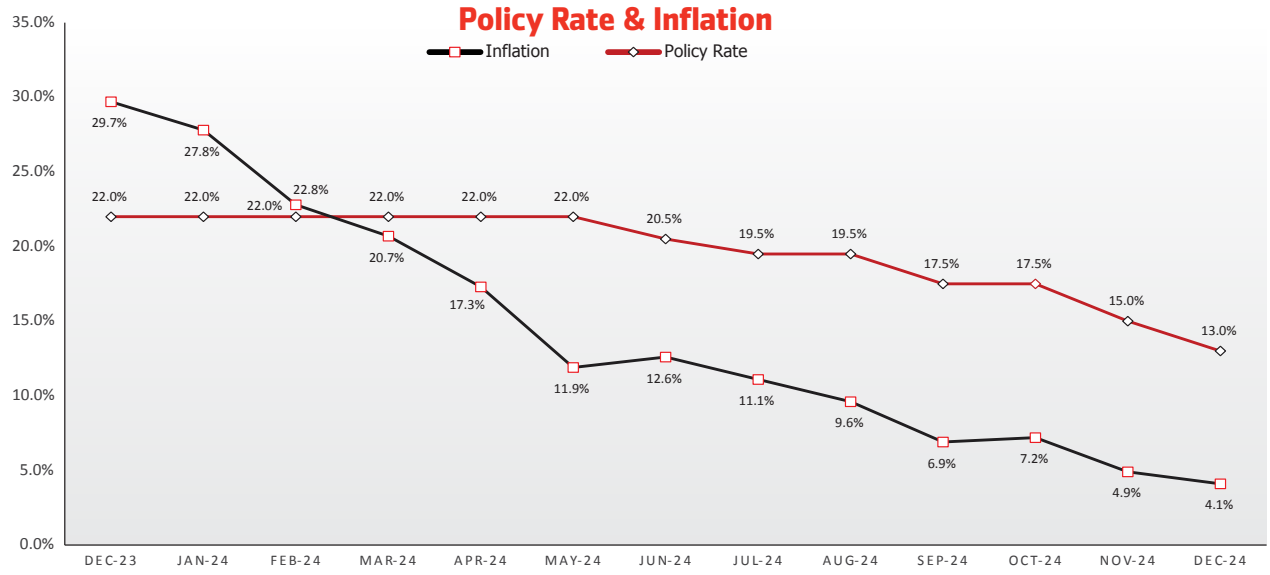
Bank's Response

Changes in the macro-environment, ranging from inflation and/or currency pressures, affect the performance of the Bank, which is reflected in its results and in the stock price of the Bank. The Bank keeps a track of key metrics that might affect profitability and as per its best judgement, pre-empts developments and aligns its internal strategy accordingly. The Bank thus takes measures such as balance sheet re-alignment and altering of its interest rate, credit and liquidity profile to take optimum benefit and protect the franchise from adverse economic moves.

Policy Changes

Any policy changes that directly impact the banking landscape, and cost and/or revenue drivers are likely to exert the influence on the Bank's performance. A change in the policy rate, which directly impacts yields on all earning assets and liabilities, would have considerable impact. Similarly, any regulatory changes such as a change in the minimum rate payable on deposits and schemes brought in by the SBP can have a significant impact on the cost of funds and profitability.

In response to a significant easing of inflationary pressures and with the aim of fostering economic growth as the economy emerges from the consolidation phase, the Monetary Policy Committee (MPC) implemented a cumulative reduction of 900 basis points in interest rates from 22% to 13% as of December 2024. This was achieved through five consecutive rate cuts between June and December.



Bank's Response

The policy rate changes directly affect the banking sector and the Bank's performance due to the re-pricing of assets and liabilities, as well as the market-to-market impact on its investment portfolio. The Bank manages interest rate risk (re-pricing gap) in alignment with the anticipated interest rate trends. In response to expectations of a policy rate reduction driven by declining inflation, the Bank began extending the duration of its portfolio by investing in longer-maturity instruments toward the end of 2023. This strategy was continued in 2024, with the Bank further increasing the duration of its fixed income portfolio to protect its Net Interest Income (NII) in a lower interest rate environment. Consequently, the Bank has also accumulated significant unrealised gains in its fixed income portfolio, as yields experienced substantial declines following the policy rate cuts.

Investor and Market Sentiment

Though it is difficult to quantify, a change in the sentiment regarding the investment climate in general, the stock market can have an impact on the Bank's stock price, even if there is no fundamental development or change in the Bank's investment or business case.

After a strong 2023, the outgoing year was even better for the stock market, where KSE-100 posted a return of over 84% in 2024 to close at 115,127 points. During the year, Pakistan successfully completed the SBA program and entered a new IMF USD 7 billion Extended Fund Facility (EFF) program for a 37-month period. The trading activity remained healthy, with average daily trading volumes clocking-in at 253mn shares as compared to 165mn shares in the same period last year. The value traded also improved significantly to PKR14.9 bn compared to PKR8.0 bn in the corresponding period last year. The foreign investors remained net sellers with net outflow of USD 117mn during the period.

Bank's Response
The Bank has a dedicated Investors Relations unit that timely responds to the queries / concerns of shareholders and potential investors. This helps the Bank to be transparent and share up-to-date information with various stakeholders.

Legal and Regulatory Environment

Major challenges faced by the banking sector are trade-based money laundering and terrorism financing. Legal environment also encompasses the restrictions and constraints set by FATF, IMF and other international bodies. Additionally, with the growing use of digital channels, there is an even greater threat to financial security.

Bank's Response:
On a legal and regulatory front, there are AML / KYC issues and several other regulations which the Bank is required to comply with. Bank Alfalah worked towards enhancing customer experience and increasing business activity, while abiding by the standards and guidelines set by FATF, the SBP and other regulatory bodies on AML/CFT/CPF, Trade AML, information security threats including identity theft etc. The Bank also complies with the UNSC Targeted Financial Sanctions on Designated Persons and Proscribed Persons. This is done by making the best use of Regulatory Technology Tools and skilled human resources.

Social Environment

In 2024, the demand for digital banking solutions continued to grow, with Bank Alfalah introducing innovative offerings such as enhanced virtual debit cards and tailored BNPL solutions. The shift towards digital-first services remained pivotal as customers sought greater convenience and accessibility.

The nation grappled with the aftermath of 2022's floods while enduring new challenges from the 2024 floods, which exacerbated existing economic pressures. Rising inflation, driven by high petroleum prices and supply chain disruptions, prompted government measures including expedited imports of essential food items and large-scale flood rehabilitation initiatives in Sindh, Balochistan, and KP.

Bank's Response
Building on its earlier two-phase flood recovery plan, Bank Alfalah significantly expanded its CSR efforts in 2024. A key highlight was the establishment of a healthcare facility in Thatta, funded with PKR 25 million, to provide long-term support for flood-affected communities. The bank also collaborated with Deaf Reach to set up three satellite schools for deaf children in Sindh and Balochistan, committing PKR 24 million to empower underserved youth through education and vocational training.

Continuing its focus on healthcare, the Bank partnered with Cancer Foundation Hospital and Roche Pakistan during its Pinktober campaign, contributing PKR 10.75 million to provide life-saving treatment for breast cancer patients and promote early detection awareness across major cities.

To mitigate inflation's impact on staff, entry-level salaries were raised to PKR 40,000, and retirement benefits were extended to age 65, reinforcing the bank's commitment to employee welfare.

Sustainability initiatives remained a cornerstone of Bank Alfalah's strategy. Efforts included solar panel installations at key facilities and ATMs, the launch of a mangrove plantation project in collaboration with WWF to plant 25,000 trees, and the promotion of paperless operations through digital solutions.

Through these initiatives, Bank Alfalah underscored its role in driving positive change while aligning with its vision of creating lasting value for communities.

Political Environment

A stable political environment is crucial for economic growth as it enables organisations to operate effectively within a conducive business climate. However, in 2024, Pakistan experienced significant political instability, marked by nationwide protests and disruptions. These events led to frequent interruptions in telecommunication networks, particularly during major demonstrations.

Additionally, cross-border terrorism and strained relations with neighbouring countries further exacerbated the political instability, diminishing investor confidence in Pakistan's business environment.

Contrary to expectations, the Pakistan Stock Exchange (PSX) demonstrated resilience during this period. In November 2024, the KSE-100 index reached record highs, crossing the 94,000 mark on November 11 and surpassing 99,000 points on November 22.

Therefore, while political instability and security challenges persisted, the PSX's performance indicated a complex economic landscape, with investor confidence showing resilience despite the prevailing uncertainties.

Bank's Response
With the evolving political risks, the bank emphasises on following actionable steps to curtail its exposure and address the financial and strategic implications of these risks:

- Through Risk Assessment: Extensive and exhaustive risk framework with improved integration and understanding of political risk.
- Scenario Analysis and Contingency Planning: Conduct scenario analyses to anticipate potential political events and their impact on the bank. Develop contingency plans for various scenarios to ensure preparedness and the ability to respond swiftly.
- Diversified Operations: The bank strategically diversifies its operations across different countries such as Afghanistan, Bahrain, Bangladesh and UAE to minimise exposure to political risks in any single location.
- Stakeholder Management: The bank consistently fosters positive relationships with regulatory authorities, governmental bodies, and peer banks, allowing it to navigate political challenges more effectively.

Technological Environment
There is a mass explosion of intelligent technologies and rapid transformation of the country's technological landscape, especially in digital and AI technologies. Ever-evolving customer expectations and state-led digitisation initiatives have created expectations for improved customer experience, strengthened data governance strategies, and holistic and more granular solutions-centric security and privacy measures.

As these technological advancements continue, underlying risks of damage by internal or external threat factors like unauthorised access to critical financial data, sensitive customer information, impersonation, theft or alteration of information, non-availability of essential systems or services, and loss of the Bank's sensitive electronic data and IT systems, has increased manifold. As a response, regulatory frameworks governing technology have been broadened and deepened.

Bank's Response
At BAFL, the early adoption of technologies and innovative solutions' delivery has already positioned it amongst the top customers' choice banks and transformed the solution design and delivery paradigm. All technology decisions are pivoted to the Bank's "YOU" philosophy while technology and security teams partner for strong governance placing customers' confidence and security second to nothing. However, these digital technologies have also created enhanced cyber-threat surface areas and multidimensional attack vectors.

The Bank's Information Security team caters to regulatory requirements for Information Security Risk Management, maintains the frameworks that enable the Bank's Management and staff to mitigate IT security risks bringing them to acceptable levels, researches evolving and emerging threats, and suggests and defines relevant information security controls. The team also performs information security risk assessment before and after the deployment of IT Solutions against defined categories of the IT Risk and Information Security Management System, performs 24/7 information security monitoring of information assets, investigates IT security incidents reinforces IT security risk awareness amongst staff, and performs IT security risk management reporting.

Furthermore, the Bank's Resilience Plan caters to the loss of access to critical systems or services due to cyber-attacks, non-availability of key personnel, wide-scale disruptions due to pandemic outbreaks etc. To withstand any adverse technological disruption, the Bank's critical technology infrastructure is designed and tested to continue from alternate sites for prolonged durations. Furthermore, Bank Alfalah has been continually augmenting its security posture vis-à-vis its digital positioning by investing in security technologies to deepen its cyber defences and by proactive adoption of international best practice advisories/frameworks into governance, security and service management. In addition to technologies, continued awareness

training and customer communication are ensured to minimise the likelihood of security breaches.

The digitisation drive will continue in the coming years and the Bank believes that the winning catalyst shall remain the sustained trust of its customers in its security and privacy policies even as we seed 'RAPID' one-stop conveniences.

Environmental Scenario

Globally, organisations and nations are aligning with the United Nations' Sustainable Development Goals (SDGs), integrating objectives like Goal 5: Gender Equality and Goal 9: Industry, Innovation, and Infrastructure into their strategies to foster a sustainable future.

Pakistan's geographic location and reliance on fossil fuels for energy production and heating make it particularly vulnerable to climate change. The country faces significant environmental challenges, including poor air quality in major cities like Lahore and Karachi, water pollution, and deforestation. Contributors to these issues include untreated industrial sewage and unsustainable logging and land conversion practices.

The Climate Change Performance Index (CCPI) 2024 ranks Pakistan 31st, with high ratings in greenhouse gas emissions and energy use, but low in climate policy and very low in renewable energy. This underscores the need for urgent action to create a sustainable environment for future generations.

The banking industry plays a crucial role in mitigating environmental risks by adopting and promoting sustainable practices within its operations and considering environmental factors in stakeholder relationships and investment decisions.

Bank's Response

In line with the State Bank of Pakistan's (SBP) Green Banking Guidelines (GBGs) issued in 2017, the Bank has implemented various initiatives to promote sustainability. This includes regular reporting on environmental and social risk management, green business practices, and efforts to reduce its own environmental impact. Additionally, the Bank is actively working to reduce lending to unsustainable businesses and has integrated environmental responsibility into its policies by considering environmental and social impacts in its credit approval process.

To further strengthen these efforts, SBP launched the Environmental and Social Risk Management (ESRM) Implementation Manual in November 2022. This manual provides tools and procedures to enhance the implementation of risk management as outlined in the GBGs, ensuring that financial institutions effectively manage environmental and social risks.

Through these measures, the Bank demonstrates its commitment to environmental sustainability and responsible banking practices, contributing to the broader national and global efforts to address environmental challenges.

Please refer to the Sustainability section of this Annual Report for further details.-

Commercial Environment

In 2024, Pakistan's banking sector underwent significant evolution, aligning with the increasing demand for digital-first solutions and comprehensive customer experiences. Banks introduced innovative products catering to diverse customer needs, fostering healthy competition and driving sector-wide growth.

Key priorities included advancing financial inclusion, empowering women, and streamlining digital services such as full-fledged online account openings. The introduction of biometric-enabled digital onboarding has eliminated the need for branch visits, making banking more accessible than ever. The Fair Treatment of Customers (FTC) remained central, emphasizing transparency and customer-first approaches.

Pakistan's digital banking sector is poised to transition from basic transactions to a holistic, lifestyle-oriented model. Historically, bankers guided customers through major life milestones like marriage, home purchases, and retirement, building trust and addressing needs in savings, borrowing, and wealth management. In the future, digital banking must adopt this role through event-based solutions powered by AI and data analytics, offering personalised services such as mortgages, savings goals, term deposit receipts (TDRs), and investment advice via apps. These innovations aim to enhance customer engagement and redefine financial empowerment.

Bank's Response

Bank Alfalah is redefining Pakistan's banking landscape, transitioning from traditional services to personalised, event-driven experiences. The Alfa App, now featuring a revamped interface for improved convenience and accessibility, provides seamless

access to core offerings such as instant loans and investment options. These enhancements emphasize user-friendly design while maintaining the app's robust financial tools.

AlfaMall complements this transformation with expanded Buy Now, Pay Later (BNPL) options and a broader product range, offering a seamless and customer-centric e-commerce experience. Additionally, Bank Alfalah has introduced real-time credit card issuance powered by machine learning and OCR technology, enabling instant approvals. The Alfa App also provides digital loans, auto financing, Agri loans, and merchant financing, simplifying financial processes for users.

As the first bank in Pakistan to introduce Voice Biometrics Authentication in call centers, Bank Alfalah has set a new benchmark for security by enabling customer verification through unique voice signatures. This innovation, coupled with an AI-driven system for detecting suspicious ATM activity, ensures a safer and more secure banking experience. Through advanced technology and customer-centric solutions, Bank Alfalah continues to lead the digital transformation of Pakistan's banking sector.

Conclusion

The Bank meticulously monitors key metrics that may impact its performance, anticipating potential developments and proactively adjusting its internal strategy accordingly. This forward-thinking approach ensures the Bank remains agile and adaptable to market conditions.

The Bank's dedicated Risk Management Group conducts rigorous stress tests against various predetermined scenarios. These simulations analyse potential losses and confirm the Bank's capital adequacy to withstand the impact of adverse economic fluctuations. The consistently positive results of these tests demonstrate that the Bank possesses sufficient capital, liquidity, and profitability to absorb such losses and maintain its financial stability.

Competitive Landscape and Market Positioning

Competitive Landscape

Threat of New Competition and Substitute Products or Services

There are significant barriers to the entry for new competition due to the need for considerable capital to set up a bank, compliance with strict regulations of the banking sector, and the time required to establish a strong brand identity, and, in turn, loyalty of customers. However, the emergence of Fintech entities and Digital Banks with their innovative digital solutions and focus on transactional services has added greater depth to the domestic financial landscape and the customers' banking experience.

Bank's Response:

Bank Alfalah exercised the following strategies to cater to the threat of new competition:

- Enhancing customer loyalty through excellence in customer service
- Focusing on digital platforms to improve customer convenience
- Introducing innovative products and services to facilitate diversified customer needs
- Partnerships and collaboration with Fintech start-ups

Bargaining Power of Customers

The bargaining power mainly rests with the Bank's deposit holders, and since they are the Bank's primary source of capital, their bargaining power ranges from medium to high. This is because of low differentiation in the industry, making it easier for depositors to switch to other banks in pursuit of incentives such as greater saving rates and better service offerings.

However, the bargaining power of High-Net-Worth individuals, corporate clients and other large groups has greater bearing due to their high price sensitivity arising from strong competition amongst banks.

Bank's Response:

Customers incur negligible costs, while switching to other banks partly or completely, the Bank's bottom line is minimally affected due to such shifts.

To mitigate possible concerns arising from the customers' bargaining power, the following strategies are exercised:

- Creating innovative services and products that are tailor-made for different segments of customers
- Implementing new ideas to provide customers with better service and enhanced customer experience
- Efficient compliant management and high security standards
- Focus on adequate monitoring of the spread

Bargaining Power of Suppliers
Suppliers mainly represent service providers of various administrative facilities such as supply of equipment and their periodic maintenance, development/construction of bank's physical premises, security services, repairs and site maintenance, printing, deliveries to customers, clearing of cheques, brokerage, etc. They have an important bearing on the Bank's operations and have considerable bargaining power based on the services provided to the Bank.

Bank's Response:
While service providers play an important role in enabling the Bank to perform its operations on a daily basis, the Bank has superior bargaining position, due to size of operations and goodwill attached to working with our brand name.

Bank Alfalah applies the following strategies to strengthen its relationship with suppliers:

- Extending a collaborative work environment to build long-term relationships
- Treating its suppliers as partners to create a win-win situation
- Avoiding concentration of services

Relative Strengths and Weaknesses of Competitors and Customer Demand

The industry experiences technological advancements, customer behaviour shifts, and various other technological shifts, which have their own strengths and weaknesses as listed below:

Strengths:
- Keeping pace with the technological shifts ensures that the Bank is updated and providing optimal technological solutions
- We remain alert to customer security
- We remain cognisant of customers' demands

Weaknesses:
- Shift in transactions from branches to digital channels has seen exponential growth. Customers now seek high-end, cashless solutions
- Moving traffic to digital channels requires upgrade in technology and change in customer mind-set
- IT security standards are rising due to enhanced digitisation and new banking channels
- Regulations for Electronic Money Institutions (EMIs) by the Central Bank gave momentum to rising Fintechs catering to the evolving demands of the discerning customers. Telco led microfinance banks are proving to be catalysts of new and innovative ways to leverage data and introduce new products to tap the untapped market
- Change in customer behaviour requires that its online and offline operating model is realigned.

How the bank responds to it:

The Bank continually realigns its strategies to adapt to the changing needs of customers and remain ahead of the competition by introducing new products and services. Furthermore, various internal processes are reengineered to remain ahead of the curve. The Bank is also focused on improving its throughput and digital services.

Intensity of Competitive Rivalry
The focus of banks on developing asset and liability products offered at competitive rates to acquire more customers and grow their market shares indicates high intensity of competition amongst banks.

Bank's Response:
- Improving the product offerings to align with the technological advancements
- Offering low-cost banking solutions that increase the opportunity cost of switching from one bank to another
- Launching innovative digital services in the Alfa App to gain competitive advantage
- Run an effective marketing campaign to highlight the products amongst competitors
- Ease and accessibility of customer service

Regulatory Environment
Regulatory environment is getting more vigilant with increased regulatory push to drive down charges on customers. More frequent and thematic SBP audits are taking place to safeguard customers interest.
Bank's Response:
- Maintaining regulatory compliance across the Bank
- Implementing rigorous internal controls and adhering to a Risk Management Framework
- Determining the effects of new regulation on existing strategies and business models
- Training employees to comply with the updated regulations

- Committees tracking different aspects of changing dynamics and implications.

Market Positioning

- Bank Alfalah is one of the leading banks in the country, signified by:
  - 3rd largest private bank in terms of advances (based on Sep '24 published results). The Bank's market share in domestic advances is 6.9% as at Dec 31st, 2024 as per data published by SBP.
  - 5th largest private bank in terms of deposits (based on Sep '24 published results). The Bank's market share in domestic deposits is 6.4% as on Dec 31st, 2024 as per data published by SBP.
  - 6th largest private bank in terms of outreach (branches) (based on Sep '24 published results)
  - The Bank's share in home remittances is 15.6% for the year 2024 as per data published by SBP. The Bank's trade market share was 8.1% (based on Sep '24 published results)

- Bank Alfalah's mobile banking app, which caters to both the banking and lifestyle needs of its customers with 100+ products and services, distinguishes the Bank. The Bank also provides a differentiated service offering for both its conventional and Islamic banking customers depending on their preferences.
- Bank Alfalah is a pioneer in Supply Chain Financing in the banking industry. The Bank commands a better market standing as compared to its competitors and has been flexible in moulding its Small and Medium Enterprise (SME) business over time to better cater to its customers.
- The Bank aspires to become a technology-centric organisation, which drives innovation across the industry. This passion is what enables it to stand out from the competition and deliver a superior customer experience. Some of the Bank's noteworthy initiatives are Robotic Process and Business Process Automation, Data Lake/Big Data Initiatives, Sophisticated Networking and Infrastructure and Smart POS.
- The Bank is recognised as the first Bank in the industry to act as a Market Maker of Debt Securities
- The Bank has a complete suite of consumer products. The Bank is a key player in the consumer finance segment.
- Bank Alfalah launched a self-service digital banking platform for corporate customers
- Bank Alfalah is recognised as one of the top banks to have the largest customer base on "Raast" (SBP initiative)
- The Bank made history by distributing the first-ever business loan under "Prime Minister's Kamyab Jawan Youth Entrepreneurship Scheme (PMKJ-YES) (SBP Scheme) to the transgender community. This was profoundly acknowledged by the Prime Minister Office.
- The Bank has been awarded the Pakistan's largest mandate for BISP, approximating 45% of the total BISP portfolio (including beneficiaries served via a joint venture)

The success of the Bank's efforts to distinguish itself from the competition is evident from the following recognitions:

- Top 25 Listed Companies Award announced by the Pakistan Stock Exchange.
- Pakistan Banking Awards: Bank Alfalah, in 2024, won 'Best Digital Bank' for the third successive time and 'Best Bank for Customer Engagement' for the sixth time. Further, Bank Alfalah was awarded 'Best Bank' in 2017 and 2019, and 'Best Bank in Home Finance' in 2022
- Won 4, and finished runner-up in 5 Excellence Awards by CFA Society Pakistan:
  - Winner: 'Best Investor Relations' (11th year running), 'Gender Diversity in FI's', 'Best Reporting in Environment, Social and Governance' (2nd successive year), and 'Transaction of the Year for FY 2023'.
  - Runner-up: 'Best Bank of the Year (Large)', 'Best Digital Banking Services for FY 2023', 'Best Conventional Income Fund Manager for FY 2024', 'Best Conventional Equity Fund Manager for FY 2024', and 'Best Islamic Equity Fund Manager for FY 2024'.
- Gold Award across South Asia for the Best Presented Annual Report by The South Asian Federation of Accountants (SAFA).
- Runner up for the Best Annual Report in the Banking sector by The Institute of Chartered Accountants of Pakistan (ICAP) and The Institute of Cost and Management Accountants of Pakistan (ICMAP).
- Merit Certificate in Sustainability Reporting by The Institute of Chartered Accountants of Pakistan (ICAP) and The Institute of Cost and Management Accountants of Pakistan (ICMAP) for the second successive year.
- Awarded 2nd Prize for 'Use of Technology in Auditing' by The Institute of Chartered Accountants of Pakistan (ICAP).
- Won (8) Best Practice Awards and 3 Progressive Awards – Global Diversity, Equity and Inclusion Awards (GDEIB) Benchmarks.
- Awarded 'Best Digitization Initiative of Banking Channels' by the Future Banking Summit.
- Awarded 'Highest Remittance Growth Bank' and 'Leading Remittance Mobilizing Bank' by the Pakistan Remittance Initiative.
- Awarded the 'Most Innovative Islamic Retail Banking Window' and 'Excellence Award: Premier

Banking' at the Cambridge IFA - Islamic Retail Banking Awards.

- Recognised by the President of Pakistan for facilitating women entrepreneurs in the SME sector through Financial Inclusion at the Rising Women Pakistan (Women Business Network) Awards.
- Awarded Second Prize for Sustainability Efforts by the United Nations Global Compact.
- Recognized as 'Best Place to Work for Women' by the Pakistan Society of Human Resource Management.
- Pakistan Digital Awards for 'Best Digital Advertiser of the Year', 'Best SEO Campaign for Roshan Digital Account', and 'Best Banking Tech of the Year'.
- Winner – Best Bank for Supply Chain Finance in Pakistan and Best Bank for Trade Finances in Pakistan by The Digital Banker.
- Best Investment Bank of the Year 2024 in Pakistan by Euromoney.
- Received Shaukat Khanum Social Responsibility Award for Collaboration and CSR Initiatives.
- Dragon Awards for Best Cause, Charity Marketing, or Public Sector Campaign.
- Bank Alfalah Head Office certified as 'Green Office Building' by WWF.
- Winner for Top 10 Employer of Choice Awards for Gender Diversity and Second Runner-Up for the Gender2Equity Initiative by Pakistan Business Council (PBC) and IFC.
- Bank Alfalah recognised at the 10th International Environment, Health & Safety Awards by The Professional Network in collaboration with UNEP and UNGC.













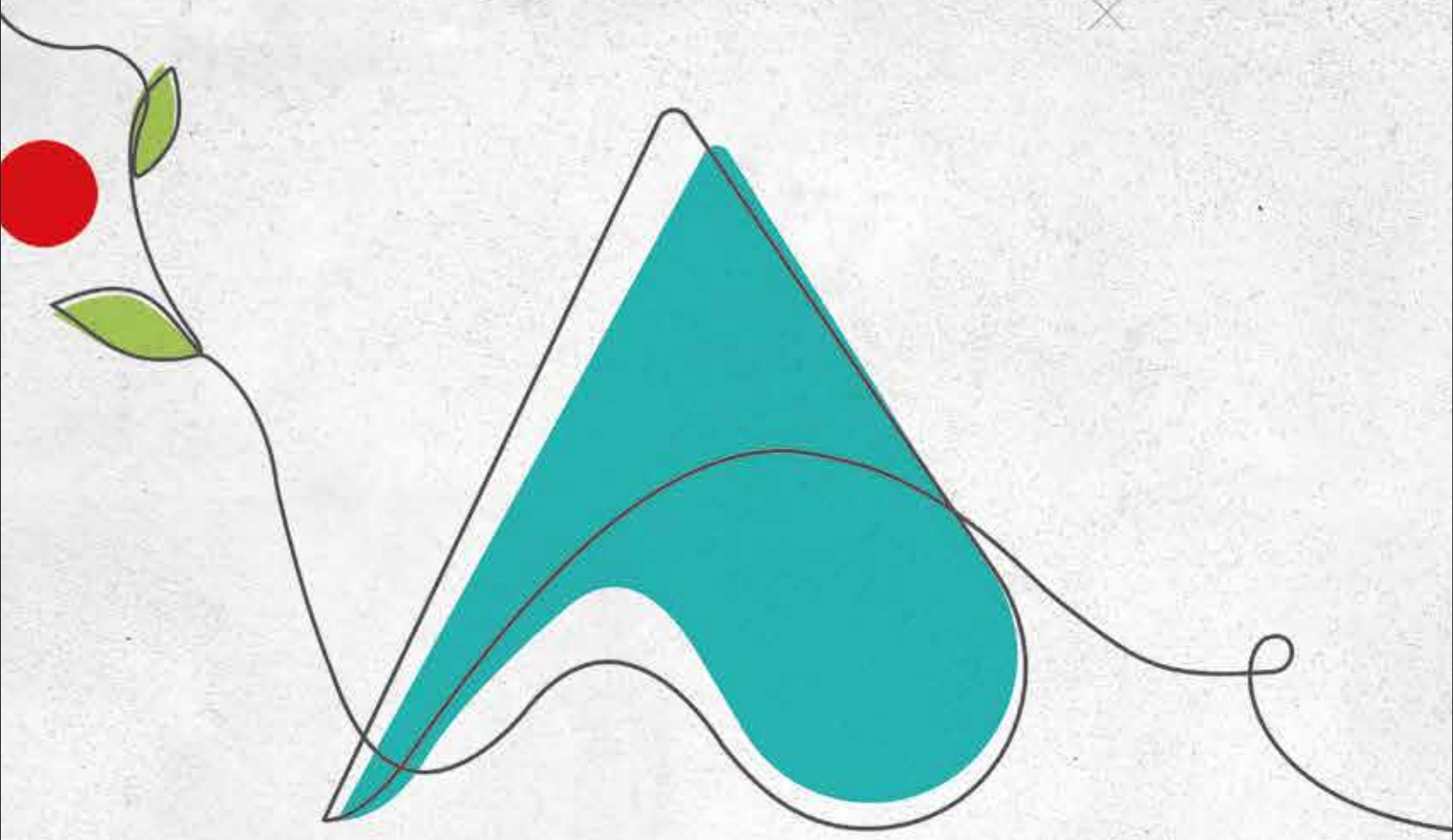
SWOT Analysis

A SWOT analysis of a bank formally evaluates the financial institution's strengths, weaknesses, opportunities, and threats. This analysis identifies these four main elements to help management better leverage its strengths to take advantage of future business opportunities while better understanding its operational weaknesses to combat threats to potential growth. A SWOT analysis can also address many other scenarios, such as new business initiatives, marketing budgets or even advertising campaigns, and is a valuable tool in bank management.

The Bank analyses and monitors its Strengths Weaknesses Threats and Opportunities on a regular basis.

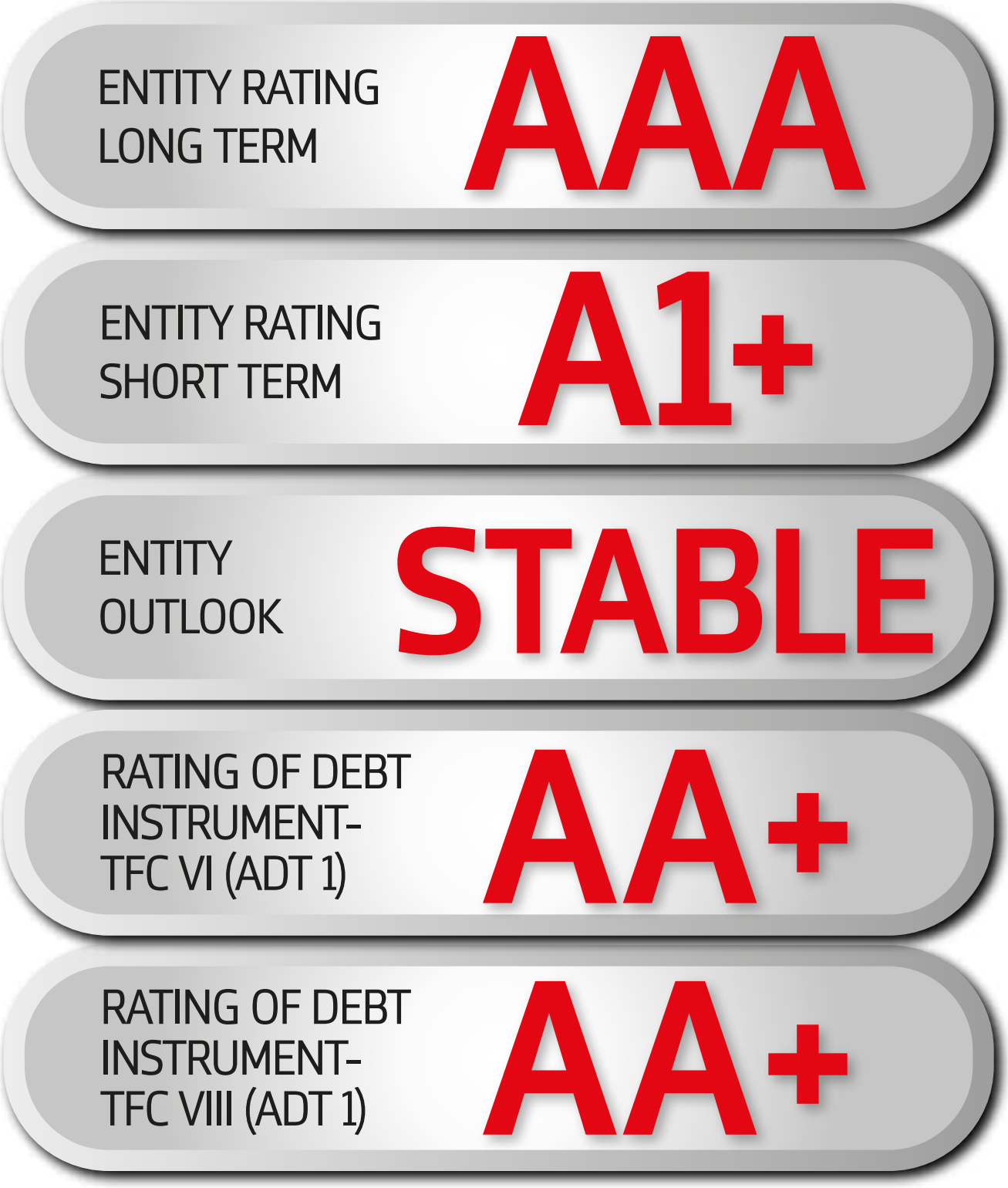


PERFORMANCE AND POSITION





Credit Rating



These ratings are assigned by The Pakistan Credit Rating Agency Limited (PACRA).

Highlights

Value (Growth %)

Equity
Rs. 178 Bn
(↑29%)

Total Assets
Rs. 3,710 Bn
(↑11%)

Deposits
Rs. 2,137 Bn
(↑2%)

Gross Advances
Rs. 1,156 Bn
(↑49%)

Revenue
Rs. 171 Bn
(↑11%)

Operating Expenses
Rs. 84 Bn
(↑29%)

Profit Before Tax
Rs. 83 Bn
(↑6%)

Profit After Tax
Rs. 38 Bn
(↑5%)

Return on Equity
24.83%

Return on Assets
1.15%

Earnings Per Share
Rs. 24.30

Dividend Per Share
Rs. 8.50

ATMs
1,200+

Cash and Cheque Deposit Machines
550+

POS and QR Code Machines
61,500+

Branches and Sub Branches
1,153

Agent Network
36,000+

E Commerce Merchants
4,100+

Analysis of Financial and Non-Financial Performance

Prospects of the Entity including Financial and Non-Financial Measures

Bank Alfalah is one of the fastest growing banks in Pakistan, leading the way in the domain of digital banking. We are committed towards enhancing our reach by expanding the distribution network, modernising front-end channels, and optimising back-end processes. The Bank's focus remains on nurturing its human capital through extensive training programmes and robust development initiatives for continuous growth and excellence.

Financial Measures

The Bank incorporates key financial measures when formulating future projections. Targets are set against the following broad financial measures:

- Deposits: The Bank continuously reviews the quality of its deposit mix with particular emphasis on low cost CASA. Apart from the deposit mix, the pricing of deposit and the associated spread are critical factors in the origination process.
- Advances: Sustainable measured growth in advances, is the key driver of profitability, as advances remains one of the prime source of earnings for the Bank. The Bank places great emphasis on credit quality and segmental diversification of its credit portfolio. Effective management of advances is critical, as it directly impacts credit risk. Therefore, a robust risk assessment mechanism is essential to maintain quality of the credit portfolio.
- Investments: The Bank manages its portfolio of short and long-term bonds based on interest rate forecasts to optimise returns. It maintains an ideal balance according to rate expectations, aiming to generate high profits and ensure sustainable earnings.
- Business Volume: These are driven by various business units which help to generate resources through the sale of products and services to customers. This includes acquiring new-to-business customer deposits and advances, trade volumes, advisory services, over-the-counter services, and services channelled through digital platforms etc. Additionally, the Bank's one-stop solutions and cross-sell initiatives have been a major breakthrough, contributing substantially to the growth of business volumes.
- Cost to Income Ratio: The Bank continues to prioritise cost efficiency. Centralisation of expenses, digitalisation, integration and elimination of redundancies continue to play a pivotal role in driving effective cost control.
- Returns on Earning Assets (ROEA): The ROEA depicts the ability of Bank's earning assets to generate income. This metric is influenced by effective management strategy and the Bank's success in capturing a significant market share. A strong ROEA demonstrates Bank's efficient deployment of assets in driving revenue.
- Net Spread: Net spread is a key financial measure in evaluating the core profitability of the Bank. It represents the difference between mark-up earned on interest bearing assets (uses) and mark-up paid on interest bearing liabilities (sources). Effective management of both the sources and uses of funds is essential for optimising the net spread and ensuring sustainable profitability.
- Return on Equity: Return on equity remains a key measure to assess returns for the Bank's shareholders.

Refer the following pages within this section for financial position, financial performance analysis and financial and non financial ratios.

Non-Financial Measures

Non-financial measures hold equal importance in shaping the future direction of the organisation. Performance assessed against these measures demonstrates that the Bank not only maintains sound and transparent business operations but also fulfils its role as a responsible corporate citizen. While these standards are qualitative in nature, their contribution to the business has proven to be substantial in recent years. Key non-financial measures include:

- Adherence to regulatory frameworks
- Corporate image and reputation
- Stakeholders' engagement
- Brand preference
- Relationship with customers and business partners
- Employee satisfaction and well-being
- Social responsibility
- Environmental sustainability
- SBP inspection rating and robust internal control

Refer the following pages within this section for qualitative performance analysis.

Performance versus Budget

The Bank successfully achieved its key business volume targets, with mid-year adjustments to deposits and advances targets in response to ADR tax.

- Net Interest Income (NII) remained a challenge, as reduction in interest rates exceeded initial assumptions. Spreads remained compressed from start of the year as market yields declined earlier in anticipation of rate cuts, while the cost of deposits and borrowings, being pegged to the policy rate, remained elevated. Additionally, pricing distortions in advances impacted yields in the last quarter.
- However, strong contributions from capital gains, fee income, and exchange income resulted in higher than budget Non-Funded Income (NFI).
- Costs remained within budget, even as the bank continued to expand its network and invest in new initiatives.
- Despite these challenges, the bank successfully met its operating profit target.
- Net provision cost also closed lower than budget, primarily due to higher recoveries, enabling the bank to surpass its profit before tax (PBT) target.
- However, profit after tax (PAT) target was marginally missed, as tax charge for banks was increased towards the end of 2024 following the removal of ADR tax. Excluding the impact of this new tax, the bank exceeded its bottom-line target.

Performance versus last year

The Bank's performance compared to the last year is included in the Directors' Report. Additionally, a detailed analysis of both qualitative and quantitative performance, along with a breakdown of performance by business segment, is provided in the following pages of this section.

Future prospects about the profitability

The Bank's future profit prospects are covered in Outlook section of the Annual Report.

Significant Transactions and Events

During 2024, the Bank has adopted IFRS 9, effective from January 01, 2024 with modified retrospective approach as permitted under IFRS 9. The cumulative impact of initial application of Rs. 2,751.995 million has resulted in increase in equity at the beginning of the current accounting period (refer note 4.1.2 of the unconsolidated financial statements).

The Bank has invested Rs. 1 billion in Alfalah Currency Exchange (Private) Limited which is wholly owned subsidiary of the Bank. The Bank has further invested Rs. 1.2 billion in Alfalah Securities (Private) Limited.

Quantitative Performance Analysis

Financial Position Analysis

	2024	2023
	Rupees in Million	
ASSETS		
Cash and balances with treasury banks	227,824	202,692
Balances with other banks	18,470	16,618
Lendings to financial institutions	100,998	119,554
Investments	1,991,232	2,067,263
Advances	1,109,376	735,052
Property and equipment	63,543	41,816
Right-of-use assets	25,291	19,952
Intangible assets	1,543	1,370
Deferred tax assets	-	6,008
Other assets	171,928	135,593
Total assets	3,710,206	3,345,917
LIABILITIES		
Bills payable	41,768	26,005
Borrowings	1,141,886	909,543
Deposits and other accounts	2,136,913	2,084,997
Lease liabilities	29,482	22,895
Subordinated debt	14,000	14,000
Deferred tax liabilities	16,516	-
Other liabilities	151,529	150,554
Total liabilities	3,532,094	3,207,994
Net Assets	178,112	137,923

Cash and Bank Balances:
The increase is mainly attributable to higher reserves held with central banks, which have risen in line with a corresponding increase in deposits.

Investments:
The investment mix is adjusted in response to change in expected interest rate yield curve. Position is backed by treasury Open Market Operation borrowings and deposits.

Advances:
Advances grew by 51%, primarily driven by higher credit off take in the corporate and commodity sectors. The ADR led strategy influenced this aggressive growth.

Property and equipment:
The 52% increase in property is mainly due to the addition of more than one hundred branches, acquisition of land to construct head office, and revaluation surplus on land & buildings.

Other assets:
Increase of 27% in other assets is primarily due to booking of notional deferred costs on staff loans, increase in acceptances and the addition of non-banking assets.

Borrowings:
Borrowings rose by 25%, mainly driven by repo borrowings from the State Bank of Pakistan.

Deposits:
Deposits increased by 2.5%. This was a result of repositioning as the industry grappled with the impacts of ADR linked taxation till December 30, 2024 when it was withdrawn.

Financial Performance Analysis

	2024	2023
	Rupees in Million	
MARK-UP / INTEREST INCOME		
Mark-up / return / interest earned	506,898	411,948
Mark-up / return / interest expensed	380,172	285,877
Net mark-up / return / interest income	126,726	126,070
NON MARK-UP / INTEREST INCOME		
Fee and commission income	17,622	15,839
Dividend income	1,761	1,321
Foreign exchange income	9,533	9,223
Income from derivatives	1,368	1,761
Gain on securities	13,901	280
Other income	321	334
Total non-mark-up / interest income	44,506	28,758
Total income	171,232	154,828
NON MARK-UP / INTEREST EXPENSES		
Operating expenses	84,369	65,197
Workers' welfare fund	1,696	1,715
Other charges	223	279
Total non-mark-up / interest expenses	86,288	67,191
Profit before credit loss allowance / provisions	84,944	87,637
Credit loss allowance / provisions and write offs - net	1,849	9,462
Profit before taxation	83,095	78,175
Taxation	44,777	41,719
Profit after taxation	38,318	36,456

Net Interest income:
Net interest income experienced marginal increase of 0.5% due to declining interest rates during the outgoing year, impact of which was largely offset through volumetric growth in earning assets.

Non Mark-up income:
The growth is primarily attributed to increase in card-related fees, commission on trade and home remittances. Moreover, the gain on securities rose due to realisation of gains on government securities, marked to market gains on redeemable participation certificates and unlisted preference shares.

Operating Expenses:
The 29% increase is in Opex was primarily driven by growth initiatives, including opening of new branches, compensation costs including staff loans notional cost (under IFRS-9), hiring and inflationary impact on administrative costs.

Credit loss allowance / provisions and write offs - net:
The 80% decrease is primarily due to reversals resulting from debt-property swap transactions amounting to Rs. 5.32 billion and reversals of subjective provisioning totalling Rs. 3.88 billion.

Qualitative Performance Analysis

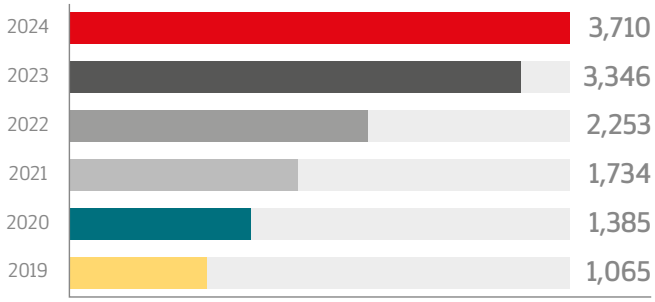
The Bank assesses its qualitative performance on the following factors, including but not limited to:

	2024	2023
Deposits:		
Deposits per branch (Rs. in Mn)	1,853	2,036
Deposits per employee (Rs. in Mn)	130	141
Market share in deposits - domestic (%)	6.4%	6.9%
Loans and advances:		
New acquisitions - auto loans (count)	7,878	3,594
New acquisitions - personal loans (count)	17,450	11,717
New acquisitions - house loans (count)	860	439
New acquisitions - SME loans (count)	2,500	1,439
New acquisitions - cards (count)	76,333	59,688
Market share in advances - domestic (%)	6.9%	5.9%
Remittances:		
Home remittance volume (USD in Mn)	5,416	3,742
Number of transactions (count in Mn)	15.68	10.48
Market share in home remittances (%)	15.6%	14.2%
Corporate Social Responsibility (CSR):		
CSR activities spend (Rs. in Mn)	506	1,250
CSR activities spend as a % of PBT (%)	0.6%	1.6%
Human Resource and Related Activities:		
Compensation costs per employee (Rs. in Mn)	2.41	1.95
Training costs per employee (Rs. in Mn)	0.02	0.01
Profit per employee (Rs. in Mn)	2.34	2.47
Customers		
Number of customers (count in Mn)	8.65	6.81
Number of internet banking users (count in Mn)	0.67	0.55
Number of Alfa app users (count in Mn)	2.09	1.60
Number of credit card holders (count in Mn)	0.42	0.41
Branch performance		
Revenue per branch (Rs. in Mn)	149	151
Profit per branch (Rs. in Mn)	33	36
Cash Management		
Cash Management collection volume (Rs. in Mn)	1,250,324	675,373
Bancassurance		
Bancassurance volume (Rs. in Mn)	1,413	1,495
Bancassurance per branch (Rs. in Mn)	1.23	1.46
Market share - approximate (%)	10.0%	11.0%
Wealth Management		
Wealth Management volume (Rs. in Mn)	107,593	52,158
Wealth Management per branch (Rs. in Mn)	93	51
Market share - approximate (%)	19.0%	23.0%
Trade		
Trade volume - domestic (Rs. in Mn)	2,095,809	1,865,803
Market share - domestic (%)	8.40%	8.40%

Graphical Presentation

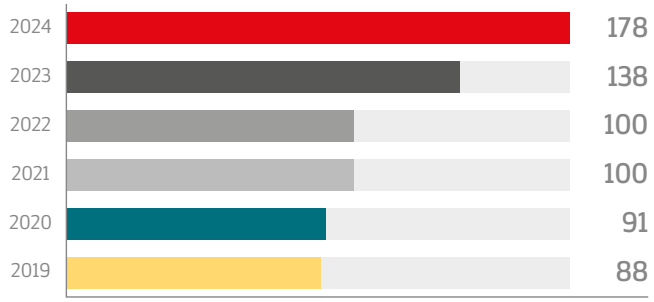
Total assets
(Rs. in Bn)

CAGR (28%)



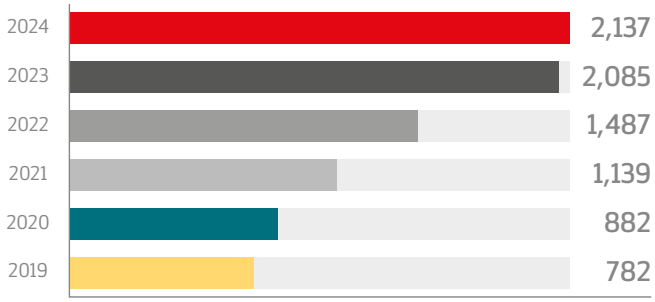
Shareholders' equity
(Rs. in Bn)

CAGR (15%)



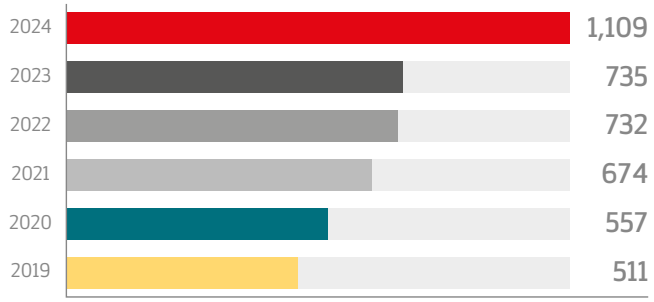
Deposits
(Rs. in Bn)

CAGR (22%)



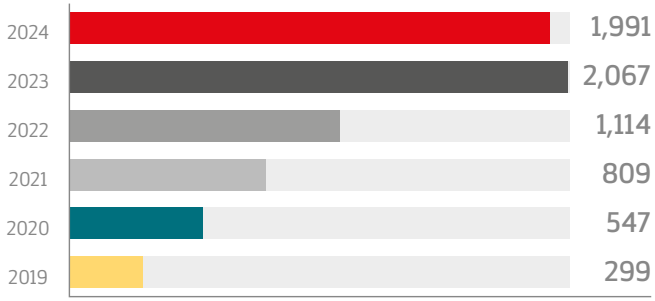
Advances - net
(Rs. in Bn)

CAGR (17%)



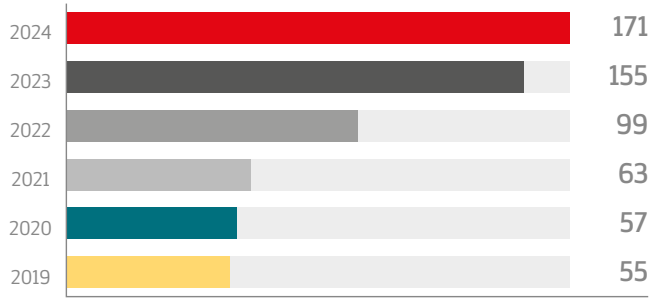
Investments - net
(Rs. in Bn)

CAGR (46%)



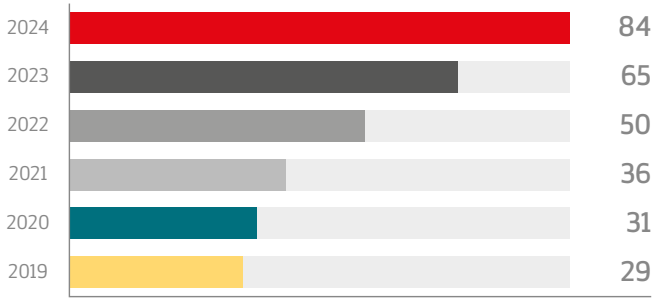
Total income (Net interest income and non mark-up income)
(Rs. in Bn)

CAGR (25%)



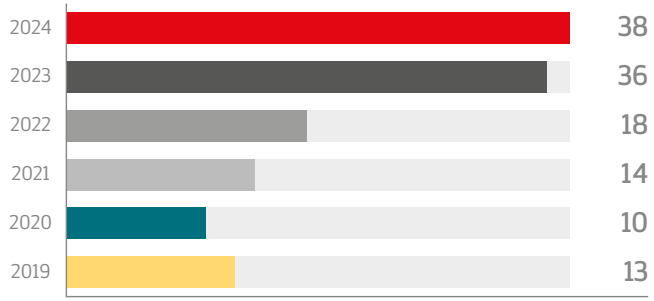
Operating expenses
(Rs. in Bn)

CAGR (24%)

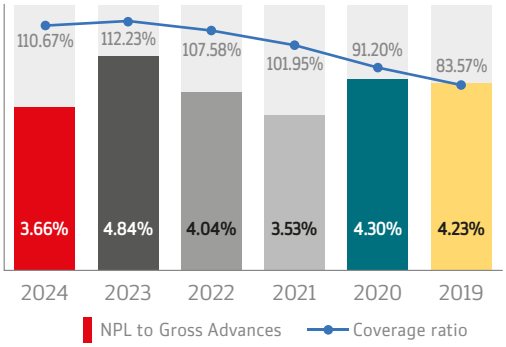


Profit after taxation
(Rs. in Bn)

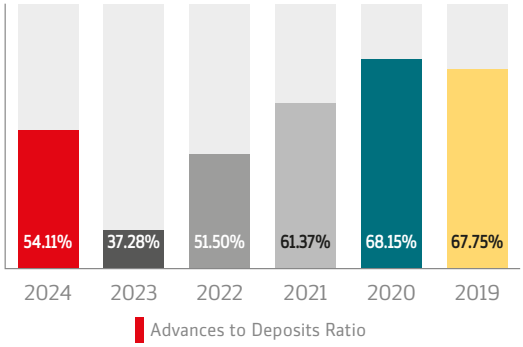
CAGR (25%)



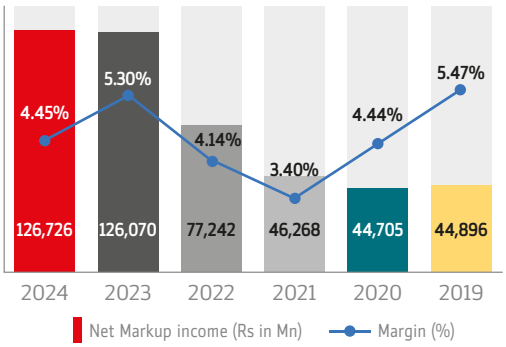
NPL Ratios
(Percentage)



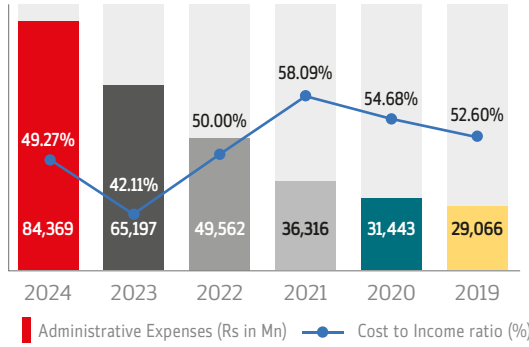
Advances to Deposits Ratio
(Percentage)



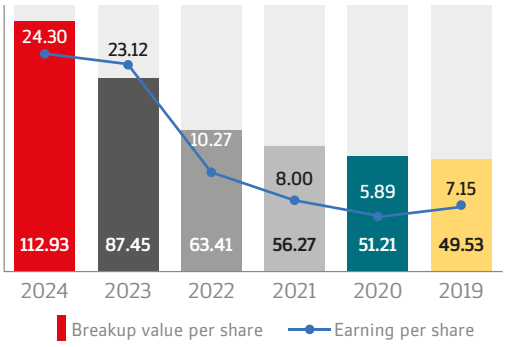
Net Markup Income and Margin



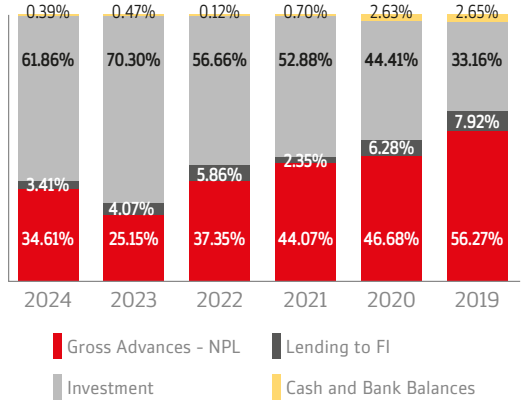
Operating Expenses and Cost to Income Ratio



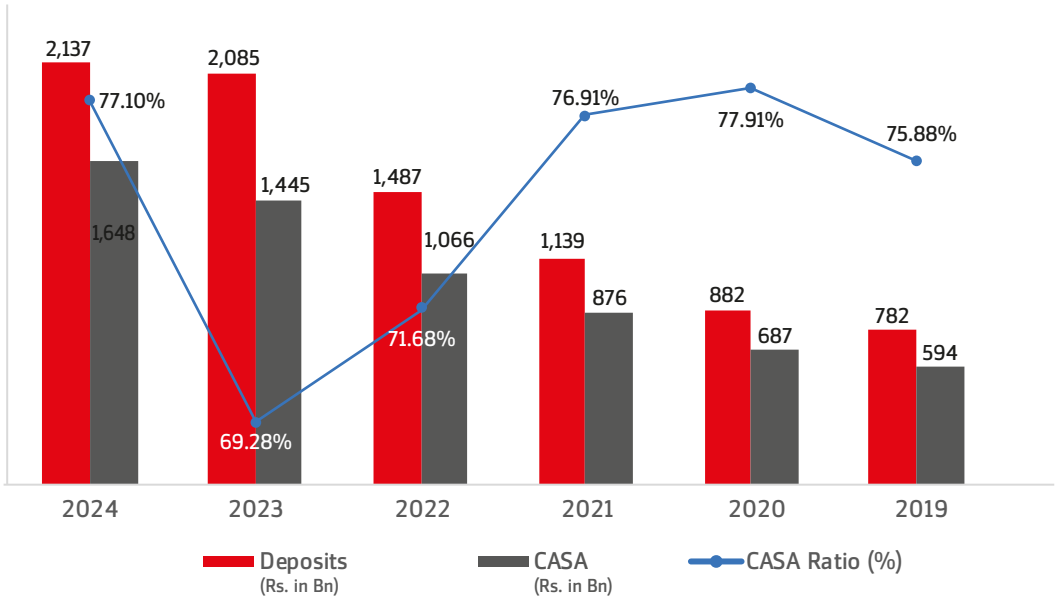
Earnings and Breakup Value Per Share (Rupees)



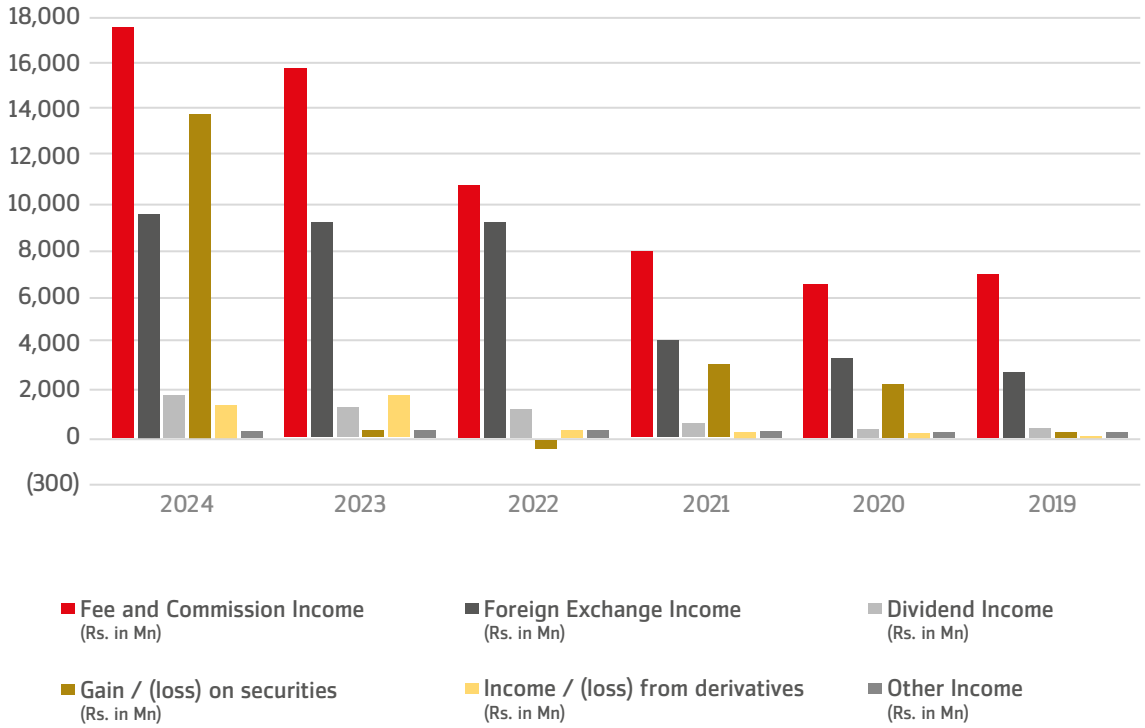
Earning Assets Mix
(Percentage)



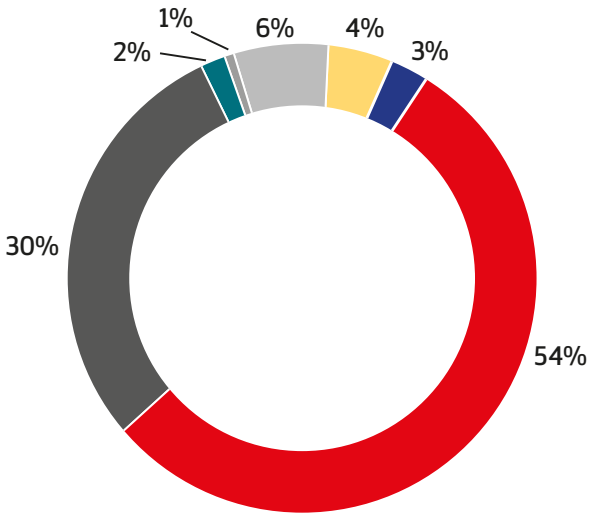
CASA to Deposits Ratio



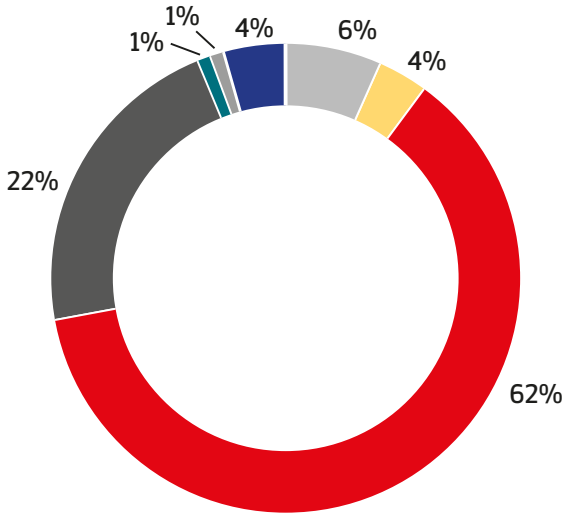
Non Markup Income



Total Assets - 2024

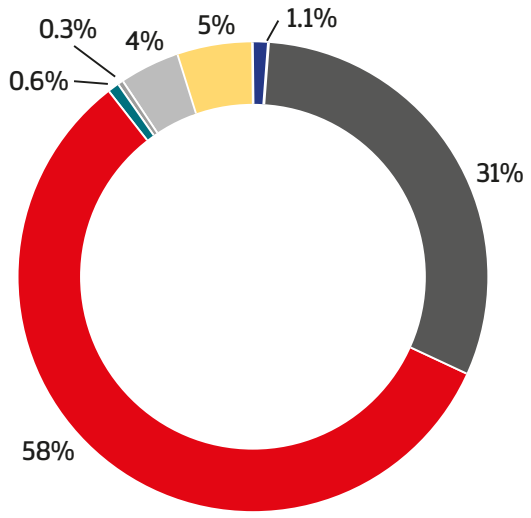


Total Assets - 2023

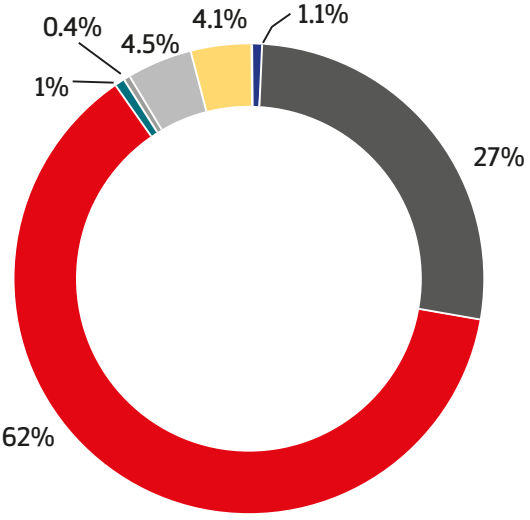


Cash and balances with treasury and other banks
Lendings to financial institutions
Investments
Advances
Property, equipment & Intangiable assets
Right-of-use assets
Other assets

Total Liabilities and Equity - 2024



Total Liabilities and Equity - 2023



Bills payable
Borrowings
Deposits and other accounts
Lease liabilities
Subordinated debt
Other liabilities
Equity

Six Years Financial and Non-Financials Summaries

		2024	2023	2022	2021	2020	2019
Profit & Loss Account							
Mark-up / return / interest earned	Rs. Mn	506,898	411,948	214,054	100,402	92,616	92,519
Mark-up / return / interest expensed	Rs. Mn	380,172	285,877	136,812	54,134	47,911	47,623
Non mark-up / interest income	Rs. Mn	44,506	28,758	21,883	16,254	12,795	10,357
Total Income	Rs. Mn	171,232	154,828	99,126	62,522	57,499	55,253
Non mark-up / interest expenses	Rs. Mn	86,288	67,191	50,497	36,840	32,032	29,843
Profit before tax and credit loss allowance / provision	Rs. Mn	84,944	87,637	48,629	25,682	25,468	25,410
Credit loss allowance / provision and write-offs - net	Rs. Mn	1,849	9,462	12,468	2,312	7,589	3,029
Profit before taxation	Rs. Mn	83,095	78,175	36,160	23,370	17,878	22,382
Profit after taxation	Rs. Mn	38,318	36,456	18,206	14,217	10,475	12,696
Statement of Financial Position							
Authorised capital	Rs. Mn	23,000	23,000	23,000	23,000	23,000	23,000
Paid up capital	Rs. Mn	15,772	15,772	15,772	17,772	17,772	17,772
Reserves	Rs. Mn	43,467	41,401	34,283	29,954	27,680	26,046
Unappropriated profit	Rs. Mn	85,095	69,482	45,101	40,836	35,057	32,843
Surplus on revaluation of assets - net of tax	Rs. Mn	33,779	11,268	4,859	11,441	10,509	11,367
Shareholders' fund	Rs. Mn	144,334	126,654	95,156	88,562	80,508	76,661
Shareholders' equity	Rs. Mn	178,112	137,923	100,015	100,003	91,017	88,028
Total assets	Rs. Mn	3,710,206	3,345,917	2,253,197	1,734,321	1,384,874	1,065,311
Earning assets	Rs. Mn	3,218,813	2,940,428	1,966,878	1,530,207	1,231,771	901,960
Gross advances	Rs. Mn	1,156,258	777,287	765,693	699,073	600,899	529,971
Advances - net of credit loss allowance / provision	Rs. Mn	1,109,376	735,052	732,375	673,881	577,316	511,236
Non performing loans	Rs. Mn	42,360	37,633	30,971	24,710	25,860	22,417
Investments - at cost	Rs. Mn	1,961,263	2,076,592	1,135,624	812,307	541,819	295,103
Investments - net	Rs. Mn	1,991,232	2,067,263	1,114,407	809,214	547,090	299,098
Total liabilities	Rs. Mn	3,532,094	3,207,994	2,153,182	1,634,319	1,293,856	977,284
Deposits and other accounts	Rs. Mn	2,136,913	2,084,997	1,486,845	1,139,045	881,767	782,284
Borrowings	Rs. Mn	1,141,886	909,543	491,180	383,809	314,960	102,842
Cash Flow Summary							
Cash and cash equivalents at the beginning of the year	Rs. Mn	247,900	185,488	134,593	118,455	135,054	100,501
Cash flow (used in) / generated from operating activities	Rs. Mn	(74,418)	756,441	470,461	268,659	204,046	80,947
Cash flow generated from / (used in) investing activities	Rs. Mn	87,807	(681,700)	(413,326)	(242,190)	(205,800)	(37,948)
Cash flow used in financing activities	Rs. Mn	(29,316)	(12,329)	(6,240)	(10,330)	(14,845)	(8,447)
(Decrease) / increase in cash and cash equivalents	Rs. Mn	(15,928)	62,412	50,895	16,138	(16,600)	34,553
Cash and cash equivalents at the end of the year	Rs. Mn	231,950	247,900	185,488	134,593	118,455	135,054
Consolidated Position							
Total assets	Rs. Mn	3,717,056	3,349,668	2,256,720	1,736,773	1,387,674	1,067,749
Net assets	Rs. Mn	181,387	139,623	102,063	101,874	92,661	89,283
Profit before taxation	Rs. Mn	85,247	78,738	36,677	23,909	18,443	22,915
Profit after taxation	Rs. Mn	39,863	36,086	18,397	14,460	10,843	13,032
Trade							
Imports - Volume	Rs. Mn	1,617,799	1,366,387	1,176,596	892,545	570,337	553,791
Exports - Volume	Rs. Mn	599,046	684,129	557,435	367,941	251,140	283,952
Others							
Number of branches	Count	1,153	1,024	894	790	730	698
Number of permanent employees	Count	16,334	14,662	13,790	12,034	10,653	10,118

Six Years Vertical Analysis

		2024 Rs in Mn	%	2023 Rs in Mn	%	2022 Rs in Mn	%	2021 Rs in Mn	%	2020 Rs in Mn	%	2019 Rs in Mn	%
Statement of Financial Position													
Assets													
Cash and balances with treasury banks		227,824	6%	202,692	6%	140,613	6%	105,606	6%	99,348	7%	100,732	9%
Balances with other banks		18,470	0%	16,618	0%	9,485	0%	9,783	1%	6,234	0%	4,710	0%
Lendings to financial institutions		100,998	3%	119,554	4%	115,354	5%	35,982	2%	77,306	6%	71,435	7%
Investments		1,991,232	54%	2,067,263	62%	1,114,407	49%	809,214	47%	547,090	40%	299,098	28%
Advances		1,109,376	30%	735,052	22%	732,375	33%	673,881	39%	577,316	42%	511,236	48%
Property and equipment		63,543	2%	41,816	1%	33,035	1%	27,684	2%	21,434	2%	19,900	2%
Right-of-use assets		25,291	1%	19,952	1%	15,390	1%	11,815	1%	9,543	1%	9,187	1%
Intangible assets		1,543	0%	1,370	0%	1,296	0%	1,116	0%	1,285	0%	1,257	0%
Deferred tax assets		-	0%	6,008	0%	9,013	0%	2,304	0%	-	0%	-	0%
Other assets		171,928	4%	135,593	4%	82,229	4%	56,936	3%	45,319	3%	47,756	4%
Total assets		**3,710,206**	**100%**	**3,345,917**	**100%**	**2,253,197**	**100%**	**1,734,321**	**100%**	**1,384,874**	**100%**	**1,065,311**	**100%**
Liabilities													
Bills payable		41,768	1%	26,005	1%	40,034	2%	22,826	1%	22,571	2%	17,169	2%
Borrowings		1,141,886	31%	909,543	27%	491,180	22%	383,809	22%	314,960	23%	102,842	10%
Deposits and other accounts		2,136,913	58%	2,084,997	62%	1,486,845	66%	1,139,045	66%	881,767	64%	782,284	73%
Lease liabilities		29,482	1%	22,895	1%	17,496	1%	13,190	1%	10,456	1%	9,367	1%
Subordinated debt		14,000	0%	14,000	0%	14,000	1%	7,000	0%	7,000	1%	11,987	1%
Deferred tax liabilities		16,516	0%	-	0%	-	0%	-	0%	1,361	0%	3,451	0%
Other liabilities		151,529	4%	150,554	4%	103,628	5%	68,450	4%	55,741	4%	50,183	5%
Total liabilities		**3,532,094**	**95%**	**3,207,994**	**96%**	**2,153,182**	**96%**	**1,634,319**	**94%**	**1,293,856**	**93%**	**977,284**	**92%**
Net Assets		**178,112**	**5%**	**137,923**	**4%**	**100,015**	**4%**	**100,003**	**6%**	**91,017**	**7%**	**88,028**	**8%**
Represented By:													
Authorized capital		23,000		23,000		23,000		23,000		23,000		23,000	
Share capital		15,772	0%	15,772	0%	15,772	1%	17,772	1%	17,772	1%	17,772	2%
Reserves		43,467	1%	41,401	1%	34,283	2%	29,954	2%	27,680	2%	26,046	2%
Unappropriated profit		85,095	2%	69,482	2%	45,101	2%	40,836	2%	35,057	3%	32,843	3%
Surplus on revaluation of assets		33,779	1%	11,268	0%	4,859	0%	11,441	1%	10,509	1%	11,367	1%
		178,112	**5%**	**137,923**	**4%**	**100,015**	**4%**	**100,003**	**6%**	**91,017**	**7%**	**88,028**	**8%**
Profit & Loss Account													
Mark-up / return / interest earned	a	506,898	92%	411,948	93%	214,054	91%	100,402	86%	92,616	88%	92,519	90%
Mark-up / return / interest expensed		(380,172)	-69%	(285,877)	-65%	(136,812)	-58%	(54,134)	-46%	(47,911)	-45%	(47,623)	-46%
Net mark-up / return / interest income		**126,726**	**23%**	**126,070**	**29%**	**77,242**	**33%**	**46,268**	**40%**	**44,705**	**42%**	**44,896**	**44%**
Non mark-up / interest Income	b	44,506	8%	28,758	7%	21,883	9%	16,254	14%	12,795	12%	10,357	10%
Total income		**171,232**	**31%**	**154,828**	**35%**	**99,126**	**42%**	**62,522**	**54%**	**57,499**	**55%**	**55,253**	**54%**
Non mark-up / interest expenses		(86,288)	-16%	(67,191)	-15%	(50,497)	-21%	(36,840)	-32%	(32,032)	-30%	(29,843)	-29%
Profit before credit loss allowance / provisions		**84,944**	**15%**	**87,637**	**20%**	**48,629**	**21%**	**25,682**	**22%**	**25,468**	**24%**	**25,410**	**25%**
Credit loss allowance / provisions and write offs - net		(1,849)	0%	(9,462)	-2%	(12,468)	-5%	(2,312)	-2%	(7,589)	-7%	(3,029)	-3%
Profit before taxation		**83,095**	**15%**	**78,175**	**18%**	**36,160**	**15%**	**23,370**	**20%**	**17,878**	**17%**	**22,382**	**22%**
Taxation		(44,777)	-8%	(41,719)	-9%	(17,954)	-8%	(9,154)	-8%	(7,403)	-7%	(9,686)	-9%
Profit after taxation		**38,318**	**7%**	**36,456**	**8%**	**18,206**	**8%**	**14,217**	**12%**	**10,475**	**10%**	**12,696**	**12%**
Earning per share - Rupees		**24.30**		**23.12**		**10.27**		**8.00**		**5.89**		**7.15**	

Note:

- For vertical analysis, variance percentage on financial position is calculated based on total assets and for profit & loss account, it is calculated based on gross revenue which is the sum of markup earned and non-markup income (a+b).
- The graphical presentation of vertical analysis is presented within this section.

Six Years Horizontal Analysis

Statement of Financial Position

	2024 Rs in Mn	%	2023 Rs in Mn	%	2022 Rs in Mn	%	2021 Rs in Mn	%	2020 Rs in Mn	%	2019 Rs in Mn
Assets											
Cash and balances with treasury banks	227,824	12%	202,692	44%	140,613	33%	105,606	6%	99,348	-1%	100,732
Balances with other banks	18,470	11%	16,618	75%	9,485	-3%	9,783	57%	6,234	32%	4,710
Lendings to financial institutions	100,998	-16%	119,554	4%	115,354	221%	35,982	-53%	77,306	8%	71,435
Investments	1,991,232	-4%	2,067,263	86%	1,114,407	38%	809,214	48%	547,090	83%	299,098
Advances	1,109,376	51%	735,052	0%	732,375	9%	673,881	17%	577,316	13%	511,236
Property and equipment	63,543	52%	41,816	27%	33,035	19%	27,684	29%	21,434	8%	19,900
Right-of-use assets	25,291	27%	19,952	30%	15,390	30%	11,815	24%	9,543	4%	9,187
Intangible assets	1,543	13%	1,370	6%	1,296	16%	1,116	-13%	1,285	2%	1,257
Deferred tax assets	-	-100%	6,008	-33%	9,013	291%	2,304	100%	-	0%	-
Other assets	171,928	27%	135,593	65%	82,229	44%	56,936	26%	45,319	-5%	47,756
Total assets	**3,710,206**	**11%**	**3,345,917**	**48%**	**2,253,197**	**30%**	**1,734,321**	**25%**	**1,384,874**	**30%**	**1,065,311**
Liabilities											
Bills payable	41,768	61%	26,005	-35%	40,034	75%	22,826	1%	22,571	31%	17,169
Borrowings	1,141,886	26%	909,543	85%	491,180	28%	383,809	22%	314,960	206%	102,842
Deposits and other accounts	2,136,913	2%	2,084,997	40%	1,486,845	31%	1,139,045	29%	881,767	13%	782,284
Lease liabilities	29,482	29%	22,895	31%	17,496	33%	13,190	26%	10,456	12%	9,367
Subordinated debt	14,000	0%	14,000	0%	14,000	100%	7,000	0%	7,000	-42%	11,987
Deferred tax liabilities	16,516	100%	-	0%	-	0%	-	-100%	1,361	-61%	3,451
Other liabilities	151,529	1%	150,554	45%	103,628	51%	68,450	23%	55,741	11%	50,183
Total liabilities	**3,532,094**	**10%**	**3,207,994**	**49%**	**2,153,182**	**32%**	**1,634,319**	**26%**	**1,293,856**	**32%**	**977,284**
Net Assets	**178,112**	**29%**	**137,923**	**38%**	**100,015**	**0%**	**100,003**	**10%**	**91,017**	**3%**	**88,028**
Represented By:											
Authorized capital	23,000		23,000		23,000		23,000		23,000		23,000
Share capital	15,772	0%	15,772	0%	15,772	-11%	17,772	0%	17,772	0%	17,772
Reserves	43,467	5%	41,401	21%	34,283	14%	29,954	8%	27,680	6%	26,046
Unappropriated profit	85,095	22%	69,482	54%	45,101	10%	40,836	16%	35,057	7%	32,843
Surplus on revaluation of assets	33,779	200%	11,268	132%	4,859	-58%	11,441	9%	10,509	-8%	11,367
	178,112	**29%**	**137,923**	**38%**	**100,015**	**0%**	**100,003**	**10%**	**91,017**	**3%**	**88,028**

Profit & Loss Account

Mark-up / return / interest earned	506,898	23%	411,948	92%	214,054	113%	100,402	8%	92,616	0%	92,519
Mark-up / return / interest expensed	(380,172)	33%	(285,877)	109%	(136,812)	153%	(54,134)	13%	(47,911)	1%	(47,623)
Net mark-up / return / interest income	**126,726**	**1%**	**126,070**	**63%**	**77,242**	**67%**	**46,268**	**3%**	**44,705**	**0%**	**44,896**
Non mark-up / interest Income	44,506	55%	28,758	31%	21,883	35%	16,254	27%	12,795	24%	10,357
Total income	**171,232**	**11%**	**154,828**	**56%**	**99,126**	**59%**	**62,522**	**9%**	**57,499**	**4%**	**55,253**
Non mark-up / interest expenses	(86,288)	28%	(67,191)	33%	(50,497)	37%	(36,840)	15%	(32,032)	7%	(29,843)
Profit before credit loss allowance / provisions	**84,944**	**-3%**	**87,637**	**80%**	**48,629**	**89%**	**25,682**	**1%**	**25,468**	**0%**	**25,410**
Credit loss allowance / provisions and write offs - net	(1,849)	-80%	(9,462)	-24%	(12,468)	439%	(2,312)	-70%	(7,589)	151%	(3,029)
Profit before taxation	**83,095**	**6%**	**78,175**	**116%**	**36,160**	**55%**	**23,370**	**31%**	**17,878**	**-20%**	**22,382**
Taxation	(44,777)	7%	(41,719)	132%	(17,954)	96%	(9,154)	24%	(7,403)	-24%	(9,686)
Profit after taxation	**38,318**	**5%**	**36,456**	**100%**	**18,206**	**28%**	**14,217**	**36%**	**10,475**	**-17%**	**12,696**
Earning per share - Rupees	**24.30**	**5%**	**23.12**	**125%**	**10.27**	**28%**	**8.00**	**36%**	**5.89**	**-18%**	**7.15**

Note:

- The graphical presentation of horizontal analysis is presented within this section.

Six Years Review of Business Performance

Balance Sheet

Total Assets

Over the past six years, the Bank has seen substantial growth in its asset base, which rose from Rs. 1,065.311 billion in December 2019 to Rs. 3,710.206 billion in December 2024, representing a Compound Annual Growth Rate (CAGR) of 28 percent. Key areas of deployment have included investments and advances, as outlined below. Our strategic approach over the years has been to optimise the asset mix to maximise returns for stakeholders, while ensuring the efficient management of risk-weighted assets (RWA).

Advances

The Bank's Advance-to-Deposit Ratio (ADR) stands at 54.11%. Over this period, the Bank has achieved a CAGR of 16.76% in net advances. Additionally, the Bank has made significant improvements to its risk management framework, including automation and optimisation of the credit approval process.

Non-performing Loans

Due to our branch-focused model and robust credit underwriting standards, the Bank has consistently maintained one of the lowest infection ratios among top-tier banks, despite the application of prudent subjective classifications. Over the past six years, the infection ratio has improved, reaching 3.66% in 2024 from 4.23% in 2019, underscoring our unwavering commitment to preserving asset quality. The Bank's Special Assets Management Group has been instrumental in facilitating significant recoveries during this period. Notably, the Bank's coverage ratio stands at 110.67% (inclusive of general provisions) as of the close of the year, reinforcing our strong risk management approach.

Investments

Over the years, the Bank's investment portfolio has experienced substantial growth, with a strong emphasis on high-yielding Government Securities. The portfolio has been built, with positions taken in line with interest rate projections and hedging strategy. The Bank's total investment base has increased from Rs. 299.098 billion in 2019 to Rs. 1,991.232 billion by the end of 2024. Moreover, the Bank's equity portfolio includes investments in companies with solid fundamentals, aimed at generating consistent dividend income.

Deposits

The Bank's deposit base has consistently grown, contributing to the overall balance sheet growth outlined above. The exceptional performance in executing the strategy and delivering a diverse product offering has enabled Bank Alfalah to achieve a remarkable CAGR of 22%, rising from Rs. 782.284 billion in 2019 to Rs. 2,136.913 billion in 2024. As of December 2024, the Bank's CASA (Current Account, Savings Account) ratio stands at 77.10%. Our continued focus has been on enhancing the deposit profile by increasing the proportion of current accounts and building profitable deposits. The Bank offers a broad range of products tailored to meet the diverse needs of our customers. We remain committed to maintain service excellence and providing competitive returns to our depositors, while ensuring seamless transactional convenience through our Digital Banking and Alternate Delivery Channels.

Equity

The net equity is up by Rs. 90.085 billion over six years, mainly due to retained profits and revaluation surplus on assets. The Bank's paid-up capital decreased from Rs. 17.772 billion in 2019 to Rs. 15.772 billion in 2022 following the buyback of 200 million ordinary shares under the buyback scheme. Additionally, the Bank successfully implemented its first-ever Employee Stock Option Scheme between 2014 and 2016. Under this scheme, options were granted to select key executives and employees, as approved by the Board's Compensation Committee. Employees granted with these options were eligible to exercise it during the specified exercise periods and subscribe to new shares (without rights) at an agreed discount.

Tier-1 Capital (ADT 1)

The Bank has issued Tier-1 Capital of Rs. 14 billion. First ever additional Tier- 1 Capital was issued in year 2018 in the form of listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments. In 2022, the Bank further

issued an additional Tier 1 capital of Rs. 7 billion to support its capital base and gear up for further expansion. Both instruments are "AA+" rated by PACRA.

Dividends

Over the years, the Bank has maintained a consistently increased dividend payout, balancing risk absorption capacity with the objective of delivering enhanced returns over the medium to long term. The Bank's Capital Adequacy Ratio currently exceeds the regulatory requirement, including the capital conservation buffer. The Board has recommended a final dividend payout of 25% for the year 2024. Additionally, the Board had previously declared and paid an interim cash dividend of Rs. 6.00 per share during the year, bringing the total cash dividend for the year to Rs. 8.50 per share i.e. 85% as compared to Rs. 8.00 per share i.e. 80% last year.

Profit and Loss Account

Income

The composition of mark-up income has shifted in recent years, reflecting a change in the Bank's earning asset base. Over the last six years, the Bank has seen a significant increase in net mark-up income, driven by growth in core deposits, particularly current accounts despite variation in spreads. The expansion of the high-quality advances portfolio, led by the consumer and commercial segment, has contributed to a higher net interest margin. Our investment strategy has also complemented our non-funded income over this period, bolstering overall profitability. Core fee and commission income, foreign exchange income, and capital gains from both capital and money markets have all shown growth, further supporting non-funded income. Additionally, key enhancements to our technology platform, cross-selling initiatives, and branch transformation programs have contributed to delivering greater transactional convenience to customers, while also driving growth in non-fund-based income.

Operating Expenses

Over the years, the Bank has undergone significant transformation. The overall growth in administrative costs has primarily been driven by expenses related to the expansion of additional branches as part of the Bank's growth strategy, compensation costs (including staff loans notional costs, new hiring and various employee-focused remuneration initiatives) and marketing expenses. Rising rentals, utility costs, substantial IT investments for upgrading the core banking system and digital banking platform, as well as inflation and the depreciation of the rupee impacting foreign currency expenses, have also contributed to the increase. However, the Bank has actively managed these factors, implementing strict cost discipline measures with a focus on improving the cost-to-income ratio.

Cash Flow Statement

Cash Flow from Operating Activities

Cash flow from operating activities has shown a positive trend throughout the years from 2019 to 2023, primarily driven by consistent profitability growth, along with stable deposits and advances. However, in 2024, increase in the loan book mainly resulted in, cash flow from operating activities turned negative.

Cash Flow from Investing Activities

The investment strategy is a factor of treasury's view, which drives the deployment of surplus liquidity. At times the treasury also takes borrowing position for book building. Funds, after loans and advances, are invested into various investment avenues. Over the years, the Bank has consistently expanded its investment portfolio, with the exception of 2024, when the inflow of funds were redirected towards advances in response to prevailing interest rates and ADR tax considerations (till December 30, 2024). In 2024, the bank made an investment of Rs. 1 billion in its wholly owned subsidiary, Alfalah Currency Exchange (Private) Limited, and Rs. 1.2 billion in Alfalah Securities (Private) Limited.

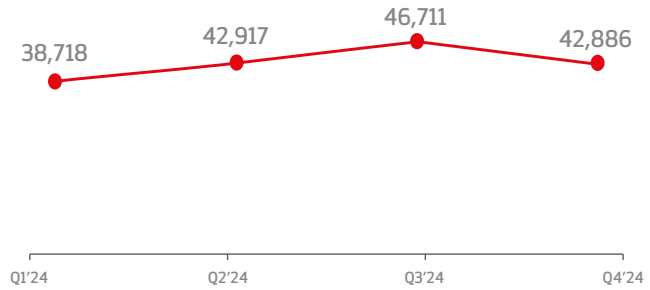
Cash Flow from Financing Activities

The primary transactions under this category involve capital and dividend. Bank Alfalah has consistently paid dividends throughout the years.

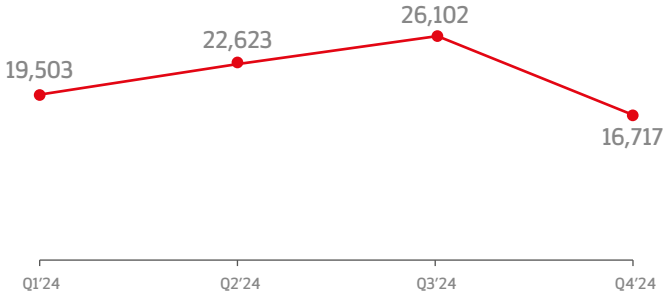
Quarterly Performance Review

	Q1 '24	Q2 '24	Q3 '24	Q4 '24	Total
	Rupees in Million				
Net interest income	30,717	30,641	33,774	31,594	**126,726**
Non-interest income	8,001	12,276	12,937	11,292	**44,506**
Total income	38,718	42,917	46,711	42,886	**171,232**
Less: Operating expenses	18,581	19,799	20,158	25,831	**84,369**
Less: Other charges and WWF	634	495	451	338	**1,918**
Profit before credit loss allowance / provisions	19,503	22,623	26,102	16,717	**84,944**
Credit loss allowance / provisions and write offs - net	(207)	1,514	439	103	**1,849**
Profit before taxation	19,710	21,109	25,663	16,614	**83,095**

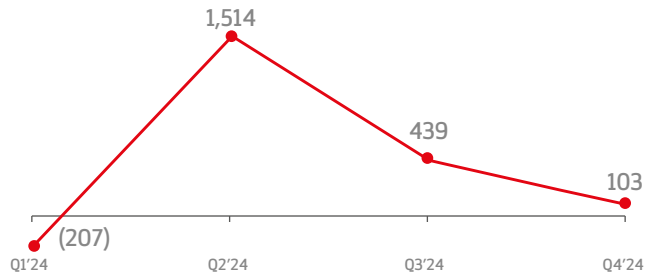
Total income (Rs. in Mn)



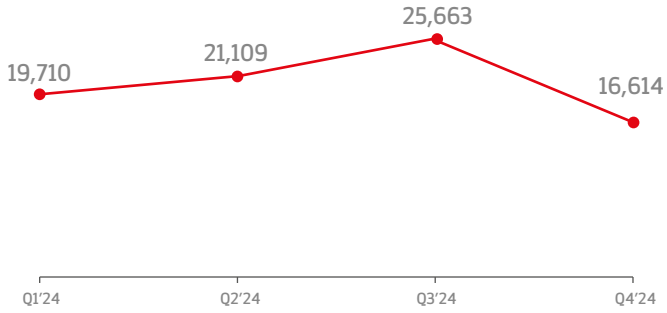
Profit before credit loss allowance / provisions (Rs. in Mn)



Credit loss allowance / provisions and write offs - net (Rs. in Mn)



Profit before taxation (Rs. in Mn)



Analysis of the Quarterly Performance

Quarter 1

- **Net interest income**
  14% lower than Q4 2023 due to higher swap cost and decline in market yields.
- **Non interest income**
  Down by 18% due to higher capital gain realised on government securities and shares in Q4 2023.
- **Operating expenses**
  Up by 1% compared to Q4 2023, mainly due to marketing activities.
  .
- **Credit loss allowance / provision**
  Down by 169% over Q4 2023 due to reversals of credit loss allowance from debt property swap transactions.

Quarter 2

- **Net interest income**
  Remain almost constant due to well positioned balance sheet offsetting impact of declining market yields.
- **Non interest income**
  Up by 53% over Q1 2024 due to increase in card related fees, credit related fees and commission on remittance. Foreign exchange income higher than Q1 2024.

  Capital gain realised on government securities and unrealised gain on redeemable participation certificates increased in Q2 2024.
- **Operating expenses**
  Up by 6% over Q1 2024 due to marketing activities offset by lower compensation cost (one off increments and bonuses paid to employees in Q1 2024).
- **Credit loss allowance / provision**
  Credit loss allowance / provision higher in Q2 2024 due to increase in expected credit loss allowance and charge booked against investment in subsidiary partially offset by reversals due to debt property swap transactions.

Quarter 3

- **Net interest income**
  The improved balance sheet position has led to a 10% increase in net interest income over Q2 2024, despite a decline in market yield. This growth reflects a lagged impact, as the cost of funds decreased while assets were repriced with a delayed effect.
- **Non interest income**
  Up by 5% mainly due to capital gain realised on government securities for realignment of portfolio in view of interest rate outlook and unrealised gain held on FVPL investments.
- **Operating expenses**
  Higher by 2% over Q2 2024, due to higher compensation cost and impact of new branches.
- **Credit loss allowance / provision**
  Down by 71% due to reversals of expected credit loss allowance as a result of upgradation of rating of Pakistan Euro Bonds, reversals of credit loss allowance due to recoveries from NPL clients.

Quarter 4

- **Net interest income**
  Down by 6% over Q3 2024 due to repricing of books on account of significant decline in market yields.
- **Non interest income**
  Down by 13% over Q3 2024 due to decrease in unrealised gains, decline in foreign exchange income, loss on derivative partially offset by capital gain realised on shares.
- **Operating expenses**
  Higher by 27% over Q3 2024, due to notional cost on staff loans, donation payments, compensated leave absence charge, gratuity charge and branch expansion.
- **Credit loss allowance / provision**
  Down by 77% over Q3 2024 mainly due to reversals of subjective provisioning and expected credit loss.

Segmental Review of Business Performance

Retail Banking Group

The Retail Banking Group (Retail) remained central to the Bank's strategy in 2024, playing a key role in customer engagement, revenue generation, market expansion, and sustainable growth. Retail business strengthened its position in the industry by delivering enhanced customer experiences and maintaining its legacy of excellence in financial services. With a continued focus towards digital transformation and customer-centricity, Retail expanded its market presence, reinforcing the Bank's standing as a progressive financial institution. Notable advancements were made in Deposits Mix, SME Commercial segment, Agri-financing, and Wealth Management, underscoring the commitment to offering comprehensive financial solutions that aligns with evolving customer needs. Additionally, the Bank introduced Infinite Banking, providing exclusive financial services for High Net Worth (HNW) clients for further strengthening of our Premier Banking segment as a market leader. Retail Banking's strong customer engagement was also recognised with the "Best Customer Engagement Award" at the PBA, reaffirming its leadership in delivering superior banking experiences.

Deposits

Retail Banking maintained a stable and well-managed deposit base, amounting to Rs. 1.3 trillion by the end of 2024. This position reflects a strategic and disciplined approach to deposit mobilisation, ensuring long-term stability and financial resilience. The average total deposits increased by Rs. 250 billion, representing a 25.1% growth over the previous year, in alignment with the Bank's objectives.

Average Current deposits demonstrated steady expansion, increasing by Rs. 60 billion, a 15% year-on-year rise. Retail's focus on a balanced deposit mix, prudent liquidity management, and enhanced collaboration across channels strengthened its well-diversified and resilient deposit portfolio. These efforts enhanced the Bank's liquidity position and established a strong foundation for sustainable profitability and long-term growth.

By maintaining focus towards innovation, operational efficiency, and deepening customer relationships, Retail continues to be a fundamental pillar of the Bank's overall strategy and long-term success.

Bancassurance & Investment Services

In 2024, Bank Alfalah introduced a range of third-party Bancassurance, and Investment products designed to deliver maximum customer returns amidst a declining interest rate environment. These offerings addressed both protection needs and portfolio optimisation, leveraging tailored product pitches to meet customer demand.

During 2024 the Bank:

- Collected premium amounting to Rs. 1.4 billion in new Bancassurance business;
- Maintained a strong presence in the industry, securing the 4th position for branch business producer along with 10% market share;
- Grew its Net Assets Under Management (AUM) by an impressive 243% YoY, with Rs. 43 billion in net new AUM generated during the year; and
- Surged its overall portfolio to a record-breaking Rs. 107 billion, solidifying Bank Alfalah's in the market.

This performance reflects Bank's commitment to delivering innovative solutions that meet customer needs while driving growth across strategic portfolios.

Premier Banking

Bank Alfalah Premier is committed to exceeding clients' expectations through best-in-class services and innovative product offerings designed exclusively for its customers. Bank Alfalah Premier offers unparalleled banking experience comprising the following state of the art service / offering:

- Seamless onboarding (instant account opening and debit card issuance)
- Personalised management with dedicated Relationship Managers
- Premium & well spread lounge network
- Differentiated Premier Card offerings
- Access to Premier Proposition throughout the Bank's branch network across the country

Bank Alfalah Premier Lounges are now available in all major cities, including Karachi, Islamabad, Lahore, Sialkot, Rawalpindi, Abbottabad, Faisalabad, Multan, Peshawar, Quetta, Wah Cantt, Jhelum, Gujranwala, Hyderabad, Mandi Bahauddin, Mardan, Rahim Yar Khan, Jhang, Gujrat,

Bahawalpur, Dera Ghazi Khan, Bhurewala, Okara, Kallar Syedan, Attock, Swat, Sargodha and Sahiwal.

Bank Alfalah Premier expanded its footprint in 2024 by adding 15 new lounges and also achieved a significant milestone of surpassing 100 Lounges, combined for Retail & Islamic Banking Group.

Commercial Banking, SME Lending, Agricultural Financing and Trade

The SME, Agri, and Commercial Division at Bank Alfalah is dedicated to increasing its portfolio by providing exceptional services to both existing and prospective clients. In 2024, the Bank achieved several significant milestones. The Bank recorded its highest-ever CB-SME outstanding advances, reaching Rs. 187 billion. Bank Alfalah's SME portfolio saw exceptional growth, increasing from Rs. 30 billion in December 2023 to Rs. 45.7 billion in December 2024. The Agri segment also witnessed progress, with the portfolio growing from Rs. 8.1 billion in December 2023 to Rs. 12.1 billion in December 2024. Additionally, in Trade Business, the Bank achieved a retail trade throughput of USD 2.1 billion, further underscoring our commitment to delivering outstanding results.

Consumer Finance

In 2024, Bank Alfalah's Consumer Finance experienced significant growth, particularly in new acquisitions across various product categories. The Cards segment reached an all-time high in ENR, closing at Rs. 32.5 billion, reflecting a 37% year-on-year (YoY) growth. Additionally, spend volume witnessed a notable increase of 35% compared to 2023.

The Personal Loans portfolio closed with an ENR of Rs. 10.7 billion, marking a 16% YoY growth, while acquisitions grew by 49% from the previous year. The Auto Loans segment achieved remarkable success, with a record 151% YoY rise in volume, while Auto Loan ENR increased by 9% in 2024. Home Loans also depicted steady progress, with a 6% ENR growth in 2024. These accomplishments highlight the continued strength and expansion of the Bank's Consumer Finance offerings.

Corporate and Investment Banking Group

The Corporate and Investment Banking Group (CIBG – Conventional and Islamic) achieved a compound annual growth rate (CAGR) of 20% over the past five years. Leveraging strong relationships with key businesses, CIBG successfully increased its corporate deposits by 31% (CAGR over 5 years), while current deposits grew by 16% (CAGR over 5 years). The group focused on cross-selling, establishing new relationships, strengthening engagements with financially robust entities, and exploring new revenue streams. In 2024, CIBG's non-funded income (NFI) grew by an impressive 68%, driven by its reputed brand, strong corporate relationships, and exceptional service quality. Additionally, the contributions of the corporate regions played a key role in advancing the Bank's business goals, particularly in areas such as developer financing.

Our Investment Banking division continues to demonstrate its expertise in structuring innovative financial solutions across diverse sectors and geographies. In 2024, we successfully managed Rs. 18 billion in transactions in Debt Capital Market & Project Finance transactions covering sectors like real estate, telecommunications, infrastructure, and power, along with MENA-region transactions, achieving successful exits. Our strategic focus on cross-border financing and advisory services has further strengthened our ability to support clients in navigating complex financial landscapes and expanding into international markets.

Building on our commitment to green finance, we continued financing of renewable energy projects, contributing to Pakistan's energy transition. Our pipeline for 2025 is robust, with expected participation across infrastructure, power, textiles, telecommunications, and steel, along with active ECM & Advisory mandates in REIT and agriculture & food processing.

The Bank's industry leadership has been recognised with 4 wins at the prestigious Annual Excellence Awards of the CFA Society including Best Investor Relations for Financial Institutions for the 11th successive year, Best Environment, Social and Governance Reporting for Financial institutions for the 2nd successive year, Best Digital Banking Services for Commercial Banks for the Fiscal Year 2023, and Transaction of the Year for Fiscal Year 2023. In addition, the Bank has also been awarded for its Investment Banking Services, Supply Chain Financing and Trade Financing by Euromoney and Digital Banker. These, accolades highlight Bank Alfalah's commitment to delivering innovative financial solutions, advancing sustainability goals in finance, and leading impact-driven transactions in the region.

Bank Alfalah continues to lead in Cash Management and Digital Trade, securing a top-five position in Cash Management with industry-first solutions that enable digitally empowered transactional flows. The Bank has also emerged as a leader in Digital Trade, leveraging its

cutting-edge electronic platform, Bank Alfalah Transact, which offers seamless Single Sign-On (SSO) access to corporate and business clients, enabling them to optimise their Cash Management and Digital Trade operations.

Aligned with SBP's directive on Supply Chain Finance (SCF) and financial inclusion, Bank Alfalah has further strengthened its SCF framework to empower SMEs and drive economic growth. With a strategic focus on Islamic Banking, the bank has expanded its Shariah-compliant SCF offerings, including Islamic Payables Finance, to cater the growing market demand. In 2024, the Bank facilitated SCF transactions covering both dealer and supplier finance, reinforcing its commitment to innovation, inclusion, and economic progress.

During 2024, the Financial Institution (FI) Division faced a challenging environment vis-à-vis curtailment of Pakistan country credit limits and high sovereign pricing. Despite this, FI team, leveraging its relationships with its partner banks, was able to facilitate Bank's customers to meet their trade and other banking needs. Along with providing franchise liquidity support via trade loans, FI offers traditional trade (LC Advising, Confirmation, Negotiation, Discounting, and Letter of Guarantees) as well as structured trade solutions, i.e., Swift Trade Loans, UPAS LCs, and secondary market trade transactions. As of today, FI maintains 60+ NOSTRO accounts in various currencies as well as 700+ unique Relationship Management Applications (RMA) with banks globally. Despite global economic challenges and domestic financial constraints, Bank Alfalah remained one of the primary crude oil confirming banks in Pakistan.

Home Remittance Business of the Bank has grown exponentially over the last couple of years. The Bank's market share has strengthened from 0.7% in 2016 to 16% in 2024. The growth in the remittance space is driven by superior IT platforms and dedicated customer service which have made the Bank a partner of choice for major financial technology companies, banks, money transfer operators, and exchange houses. This was also possible through Bank's spends on strategic marketing and remittance campaigns in international and local markets. Bank Alfalah remains committed to contributing more towards this national cause and will continue to invest in capacity, both IT and human capital, to ensure overseas Pakistanis and beneficiaries continue to get best in class remittance solutions to further grow the overall remittance flows into Pakistan through banking channels. We will continue to work closely with the SBP's Pakistan Remittance Initiatives (PRI) desk to promote legal remittance channels in both traditional and non-traditional markets.

Overseas Businesses

The Bank's overseas operations are in UAE, Bahrain, Bangladesh & Afghanistan. The total asset size of overseas operations increased to Rs. 257 billion i.e., 12% YoY whereas Deposits increased by 18% (YoY) and Advances increased by 28% (YoY).

UAE Operations continued to grow throughout the year, with a focus on expanding services, particularly in Transaction Banking and Wealth Management, following a relocation to Sheikh Zayed Road. Bangladesh Operations enhanced centralisation, improved efficiency, and achieved its agricultural financing targets, launching a Green Financing program and optimising liquidity deployment. Bahrain Operations also depicted progressed in deposits and advances, while focusing on system improvements and compliance. Afghanistan Operations remained committed to driving system enhancements, ensuring regulatory compliance, and reinforcing internal controls. These efforts position all regions for sustained growth going forward.

Islamic Banking Group

Bank Alfalah Islamic offers comprehensive solutions to customers' rising demand for Islamic banking products and services. With a network of 427 branches including 4 sub-branches and 40 state of the art Islamic Premier Lounges, it is one of the leading Islamic Banking institutions in the country.

During 2024 the growth strategy of Bank Alfalah Islamic business was focused on building low-cost deposit book. As a result, that current deposit of the group increased by 17% while CASA mix also stood at 70%. On the assets side, Bank Alfalah Islamic focused on enhancing its financing exposure which resultantly increased Islamic SME/Commercial advances by 49% and Gross Consumer Finance portfolio by 11% in a challenging economic environment. Moreover, Bank Alfalah Islamic capitalised on the opportunities available on the investments front which went up by 13% in 2024.

Bank Alfalah Islamic has won 'Best Islamic Banking Window Operations Award 2024' at Global Islamic Finance Award (GIFA). In addition to this, Dr. Muhammad Imran, Group Head – Islamic Banking received the award for 'Islamic Banker of the Year 2024' at GIFA.

Bank Alfalah Islamic launched the Alfalah Islamic Women Account in 2024, a profit bearing account designed specifically for female customers. This account allows

women to earn halal profits on their savings while ensuring financial security and accessibility. Additionally, a new 'One-month variant' of the Khayal Rakhna Savings Account was introduced, enabling customers to receive monthly pay-outs for greater convenience in managing their monthly expenses.

On the financing side, to enhance working capital efficiency and provide liquidity support to the suppliers of its corporate clients, Bank Alfalah Islamic Introduced Islamic Payable Finance under the ambit of Supply Chain Finance. Furthermore, in line with State Bank of Pakistan's initiative to phase out refinance schemes, Bank Alfalah Islamic proactively started financing under Islamic Export Refinance Scheme through EXIM Bank's subsidy-based model.

Moreover, as the sole Islamic banking window acting as Joint Financial Advisor to the Ministry of Finance, Bank Alfalah Islamic successfully facilitated the issuance of GOP Ijarah Sukuk totaling Rs. 1.918 trillion in 2024.

On the digital front, Bank Alfalah Islamic introduced Alfalah Islamic Payroll Account & Alfalah Auto Finance through Rapid, allowing customers to avail these facilities by visiting their nearest branch or from the comfort of their homes.

Digital Banking Group

Bank Alfalah's Digital Banking portfolio has experienced consistent growth, with an increasing number of customers utilising its diverse digital channels and services. The Bank has introduced an omni-channel digital experience, offering over 100+ digital banking products and services to cater to a wide range of customers, including individuals, corporations, merchants, and SMEs.

In 2024, under the Digital umbrella, the Bank revamped and launched its flagship mobile banking brand "Alfa" with improved user interface/user experience, new features and services and a safer and secure journey set. As the year ends, the Alfa app has enhanced customer engagement, with a 100% increase in usage in 2024, sitting on a million monthly active users.

The Bank now on-boards a quarter of its monthly accounts through end-to-end digital journey, while more than 90% of accounts' acquisitions are paperless. Other than accounts, lending products such as personal loans, credit cards, overdrafts, agent financing, Auto loans and Agri loans are also being acquired and financed digitally on Alfa, Alfa Business App and Agent network.

The Roshan Digital Account has attracted overseas Pakistanis, facilitating remittances, spending, and investment through the bank's digital channels.

Bank Alfalah also has four operational Digital Payments Sales and Service Centers to support digitally savvy entrepreneurs, merchants, and consumers in market areas. The Bank's Cash Deposit Machine network has expanded to approximately 550 machines nationwide, enabling customers to deposit cash into any bank account 24/7. Additionally, the Bank operates over 1200+ ATMs across the country to ensure uninterrupted financial services.

The AlfaMall (Bank's own ecommerce marketplace) was also relaunched, expanding its offerings into fashion and Hunarmand categories. Other digital initiatives taken during the year include

- Voice biometrics: a deep fake proof technology that identifies a person by their voice at the call center, similar to how fingerprints and Facial recognition work.
- RAAST Prepaid Cards: an issuing position is taken to issue prepaid cards at merchant locations with a seamless acquisition journey.
- Merchants Like You: an advanced analytics tool that allows merchants that are on boarded on Alfa payment gateway to review their position in the market in comparison to their competitors who are also on boarded on APG.

Overall, the Bank's digital payments, including AlfaMall, the Alfa Payment Gateway, Virtual Debit Cards, B2B services from the Alfa Business App, and QR Acquiring, experienced a 60% increase in throughput from 2023.

The 'Alfa Payroll Solution' enables companies to disburse over Rs. 4 billion monthly into payroll wallet accounts, converting cash payments into digital transactions. The Bank continued its exclusive digital services for EOBI pension disbursement and contribution collection, disbursing over Rs. 52 billion to around 500,000 pensioners in 2024.

Additionally, Bank Alfalah has successfully managed to onboard 4.3 million BISP beneficiaries under a new mandate for Pakistan's largest welfare fund distribution and disburse around Rs. 150 billion in different territories of the country, on its own and as part of a Joint Venture with the Bank of Punjab.

In total, the Bank's digital segment grew by 50%, with total throughputs reaching around Rs. 6 trillion in 2024, and Digital Lending disbursements increasing by 98%.

Treasury and Financial Markets Group

In the first half of 2024, the State Bank of Pakistan (SBP) maintained a tight monetary policy, keeping interest rates at 22% despite a downward trend in inflation expectations and improved current account figures. However, starting in June, the SBP began reducing the key rate, ending the year with a policy rate of 13%. Despite a 9% reduction in the policy rate during 2024, the Bank successfully maintained its Net Interest Income (NII). The Treasury proactively took incremental positions in fixed-rate PIBs and increased its concentration in semi-annual floating-rate PIBs to protect the Bank's NII. As of December 31, 2024, unrealised gains on the FVOCI PKR government securities portfolio stood at Rs. 25 billion.

Throughout the year, with a client-centric approach and the efforts of Institutional Sales, the Bank was ranked 1st as a Primary Dealer (PD) for the third consecutive year by the SBP. This recognition enabled institutional and retail investors to transact in government securities through the Bank's online trading platform.

The Bank remained vigilant in managing risks while dealing in foreign currencies and took measures to mitigate any unwarranted exposures. It also remained one of the key participants in the onshore foreign currency markets. Despite a challenging environment, we remained committed to our customer franchise, further strengthening our presence in the client space, resulting in a foreign exchange income of Rs. 9.5 billion during the year.

Following a strong 2023, the stock market performed even better in 2024, with the KSE-100 Index posting a return of over 84%. During the year, Pakistan successfully completed the SBA program and entered a new USD 7 billion Extended Fund Facility (EFF) program with the IMF for a 37-month period. Reflecting this positive sentiment, the KSE-100 Index surged by 84.35% in CY24, closing at 115,127 points. Trading activity remained robust, with average daily trading volumes reaching 253 million shares, compared to 165 million shares in the previous year. The value traded also improved significantly to Rs. 14.9 billion, up from Rs. 8.0 billion in the corresponding period last year. However, foreign investors remained net sellers, with a net outflow of USD 117 million during the period.

Given the strong market momentum, the capital markets team delivered strong results in both dividend income and realised capital gains. The capital markets desk generated a total income of Rs. 2.5 billion from dividends and capital gains during the year.

Bank Alfalah's Investor Relations team remained actively engaged with stakeholders, ensuring fair and transparent communication about the Bank's affairs. These efforts were recognised as the Bank received the 'Best Investor Relations for Financial Institution' award from the CFA Society Pakistan for the eleventh consecutive year.

Operations and Corporate Services Group

Corporate Services Division (CSD) took pivotal initiatives for business support during the current year.

Proceeding with Bank's expansion plan, the Bank has continued growth in its branch network throughout the financial year with 132 branches added to the portfolio across Pakistan, enabling the Bank to reach 1142 branch network this year. A total of 211 projects successfully completed by corporate services division encompassing key renovations, redesigning and relocations. Prominently, 38 projects focused on delivery of priority lounges, currency exchange booths and sales and service centers.

As part of its sustainability strategy, Bank Alfalah has installed Grid-Tied Solar Systems at 6 premises, with 155 ATMs powered by solar panels, offsetting 193 tons of CO2 equivalent. CSD is very keen to adopt Key green and energy saving initiatives such as UPS systems with Super Capacitor batteries, inverter AC units, LED lighting, and solar panels, mangrove plantation drives, reclaiming and recycling used oil, responsible waste management and its disposal and inclusion of plants placement as part of design interior reflecting its commitment to responsible and environmentally conscious banking operations. Regular awareness campaigns and in-house training sessions are rigorously followed to get discipline to masses. Notably, Bank Alfalah's Head Office has earned the Green Office Certification from the Worldwide Fund for Nature - Pakistan (WWF - Pakistan), in recognition of its commitment to sustainability.

Electrical rehab/upgrade remained at the heart of workplace safety and upgradation of electrical infrastructure executed at 32 branches in 2024. This will not only improve branches' electrical infrastructure but will also reduce the fire and short circuit risks due to unstable power supply at many areas of country (Workplace).

Disposal of obsolete assets and junk lying at branches and office spaces has been aggressively pursued. This initiative optimised the spaces, enhanced aesthetics and supports eco-friendly practices. 14,464 such assets have been disposed-off resulting a gain of Rs. 69.9 million.

Bank Alfalah places significant emphasis on the wellbeing of both its customers and staff. The HSE (Health, Safety, and Environment) team is actively involved in various initiatives throughout the year to ensure a safe workplace and environment. Key highlights include first aid training for selected staff, blood donation drives, vaccination camps, safety reviews of the premises, safety controls, safety training sessions, evacuation drills etc.

The Bank also has a robust Business Resilience Framework in place to ensure the continuity of critical business operations in the event of any major disruption. To maintain continuous improvement and readiness, regular exercises, and testing of BCP (Business Continuity Plans) are carried out. These efforts include cross-border arrangements, dedicated BCP sites, satellite backups for climate-prone areas such as Baluchistan, N+3 BCP arrangements for branches, and ongoing training to ensure operational preparedness.

To facilitate opening of accounts via RAPID channel, Operations made SECP portal live access to all branches and Centralised Units so that they can verify customers' constituent documents quickly thereby reducing processing turn-around time.

Centralised Operations also introduced digital issuance and verification of customers' Proceed Realisation Certificate (PRC). Additionally, the Bank has centralised the issuance and encashment of Premium Prize Bonds, marking a first in the banking industry. The Bank also established centralised process for issuing and encashing of Bank Certificate for Overseas job emigrants which ensures timely, efficient, and smooth services. Bank also centralised Banca Assurance operations along with Call back function which ensures error-free and enhanced operational efficiencies. In parallel with the RTGS facility, Centralised Operations launched the IBFT channel for corporate customers through branch counters, enabling fund transfers beyond RTGS cut-off times and limits.

The Centralised Remittance Department has digitalised the process for online submission of customers' FX cases to the SBP. Additionally, a digital channel has been introduced to facilitate outward foreign currency (FCY) remittances, allowing customers to complete transactions without the need to visit a branch. The Group was also instrumental in enabling the Bank to perform the role of a settlement bank for NIFT – E-PAY solution, a new payment gateway.

Although the year ahead may bring challenges and uncertainty, the Group is well-positioned to handle them, with prudent management policies and strong strategy execution to ensure the Bank meets its business objectives and continues to grow.

Information Technology Group

In 2024, Information Technology Group (ITG) worked towards driving innovation, improving efficiency, and supporting growth for the Bank. Due to commitment of our tech team, partners, and stakeholders, the Bank is well positioned to embrace future challenges & opportunities.

Continuous Improvement and Digital Advancement

1. Core Banking System Pakistan Upgrade:

The Bank successfully upgraded Core Banking System from R13 to R22 for its domestic operations. This was a major milestone for Bank Alfalah as it becomes the first bank in Pakistan to transition to Temenos R22.

2. Core Switch Upgrade / Replacement at Primary Data Center and Disaster Recovery Site:

The Bank's network team successfully completed the upgrade and replacement of Core Switch without any disruption to business operations. This enhancement has significantly improved network performance, increased scalability, and strengthened the Bank's disaster recovery capabilities, ensuring more robust and reliable services for our users.

3. Firewall Upgrade/Replacement at Primary Data Center and Disaster Recovery Site:

Upgrading our core firewalls has boosted security by providing advanced threat detection hence improving threat mitigation. This reduces data breach risks, ensures regulatory compliance, and enhances network performance with higher throughput.

4. SWIFT Net Migration from release 7.6.x to new release 7.7.x:

Using in house resources, the Bank successfully upgraded SWIFT Environment from release 7.6.x to new release 7.7.x version; facilitating secure, reliable, and efficient exchange of standardised messages for financial transactions.

5. Avaya Upgraded to Aura Contact Center Release (AACC 7.1.2):

Avaya Aura Contact Center Release 7.1.2 enhances omnichannel communication. Providing advanced reporting tools, it has strengthened the capabilities of both agents and supervisors. This release has enabled the businesses to improve customer service, streamline workflows, and remain adaptable to evolving demands, while ensuring scalability and security.

6. Primary Data Center Expansion:

Data center supporting infrastructure enhanced to meet operational requirements such as temperature control, backup power and Intelligent Infrastructure Monitoring initiatives.

7. Enterprise Project Management Expansion (EPM):

Subsequent to a successful pilot run, EPM has now been extended across all departments of the Bank for improved project control and collaboration.

8. Treasury Sales Module in T24-Core banking system:

The Bank has developed an in-house module for its treasury department which is fully integrated with other modules of Core Banking System, providing real-time Net Open Position and Nostro positions.

9. RAAST–K-Electric QR Integration:

Continuing with its strategy for promoting digital banking and creating convenience for its customers, the Bank during the outgoing year enabled a seamless QR code-based bill payments for K-Electric customers via the RAAST channel.

10. QR Cash Withdrawal:

Bank Alfalah is now offering, Market-first, secured, mobile-based cash withdrawals, reducing traditional ATM card risks. Instead of inserting a debit or credit card into the ATM, you can use your mobile phone to scan a QR code displayed on the ATM and withdraw cash.

11. Virtual Prepaid Cards:

Bank Alfalah introduced virtual Prepaid Card offering secured online transactions without possessing a physical card.

12. Stateless ATMs:

Bank Alfalah has revolutionised ATM experiences with HTML5 and server-side control with stateless ATM, which operates without storing any user-specific data or transaction history locally improving flexibility and security.

13. WhatsApp Banking Enhancements:

In 2024, the Bank improved its WhatsApp banking services by introducing loan applications and transaction summaries. This enhancement made quality banking services more accessible to customers digitally.

14. Rapid – an inhouse developed Digital On-boarding and Self-Service Platform:

During 2024, Bank further enriched the digital onboarding platform and brought following new features:

- Simplifying car Ijarah financing with a faster digital process.
- Introducing a digital sales platform for home loan applications.
- Digital on board of Corporate Payroll accounts.
- Expanding capabilities to include merchant onboarding, freelancer accounts, and multicurrency support.
- Digitising merchant account opening with biometric verification.
- Automating account opening with SMS OTAC verification.
- Enabling freelancers to receive global payments in PKR and USD seamlessly.

15. RDA Multi-Currency Accounts:

Offering RDA customers to open multiple currencies accounts within a single application for a seamless experience.

16. OBDX Forex Portal:

During 2024, the Bank developed a portal that allows outward remittances more efficiently. This involves features such as better exchange rate management, reduced transaction fees, real-time tracking, or simplified paperwork.

17. **Systems, Policies and Procedures Process Automation:**

    This resulted in improved efficiency, compliance, and consistency. By reducing manual effort, minimising errors, and ensuring timely updates, automation transforms policy management into a more strategic and effective process for Bank Alfalah.

18. **Mastercard SafetyNet:**

    In 2024, the Bank successfully met Mastercard's requirement to route all Mastercard transactions through their SafetyNet mandate. SafetyNet offers global network-level monitoring, safeguarding issuers and acquirers against large-scale fraud events.

19. **Initial Deposit System:**

    Implementing initial deposits for New-to-bank customers to support the Blue-Sky Debit Card Initiative.

Governance, Compliance & Security:

1. **PayPak Enablement on eCommerce:** Enabling safe online transactions for PayPak customers.

2. **FRMU (Fraud Risk Management Unit) System Upgrade (eSentinel v2):** Advanced fraud prevention with real-time detection and compliance.

3. **Multi-Finger Biometric Enhancements:** Strengthening ATM security.

4. **Safe Watch (AML / CFT) Integration:** Advanced detection and alerting for sanctions and compliance.

5. **TLS (Transfer Layer Security) Between ATM and IRIS:** Securing data transmission to prevent network attacks.

6. **Price IQ Integration:** It enables to gather, analyse, and optimise pricing data across various markets, products, or services, providing businesses with insights to make data-driven pricing decisions.

7. **OBDX E-Collection Launch:** A regulatory initiative 1st in the industry.

8. **PCI-DSS Compliance (Pakistan & Bangladesh):** Achieving certification for the latest PCI DSS (Payment Card Industry – Data Security Standards) version. It shows Bank's commitment to maintaining the highest standards of data security and regulatory compliance. Bank Alfalah ensures the protection of cardholders' data and maintain trust and confidence of customers.

The year 2024 has been a year of remarkable achievements powered by technology. As we move into 2025 and beyond, we will build on this success, pioneer new technological advancements, and drive business transformation.

Audit and Inspection Group

The Audit and Inspection Group (AIG) at Bank Alfalah operates as an independent assurance function, playing a pivotal role in strengthening the Bank's governance, risk management, and internal control framework. Through objective assurance, advisory services, and strategic insights, AIG contributes to operational excellence and sustainable business growth.

The Group's independence is reinforced by the direct reporting line of the Chief Internal Auditor (CIA)/Head of Internal Audit to the Board Audit Committee (BAC). This structure ensures the integrity of audit functions, free from undue influence. AIG employs a risk-based audit methodology, prioritising high-risk areas to enhance oversight effectiveness. Additionally, it aligns its practices with international standards set by the Institute of Internal Auditors (IIA) and adheres to regulatory requirements to maintain best-in-class assurance mechanisms.

AIG's scope of work encompasses a diverse range of audits, including:

- Branch Banking Audits and Reviews of branch banking operations
- Credit Risk Reviews evaluating credit risk
- Management Audits assessing operations of Head Office functions
- Technology Audits focusing on cybersecurity and IT governance
- Shariah Audits to ensure compliance with Islamic banking Shariah principles
- Overseas Audits ensuring compliance across international operations

In 2024, AIG effectively executed its audit plan as approved by the BAC, emphasising policy enhancements to align with evolving regulatory requirements and internal operational needs. A key focus remained on proactive follow-ups on audit findings, ensuring timely remediation of open observations.

To enhance audit effectiveness, AIG continues to invest in talent development and technological innovation. The Group comprises highly skilled professionals, with a strong emphasis on continuous professional development through specialised training and certifications. Collaborating with the Bank's Learning & Development team, AIG introduced interactive training sessions on IIA standards, reinforcing adherence to global best practices.

AIG has also made significant strides in leveraging technology, ensuring a fully digitised end-to-end audit cycle and utilising advanced data analytics tools to drive insights. A dedicated Quality Assurance Program ensures periodic reviews and continuous enhancements, reinforcing AIG's commitment to excellence.

For further details, please refer to the Audit Committee Report and Key Achievements of BAC in the 'Governance' section of this Annual Report.

Special Assets Management Group

The Special Assets Management Group (SAMG) plays an essential role in managing Bank's Non-Performing Loan (NPL) portfolio, requiring close collaboration with Business Teams to ensure effective resolution with respect to delinquencies. Despite a challenging economic environment in 2024, the Bank's robust remedial management practices, proactive NPL recovery efforts, and prudent credit controls helped contain the increase in the infection ratio, which improved from 4.8% in 2023, to 3.82% in 2024. In response to the evolving economic landscape, the Bank proactively allocated an additional gross provision of Rs. 14.3 billion (Specific and Stage 3) in 2024 to enhance credit risk resilience, factoring in the impact of classifications and downgrades.

Beyond conventional debt restructuring, settlements, and debt-asset swaps, SAMG focuses on crafting tailored solutions that facilitate business revival and unlock growth potential, contributing to the broader economic landscape. While legal measures remain a recovery avenue, the team emphasises collaborative resolutions, empowering customers to overcome financial challenges and contribute to national economic progress. As a result of these coordinated efforts, the Bank successfully facilitated a net provision reversal of Rs. 7.2 billion (Specific and Stage 3) in 2024.

Compliance and Business Solutions Group

Compliance and Business Solutions Group is largely focused on further enhancement of its regulatory technology and AML/CFT/CPF Monitoring tools by upgrade, enhancements and effectiveness measures to make the control environment more robust. The Compliance Function at Bank Alfalah has put in place effective policies, procedures and practices. Further it furnishes key advisories in many areas like high-risk transactions and relationships including foreign trade, various products offered by the Bank, policy & procedures, correspondent banking, and overall compliance risks across the organisation. Building on last year's initiative of reorganising and renaming the group to Compliance and Business Solutions, the team has generated significant positive momentum in delivering customer-centric business solutions to the front office, while maintaining focus on key risk areas and ensuring strict compliance of the relevant regulatory regime. This change signifies a paradigm shift towards proactive problem-solving and aligning compliance efforts with broader business objectives.

Financial Crime Compliance Division

The Financial Crime Compliance Division has successfully concluded an upgrade of its transactions monitoring system across all jurisdictions of the Bank including overseas operations. Similarly, in 2024, the Bank continued to enhance its transaction monitoring and sanction screening systems, including the transition to dynamic segmentation on the transaction monitoring platform. Additionally, new channels of screening were integrated into the recently implemented Sanction Screening System and new scenarios were added to capture Trade AML alerts and monitor credit card transactions.

In response to the increased focus on growth in the UAE market, the Bank has initiated a roadmap in 2024 to strengthen its compliance function and tools within its UAE operations to commensurate with requirements of CBUAE.

Moreover, in order to ensure and inculcate strong compliance culture including but not limited to AML, CFT, CPF, TBAML and CDD across all business activities/functions, the training programs and E-Learnings were developed and updated to upgrade the skillset of Bank employees in these critical areas.

Regulatory Compliance, Control & Fraud Risk Division (RCC&FRD)

RCC&FRD, within the Compliance & Business Solutions Group, has focused on excellence, innovation, and aligning with business goals, establishing itself as a key contributor to our success. The introduction of the 'Policies to Profits' initiative showcases the group's commitment to not only meeting regulatory requirements but also leveraging compliance efforts to create business value.

In line with our commitment to continuous improvement and regulatory compliance, the department led the implementation of the innovative IRAR project. This initiative has simplified Account Opening & KYC Review process, reflecting Bank's pursuit of excellence in an ever-evolving financial landscape.

The initiation of Onsite & Offsite Analytical Reviews has proven to be a strategic move, providing a deeper understanding of operational nuances and enabling the swift identification of potential issues.

The addition of new alerts in the ICD Dashboard is a testament to the group's adaptability and responsiveness. These enhancements have fortified our ability to monitor, analyse, and respond to emerging risks in real-time, fostering a more robust compliance infrastructure.

Compliance and Business Solutions Group is engaged in performing review of policies & procedures, products of the Bank and other communications, dissemination of regulatory instructions, facilitation of SBP Inspection Teams, and implementation of Compliance Risk Management Framework across the Bank.

Fraud Risk Management Department (FRMD)

The Fraud Risk Management Department (FRMD) operates within the framework of Fraud Risk Management, focusing on Consumer Finance and Digital Banking Products/Channels, including Branchless Banking Portfolios. To ensure robust anti-fraud measures, the department's strategy is centered around core pillars: prevention, detection, deterrence, education and investigation of fraud incidents originating from various bank products and processes.

Bank Alfalah's Fraud Detection Unit (FDU) operates 24/7 to mitigate fraud risks and protect the institute from both financial and reputational harm. This is achieved through the proactive monitoring of consumer and digital product transactions, utilising state-of-the-art fraud detection tools.

In collaboration with cross-functional units, the FRMD has implemented a range of preventive measures, including the installation of Anti-skimming solutions, Deep Insert Plates, Burglary Alarms, Fascia Alerts at ATMs, centralised CCTV monitoring, and restrictions on fallback transactions. These measures have significantly reduced card skimming fraud incidents.

The successful implementation of Multi-Factor Authentication (MFA) for ALFA registration and transaction execution, as well as biometric verification for the registration and activation of ALFA/IB accounts for new customers, has played a crucial role in combating social engineering fraud. Additional measures, such as Phone Tagging/Device Tagging, Auto-fetch/Auto-sense OTP functionality, and session-based internet activation, have further bolstered security.

Bank Alfalah has been recognised by Visa for its exceptional performance in fraud risk management, setting a benchmark across Global, Regional, Sub-Regional, and Peer levels. Our proactive engagement with the Visa CEMEA Risk Team and the dedicated efforts of the Fraud Risk Management Department have resulted in outstanding outcomes. Visa has commended Bank Alfalah for surpassing global and regional standards, reflecting our unwavering commitment to security, trust, and innovation in protecting our customers. This recognition is a testament to our pursuit of excellence in fraud prevention.

Legal and Corporate Affairs

The Legal and Corporate Affairs Group at Bank Alfalah plays an active and key role in all aspects of operations of the Bank. The Group comprises of a Corporate Affairs Division and a Legal Affairs Division.

Corporate Affairs Division

The Corporate Affairs Division (CA Division) ensures secretarial and corporate compliances and manages the Bank's affairs in accordance with its Memorandum and Articles of Association and various laws/regulations including the Companies Act, 2017, the Banking Companies Ordinance, 1962, SBP's Prudential Regulations, the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Listing Regulations/Rule Book of the Pakistan Stock Exchange etc. and the rules/regulations made there-under. The CA Division is also responsible for all arrangements of

meetings of Board, Board Committees, General meetings including preparation of the agenda, resolutions along with all logistic and administrative support and timely circulation of minutes of meetings to Board/Committee members. The Company Secretary and the staff of the CA Division ensure proper recording of minutes of each meeting, coordinate with the management/relevant stakeholders to communicate/follow-up the decisions made in the meetings and to update the Board/Committee(s) accordingly.

The CA Division keeps the Board abreast regarding the changes made in the existing corporate laws/regulations and/or introduction of any new law/regulation applicable to public limited and listed companies. It also ensures compliance with all disclosures/communication, as per the domain of CA Division, with relevant stakeholders including shareholders/regulators and also ensures updating corporate website of the Bank. This Division remains watchful of the share trading data/pattern and share price fluctuations. It also tracks sponsor shareholdings and manages dissemination of share trading information by the Sponsors/Directors/Executives of the Bank to all concerned. It ensures compliance with all applicable legal and procedural requirements regarding payment of cash dividends, issuance of bonus and right shares and issuance of shares under Employees Stock Option Scheme, when applicable. Disclosure of closed period, sharing of all material/price sensitive information and financial results to Pakistan Stock Exchange (PSX), the Securities Exchange & Commission of Pakistan (SECP) within the stipulated time is also taken care of by the CA Division.

The filing of statutory returns with the regulators and circulation of quarterly/annual financial statements to the shareholders and regulators is also made by CA Division. The CA Division also ensures to maintain a cordial relationship with the shareholders of the Bank and resolve their problems/concerns on priority in an efficient manner to their full satisfaction.

During the year 2024, CA Division arranged forty-four meetings of the Board and Board Committees as well as an Annual General Meeting and an Extra Ordinary General Meeting. The CA Division fulfilled all the procedural and regulatory requirements regarding holding of Election of Directors of the Bank. Also arranged orientation program for newly appointed member on the Board. The orientation program covered Corporate Governing rules /regulations, strategic priorities and key development of the Bank. It also arranged disbursement of four cash dividends to the entitled shareholders as well as done all statutory reporting/filing within the stipulated time and required manners.

Legal Affairs Division

The Legal Affairs Division (LAD) of Bank Alfalah provides legal advice and support to all departments and businesses of the Bank. Its dedicated team of highly qualified and experienced lawyers works towards enabling the departments and businesses of the Bank to carry out their business and transactions while being compliant with applicable legal requirements and ensuring that maximum legal work is carried out in-house, thereby saving considerable costs in legal fees.

In the year 2024, LAD achieved noteworthy milestones, showcasing its commitment to excellence and legal acumen. A total of 19,540 assignments were carried out by LAD in-house, thereby saving considerable cost for the Bank; this is assessed by having regard to the minimum approximate cost that the Bank would have incurred had all this work been carried out by external legal counsel.

LAD played a vital role in supporting and advising the various department of the Bank on diversified issues, enabling businesses/departments to carry out their work and introduce new products and ideas while being in compliance with applicable regulatory and legal requirements for both Conventional and Islamic banking.

In matters of international engagement, LAD has also showcased its expertise by assisting / advising on leverage facilities and guarantees of various nature and assisting in all legal matters pertaining to the international business of the Bank.

Other strategic accomplishments have been the rendering of advice and assistance by LAD to various Businesses and Functions of the Bank to successfully launch and implement progressive e-commerce / digital products through engagement of third parties.

Strategy, Transformation and Customer Experience Group

The Strategy, Transformation and Customer Experience group continues to play a pivotal role in the overall success of the Organisation.

Strategy and Transformation

The Strategy Department successfully implemented a bank-wide five-year strategic plan in 2024, identifying key areas of strategic importance to strengthen the Bank's market position. This involved close coordination

and collaboration with multiple internal stakeholders to monitor critical factors impacting market share, transactions, and innovation.

The Branch Transformation team continues its commitment to innovation and customer-centric approaches to enhance sales and operational efficiency at the branch level. Through rigorous monitoring and continuous enhancements, the team ensures that branches across the Bank's extensive network meet the highest performance standards.

A centralised Sales Management System (SMS) streamlines customer leads, referrals, and goal tracking, making performance management more efficient. Branches are scored on key performance metrics, which are regularly updated to maintain accuracy and relevance. A continuous feedback loop between branch staff and the Branch Transformation team enables ongoing system improvements, fostering greater efficiency and effectiveness.

The Bank has reinforced its focus on liability sales and cross-sell, leveraging Branch Transformation tools to gain a competitive edge in a standardised product environment. By standardising sales culture and activities across diverse geographies, the Bank has successfully expanded market share, created new business opportunities nationwide, and enhanced overall sales execution and branch efficiency.

Customer Experience

The Bank's Customer Experience (CE) team is committed to fostering meaningful interactions between the Bank and its customers, ensuring every touchpoint is seamless and service driven. This year, the Bank focused on revamping the service culture, driving innovation, and reinforcing our commitment to making Bank Alfalah a great place for both customers and employees. By enhancing feedback systems, streamlining processes, and introducing innovative solutions, we continued to raise service standards and strengthen customer relationships. This progress was made possible through the collective efforts of our teams across Quality Assurance, Process Optimisation, Customer Insights, Complaint Management, Conduct, and Frontline Services, all working together to drive meaningful improvements throughout 2024.

During the year, Bank Alfalah was honoured with its sixth Pakistan Banking Award for Customer Engagement - a testament to our relentless efforts in enhancing the customer experience. A key driver behind this achievement is our Voice of Customer program, which serves as a continuous feedback loop, capturing insights directly from our customers. This year, we successfully gathered feedback from 560,000 customers, a 40% increase from last year, cementing our position as the industry leader in customer-centric research. Complementing this, Bank Alfalah remains a pioneer in Live Service Monitoring, having conducted 20,000 real-time evaluations across the branch network in 2024. These evaluations provide invaluable firsthand insights into the branch experience, allowing the Bank to identify and resolve service gaps in real time, further strengthening our commitment to exceptional customer service.

The Customer Insights unit launched its first Employee Experience Framework, offering a comprehensive view of the employee journey at the Bank. The unit also led three key external research initiatives - Application Seeding, Branch Field Surveys, and Open Market Research aimed at identifying areas for improvement and benchmarking our performance against competitors.

Building on this commitment, Bank Alfalah maintained the industry's most extensive service monitoring framework, tracking 206 Key Service Indicators throughout the year. This rigorous oversight ensures that we remain attuned to service standards across all business areas, proactively addressing gaps and driving meaningful improvements. Similarly, our leadership in Video Mystery Shopping remains unmatched, with Bank Alfalah ranking first among competitor banks, outperforming the industry by 3%. By the end of the year, we had successfully conducted 4,000 mystery shopping visits across our branch network.

While these monitoring mechanisms help identify operational challenges, our Process Optimisation and Transformation unit serves as a hub for continuous improvement, focusing on eliminating inefficiencies across the Bank. In 2024, the unit drove a transformative agenda based on digital adoption, operational efficiency, and enhanced onboarding journeys. Key achievements comprised of digitisation of 15 service requests, the pilot run of Digital Cheque Clearing, and complete digitisation of staff service requests. Additionally, the unit led multiple paperless initiatives, such as CDM claim lodgment and Inward Remittance Processing, streamlining complex processes into seamless digital workflows.

Our Complaint Management Unit (CMU) plays a key role in identifying the root causes of complaints and claims, flagging recurring issues for senior management's attention. Through focused efforts and a strong commitment to our customer promise, we achieved an issue resolution turnaround time of 4.2 days, despite a significant rise in complaints throughout the year. Despite these challenges, our complaint satisfaction rate improved by 4%, reaching 90% in 2024.

Beyond these operational accomplishments and departmental milestones, CE has consistently introduced strategic initiatives to explore new ways to enhance service. Looking ahead to 2025, we are excited to build on the insights we've gathered and pursue innovative approaches to drive change in the industry. With a strong focus on digital adoption and AI enablement, we are committed to continuing our journey of progress, ready to lead with creativity and optimism as we shape the future of customer experience.

Human Capital Group

Bank Alfalah remains committed to being an employer of choice, by fostering a dynamic workplace where employees find fulfillment and recognition.

Repeatedly acknowledged for being a leader in the industry, Bank Alfalah continues to invest in a wholesome Culture, and DEI (Diversity, Equity & Inclusion) within the organisation and beyond. As key components of its long-term strategy, employee wellbeing and engagement remain instrumental to the Bank's performance and success.

Ongoing efforts to inculcate a transformational leadership mindset that champions these values, has encouraged creativity while prompting innovation. By embracing the power of diverse ideas, Bank Alfalah aims to inspire and empower individuals to carve out their unique paths in both life and business.

During the year 2024, HCG took initiatives focused on employee's remuneration to enhance benefits for our employees such as:

- Benchmarked the living wage to Rs. 50,000 per month,
- Considering the drastic impact on take home salaries of employees due to significant tax changes, Index-based Tax Relief for employees has been introduced to alleviate the financial burden on employees,
- First of its kind Flexible Bank-Maintained Car Facility has been introduced offering the employees the flexibility to tailor their transportation benefits as per their individual needs,
- As part of Flexible working options, Hybrid and Remote working options have been introduced, in order to empower employees with the choice to work in ways that best suit their professional and personal needs while ensuring business objectives are consistently met,
- Improvements to the Employee Welfare Program, Gym reimbursement, Maternity and Paternity Leave entitlements, and Staff Finances (House and Personal Loan Policies).

Looking ahead, Bank Alfalah is actively spearheading programs and initiatives to transform the narrative of an inclusive workplace in Pakistan.

Finance Group

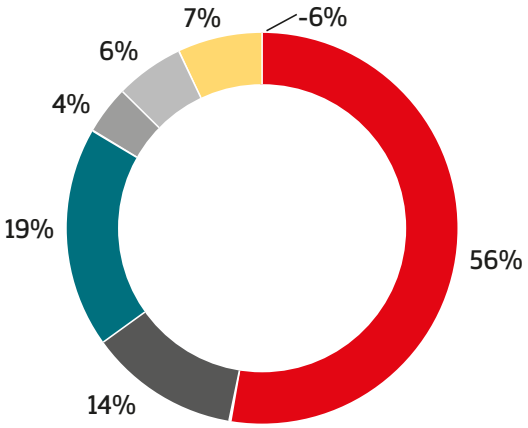
Finance plays a vital role in providing financial oversight, fostering strategic collaboration, and establishing business partnerships across all units, thereby ensuring strong governance and the effectiveness of control mechanisms. Finance continues to be pivotal in maintaining the Bank's performance trajectory and ensuring alignment with established targets, based on market growth forecast. Finance actively monitors market dynamics including key performance indicators such as deposits, advances, investments, remittance and trade, including market share. Timely submissions of financial deliverables, internal and external, is the key strength of Finance. These deliverables include information for quarterly Board meetings, monthly results for management and business review, committee meeting decks, publication of quarterly financial results and various regulatory submissions.

Some notable achievements of Finance during 2024 are as follows:

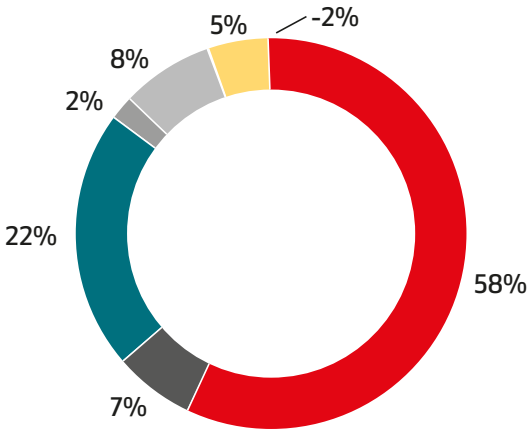
- Received awards recognising the quality and transparency of reporting:
  - Recognised as one of the 'Top 25 Companies 2023' by the Pakistan Stock Exchange.
  - Awarded 'GOLD' at the SAFA Awards for Best Presented Annual Report 2023 in the banking sector category across South Asia.
  - Secured second position in ICAP and ICMA's 'Best Corporate Report Awards 2023' in the banking sector, and third position overall across all industry sectors.
  - Best Investor Relations Award by CFA Society.
- Led the submissions and discussions with credit rating agency that resulted in securing rating upgrade to 'AAA' by PACRA.
- Finance played a key role in the core banking system upgrade project with IT.
- In continuation of the Bank's targets for ensuring timely reporting to stakeholders, financial results were announced within one month of year-end.
- Ensured effective tax compliance, contributing Rs. 58.902 billion to the government exchequer.

Concentration of Business Segments' Profit and Position

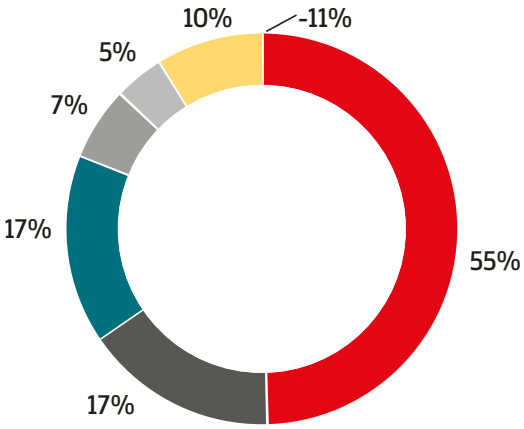
Total Income



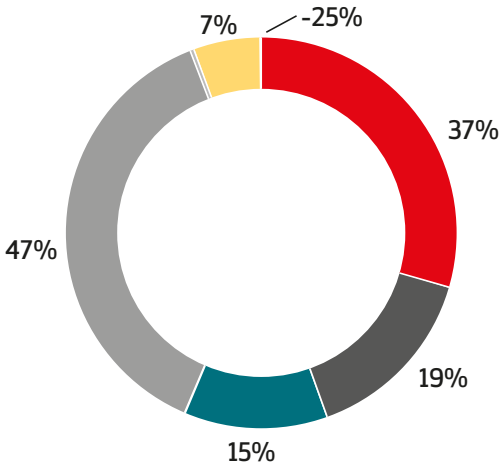
Expenses



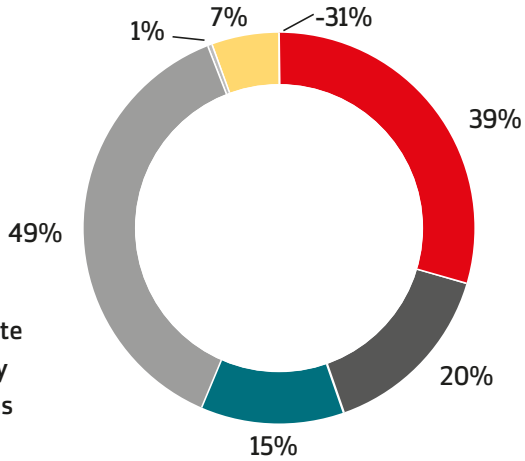
Profit before tax

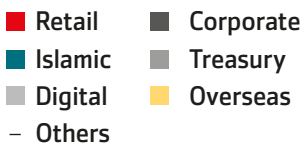


Assets



Liabilities





Definitions of Segments

1. Retail Banking

This includes loans, deposits, trade, wealth management and other banking transactions with retail, individual customers, commercial and small and middle sized customers of the Bank. Product suite offered to individual customers includes credit cards, auto loans, housing finance and personal loans.

2. Corporate Banking

This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities with the Bank's corporate and public sector customers.

3. Islamic (Domestic Operations)

This segment pertains to full scale Islamic Banking operations of the Bank. i.e. deposits and lendings.his segment pertains to full scale Islamic Banking operations of the Bank i.e. deposits and lendings.

4. Treasury

This segment includes liquidity management activities carried out through borrowing, lending, money market, capital market, FX and merchant banking operations. The investments of the Bank primarily towards government securities and risk management activities via use of forward contracts & derivatives are reported here.

5. Digital banking

This segment includes the digitalisation initiatives of the bank catering to Consumer and SME customers' savings, investments, financing and Payments needs through various digital channels such as Mobile App- Alfa, Internet banking, ATM, Cash Deposit Machines, Contact Centre, Chat and WhatsApp banking, Agent Network, e-commerce platform (AlfaMall), QR merchants, Alfa Business App, online Alfa Payment Gateway, Digital Sales and Service Centre and Digital branches. This segment also manages Branchless Banking products and G2P Disbursements such as blue collar payroll, EOBI Pension, Benazir Income Support Program (BISP) and other provincial G2P mandates.

6. Overseas

This segment comprises of business activities related to the Bank's overseas operations, namely, banking activities in Bangladesh, Afghanistan, United Arab Emirates and the Kingdom of Bahrain.

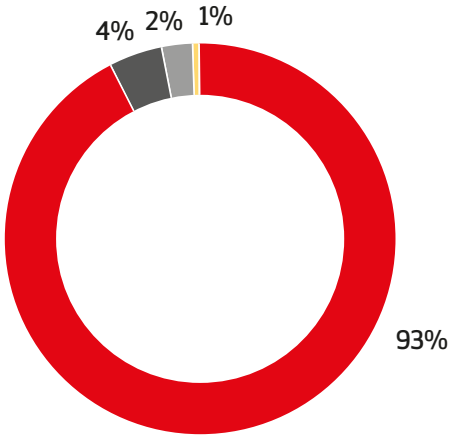
7. Others

This includes the head office related activities, and all other activities not directly tagged or allocated to the segments above.

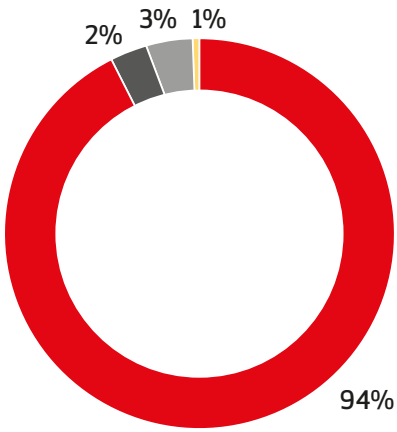
For further details about these businesses, refer 'Organisational Overview' section of this annual report.

Concentration of Geographical Segments' Profit and Position

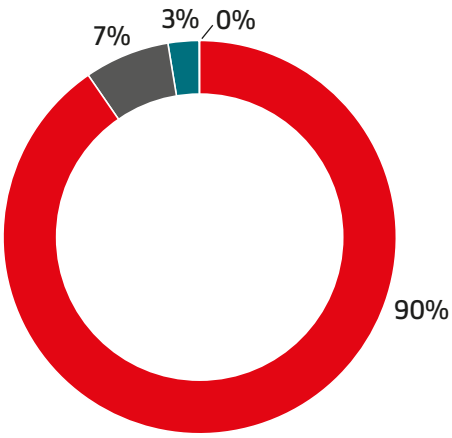
Total Income



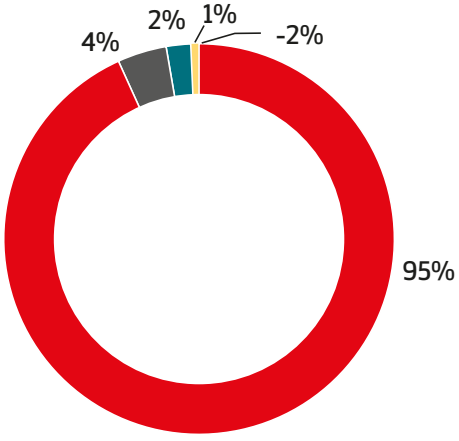
Expenses



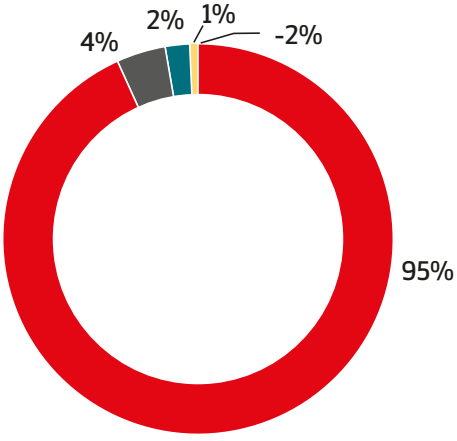
Profit before tax



Assets



Liabilities



- Pakistan
- Middle East
- Bangladesh
- Afghanistan
- Elimination

Financial and Non Financial Ratios

		2024	2023	2022	2021	2020	2019
Profitability Ratios							
Profit before taxation ratio (PBT / Gross Markup Income)	%	16.39%	18.98%	16.89%	23.28%	19.30%	24.19%
Gross Yield on Earning Assets	%	15.75%	14.01%	10.88%	6.56%	7.52%	10.26%
Gross Yield on Average Earning Assets	%	16.46%	16.79%	12.24%	7.27%	8.68%	10.53%
Gross Spread ratio	%	25.00%	30.60%	36.09%	46.08%	48.27%	48.53%
Cost to Income ratio (Total Operating Expenses / Total Revenue)	%	49.27%	42.11%	50.00%	58.09%	54.68%	52.60%
Return on equity (ROE) / Return of investment (ROI)	%	24.83%	31.67%	19.23%	15.30%	11.55%	15.65%
Return on Capital Employed (ROCE)	%	22.77%	28.23%	17.66%	14.23%	10.51%	13.64%
Shareholders' fund	Rs. Mn	144,334	126,654	95,156	88,562	80,508	76,661
Return on total eligible capital	%	19.07%	22.98%	15.37%	13.15%	10.43%	13.55%
Return on Shareholders Fund (PAT / Shareholders' Equity)	%	26.55%	28.78%	19.13%	16.05%	13.01%	16.56%
Total Shareholder Return (Change in Share Price + Dividend per Share/Opening Share Price)	%	89.30%	87.49%	1.56%	9.26%	-13.94%	22.44%
Non Interest income to total revenue	%	8.07%	6.53%	9.28%	13.93%	12.14%	10.07%
Return on average assets (ROA)	%	1.15%	1.36%	1.06%	0.92%	0.87%	1.26%
Operating expense to profit before taxation	%	101.53%	83.40%	137.06%	155.39%	175.87%	129.86%
Assets Quality and Liquidity Ratios							
Gross Advances to Deposits ratio	%	54.11%	37.28%	51.50%	61.37%	68.15%	67.75%
Net Advances to Deposits ratio	%	51.91%	35.25%	49.26%	59.16%	65.47%	65.35%
CASA to total deposits	%	77.10%	69.28%	71.68%	76.91%	77.91%	75.88%
NPL to Shareholder's equity	%	23.78%	27.29%	30.97%	24.71%	28.41%	25.47%
Investments to total asset ratio	%	52.86%	62.06%	50.40%	46.84%	39.12%	27.70%
Cash & cash equivalent to Total Assets	%	6.25%	7.41%	8.23%	7.76%	8.55%	12.68%
Earning assets to interest bearing liabilities	Times	1.00	1.00	1.01	1.03	1.04	1.03
Net Investments to Deposits ratio	%	93.18%	99.15%	74.95%	71.04%	62.04%	38.23%
Cost of fund	%	13.11%	12.20%	7.61%	4.09%	4.85%	5.85%
Cash flow coverage ratio	%	-6.44%	81.91%	93.13%	68.74%	63.38%	70.49%
Net Interest Income to working Funds	%	54.64%	50.86%	41.64%	34.38%	37.74%	33.24%
Non-interest income as a percentage of working funds	%	19.19%	11.60%	11.80%	12.08%	10.80%	7.67%
Credit to Deposit Ratio [(Gross advances and lendings) / deposits]	%	58.84%	43.01%	59.26%	64.53%	76.91%	76.88%
Gross non performing advances to gross advances	%	3.66%	4.84%	4.04%	3.53%	4.30%	4.23%
Non performing loans to total loans	%	3.82%	5.12%	4.23%	3.67%	4.48%	4.38%
Coverage Ratio (credit loss allowance stage 3 & specific provision / NPLs)	%	92.12%	86.03%	82.00%	85.49%	70.83%	79.14%
Coverage Ratio (credit loss allowance and specific & general provision / NPLs)	%	110.67%	112.23%	107.58%	101.95%	91.20%	83.57%
Deposits to shareholders equity	Times	12.00	15.12	14.87	11.39	9.69	8.89
Assets to Equity	Times	20.83	24.26	22.53	17.34	15.22	12.10
Liquidity Coverage Ratio (LCR) (refer note 1)	%	191%	222%	185%	172%	187%	163%
Net Stable Funding Ratio (NSFR) (refer note 1)	%	126%	161%	150%	135%	136%	138%
Investment Ratios and Market Ratios							
Earnings per share [as reported]	Rs	24.30	23.12	10.27	8.00	5.89	7.15
Earnings per share [before tax]	Rs	52.69	49.57	20.40	13.18	10.09	12.63
Diluted Earnings per share	Rs	24.30	23.12	10.27	8.00	5.89	7.15
Price to earning ratio	Times	3.43	2.10	2.93	4.33	6.00	6.39
Price to book value ratio	Times	0.74	0.55	0.48	0.61	0.69	0.92
Dividend Yield ratio (based on cash dividend)	%	10.20%	16.49%	16.59%	11.56%	11.32%	8.75%
Dividend Payout ratio (based on cash dividend)	%	34.99%	34.61%	48.68%	50.00%	67.91%	55.94%
Dividend cover ratio	Times	2.86	2.89	2.05	2.00	1.47	1.79
Cash Dividend - Interim	%	60%	30%	25%	20%	20%	20%
- Final	%	25%	50%	25%	20%	20%	20%
Breakup value / net assets per share - with revaluation on surplus	Rs	112.93	87.45	63.41	56.27	51.21	49.53
Breakup value / net assets per share - without revaluation on surplus	Rs	91.51	80.31	60.33	49.83	45.30	43.14
Breakup value / net assets per share - with revaluation on surplus and Investment in related party at fair value	Rs	117.92	92.05	66.81	58.03	53.10	50.70

		2024	2023	2022	2021	2020	2019
Share Information							
Market value per share - Dec 31 (Closing Rate)	Rs.	83.33	48.51	30.14	34.60	35.33	45.70
High - during the year (intra day)	Rs.	86.97	53.19	38.55	38.50	53.00	50.70
Low - during the year (intra day)	Rs.	48.37	45.27	29.60	28.50	28.26	36.50
Market Capitalisation - December 31	Rs. Mn	131,425	76,508	47,536	61,490	62,787	81,216
No. of shares outstanding	Mn	1,577	1,577	1,577	1,777	1,777	1,777
Capital Adequacy and Structure							
Tier 1 Capital	Rs. Mn	157,092	123,871	94,969	83,111	77,211	73,650
Total Eligible Capital	Rs. Mn	200,914	158,673	118,417	108,075	100,422	93,677
Risk Weighted Assets (RWA)	Rs. Mn	1,118,937	947,636	856,024	749,050	607,663	554,836
RWA to Total Assets	%	30.16%	28.32%	37.99%	43.19%	43.88%	52.08%
Tier 1 to RWA	%	14.04%	13.07%	11.09%	11.10%	12.71%	13.27%
Capital Adequacy Ratio (CAR)	%	17.96%	16.74%	13.83%	14.43%	16.53%	16.88%
Earning assets to total assets ratio	%	86.76%	87.88%	87.29%	88.23%	88.94%	84.67%
Weighted average cost of deposit	%	11.18%	10.28%	6.32%	3.25%	4.06%	5.00%
Statutory Liquidity Reserve (SLR) (refer note 2)							
Net assets per share	%	112.93	87.45	63.41	56.27	51.21	49.53
Debt to equity ratio (as per book value)	%	7.86%	10.15%	14.00%	7.00%	7.69%	13.62%
Debt to equity ratio (as per market value)	%	10.65%	18.30%	29.45%	11.38%	11.15%	14.76%
Consolidated Position							
Breakup value per share	Rs.	115.01	88.53	64.71	57.25	52.08	50.19
Capital Adequacy Ratio	%	17.76%	16.44%	13.69%	14.32%	16.37%	16.69%
Earning per share	Rs.	25.27	23.15	10.38	8.12	6.10	7.35
Non-Financial Ratios							
Staff turnover ratio	%	16.8%	17.5%	20.3%	18.7%	13.4%	19.3%
Customer Satisfaction Index	%	86%	86%	87%	87%	88%	83%
Employee Productivity Rate/ Happiness Score* (Out of score 5)		4.03	4.00	3.90	3.90	3.80	3.50
Revenue per employee	Rs. Mn	10.44	10.51	7.15	5.16	5.35	5.40
Customer Retention Ratio (Based on active customers)	%	94.7%	92.6%	94.9%	92.6%	94.0%	80.1%

* Before 2019 engagement survey was run every 2 years.

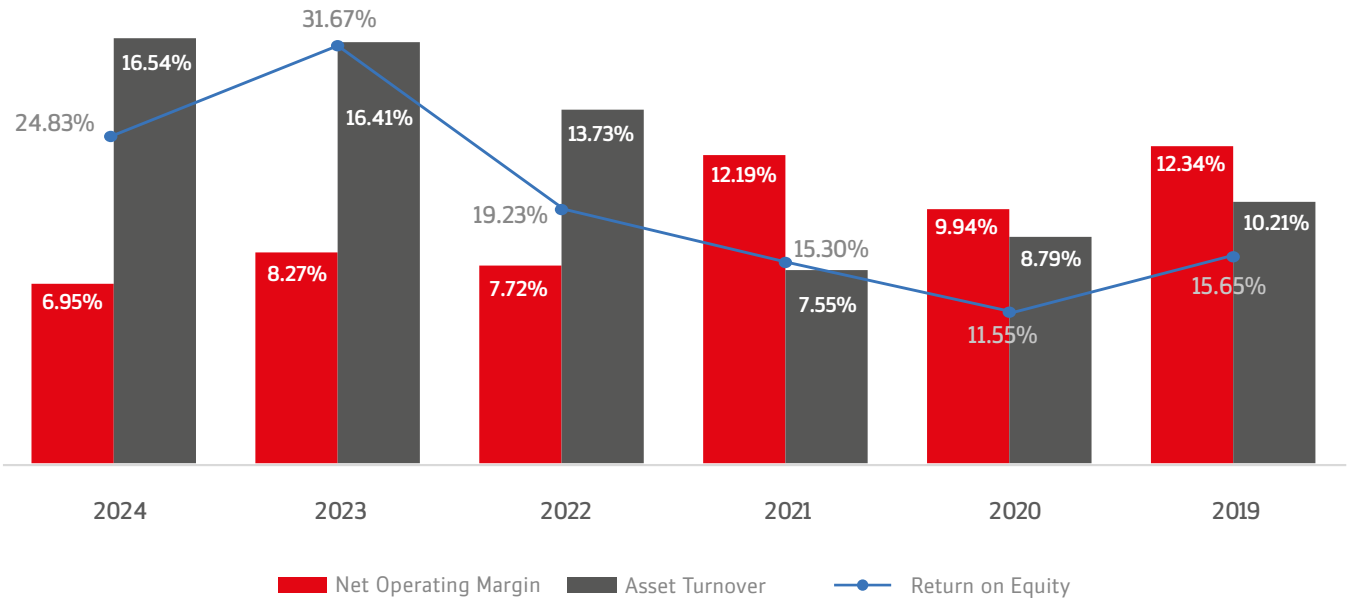
Note:

1. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) should be treated in place of current, quick ratios and liquid asset ratios for banking industry.

2. The bank has met Statutory Liquidity Ratio (SLR) requirement in accordance with SBP guidelines. Investments maintained under SLR requirements are mentioned in note 8.8 of the unconsolidated financial statements.

DuPont Analysis

			2024	2023	2022	2021	2020	2019
Net Operating Margin	Profit after taxation / Gross Income	%	6.95%	8.27%	7.72%	12.19%	9.94%	12.34%
Asset Turnover	Gross Income / Average Assets	%	16.54%	16.41%	13.73%	7.55%	8.79%	10.21%
Equity Multiplier	Average Assets / Average Equity	Times	21.61	23.33	18.15	16.63	13.23	12.43
Return on Equity	Profit after taxation / Average Equity	%	24.83%	31.67%	19.23%	15.30%	11.55%	15.65%



The DuPont model, which analyses return on equity, breaks down performance into three key components: (a) operating efficiency, also known as the financial performance ratio, measured by net operating margin; (b) asset utilisation efficiency, which indicates how effectively assets are used, measured by total asset turnover; and (c) financial leverage, which shows the extent to which the bank depends on debt, measured by the equity multiplies.

Net operating margin decreased from 12.34% in 2019 to 6.95% in 2024 impacted by higher tax, spreads compression due to high correlation to interest rates, inflationary pressure and expansionary initiatives which will give payback in future. On the other side, the Bank's efficiency has generally improved, as reflected in the increase in asset turnover ratio from 10.21% to 16.54%, demonstrating efficient mobilisation of its earning assets to drive total income which includes, capital gains, FX income and spreads. Additionally, the equity multiplier rose from 12.43 to 21.61, highlighting the effective use of financial leverage to enhance returns. Overall, the company's strategic focus on improving operational efficiency and leveraging assets has resulted in a strong and consistent increase in Return on Equity (ROE). Resultantly, from 2019 to 2024, the ROE of the Bank rose from 15.65% to 24.83%.

Economic Value Added Statement (EVA)

		2024	2023
		Rupees in Million	
Profit after taxation	A	38,318	36,456
Credit loss allowance / provisions and write offs - net		1,849	9,462
Tax (54% / 49%)		(999)	(4,636)
Credit loss allowance / provisions and write offs - net of tax	B	851	4,826
Net operating profit after tax	C = A + B	39,169	41,282
Equity at start of the year (excluding surplus)	D	126,654	95,156
Cost of equity	E	22,733	21,336
Economic Value Added (EVA) - Note	F = C - E	16,436	19,946

Note: Had there been no change in tax rate, the EVA would have been amounted to Rs. 20.592 billion in year 2024.

Economic value added (EVA) is the economic profit by the Bank in a given period. It measures the Bank's financial performance based on the residual wealth calculated by deducting its cost of capital from its operating profit, adjusted for taxes. A positive EVA reflects that the bank is increasing its value to its shareholders, whereas a negative EVA indicates that it is diminishing its value to its shareholders.

Direct Method Cash Flow Statement

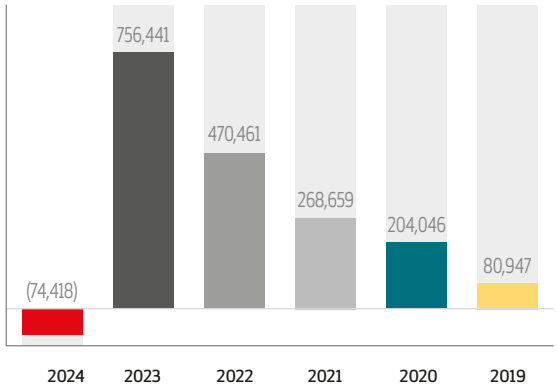
	2024	2023
	Rupees in Million	
Cash flow from operating activities		
Payments to employees, suppliers and others	(29,750)	(27,467)
(Increase) / decrease in operating assets		
Lendings to financial institutions	(12,071)	(12,456)
Securities classified as FVPL / held for trading	8,778	(266,489)
Advances	(417,018)	(13,186)
Other assets (excluding advance taxation and mark-up receivable)	(10,181)	(13,968)
	(430,491)	(306,098)
Increase / (decrease) in operating liabilities		
Bills payable	15,764	(14,029)
Borrowings	235,937	419,781
Deposits	51,915	598,152
Other liabilities (excluding current taxation and mark-up payable)	23,082	19,117
	326,698	1,023,020
	(133,543)	689,455
Contribution made to gratuity fund	(671)	(467)
Mark-up / interest received	500,255	372,602
Mark-up / interest paid	(381,371)	(262,814)
Zakat paid	(186)	(128)
Income tax paid	(58,902)	(42,206)
Net cash (used in) / generated from operating activities	(74,418)	756,441
Cash flows from Investing activities		
Net investments / (divestment) in amortised cost / held to maturity securities	3,213	(83,081)
Net Investments / (divestment) in securities classified as FVOCI / available for sale	105,980	(590,838)
Investment in subsidiaries	(2,200)	-
Dividend received	1,772	1,311
Investments in property and equipment and intangible assets	(19,675)	(12,781)
Proceeds from sale of property and equipment	215	217
Proceeds from sale of non-banking assets	268	-
Effect of translation of net investment in foreign branches	(1,766)	3,472
Net cash generated from / (used in) investing activities	87,807	(681,700)
Cash flows from financing activities		
Payments of lease obligations against right-of-use assets	(6,108)	(5,054)
Dividend paid	(23,208)	(7,275)
Net cash used in financing activities	(29,316)	(12,329)
(Decrease) / increase in cash and cash equivalents	(15,928)	62,412
Effects of exchange rate changes on cash and cash equivalents	249,843	204,964
Effects of exchange rate changes on cash and cash equivalents - gain	(1,943)	(19,476)
	247,900	185,488
Expected credit loss allowance on cash and cash equivalents - net	(22)	-
Cash and cash equivalents at end of the year	231,950	247,900

Free Cash Flows

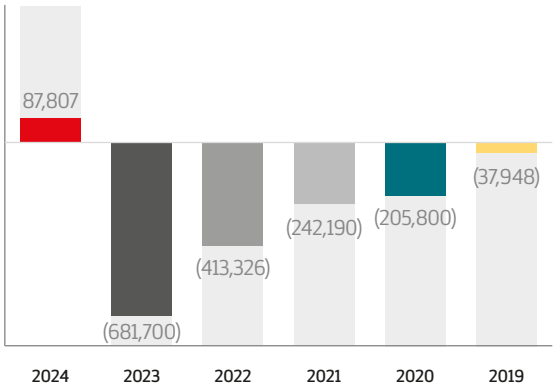
	2024	2023	2022	2021	2020	2019
	Rupees in Million					
Profit before taxation	83,095	78,175	36,160	23,370	17,878	22,382
Adjustments for non cash items and operating assets / liabilities changes	(157,514)	678,266	434,301	245,288	186,167	58,565
Net cash generated from operations	(74,418)	756,441	470,461	268,659	204,046	80,947
Capital expenditure	(19,675)	(12,781)	(8,688)	(3,851)	(3,595)	(3,925)
Free Cash flows	(94,094)	743,661	461,774	264,808	200,451	77,023

Commentary on cashflows is covered as part of Six Years' Review of Business Performance.

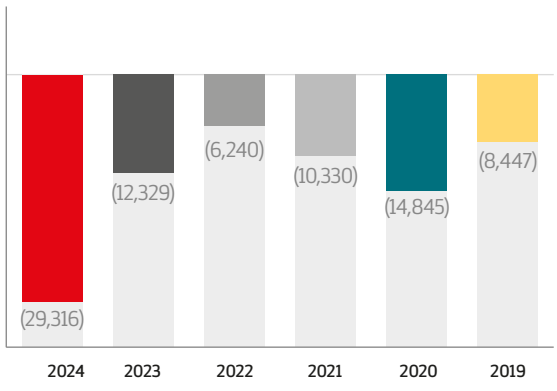
Net cash flows (used in) / generated from operating activities (Rs. in Mn)



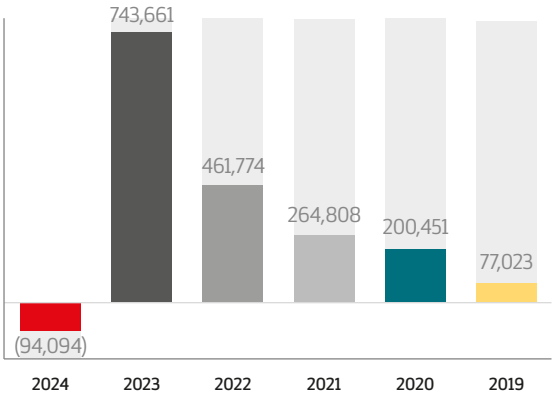
Net cash flows generated from / (used in) investing activities (Rs. in Mn)



Net cash flows used in financing activities (Rs. in Mn)

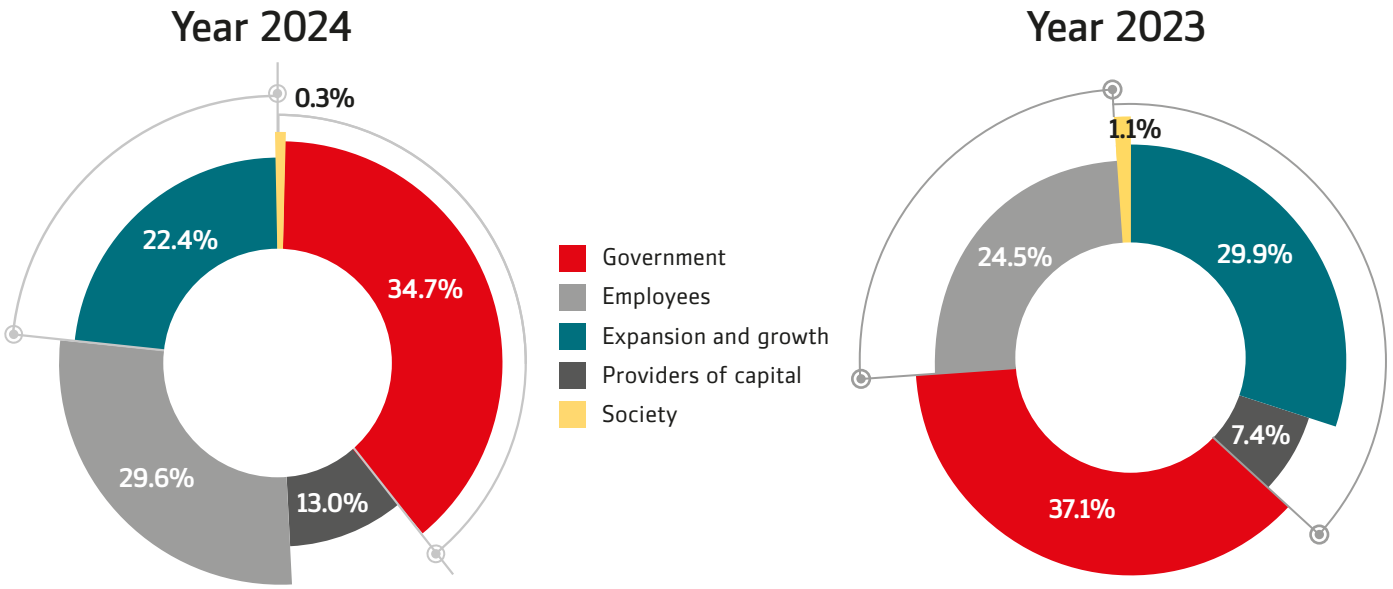


Free cash flows (Rs. in Mn)



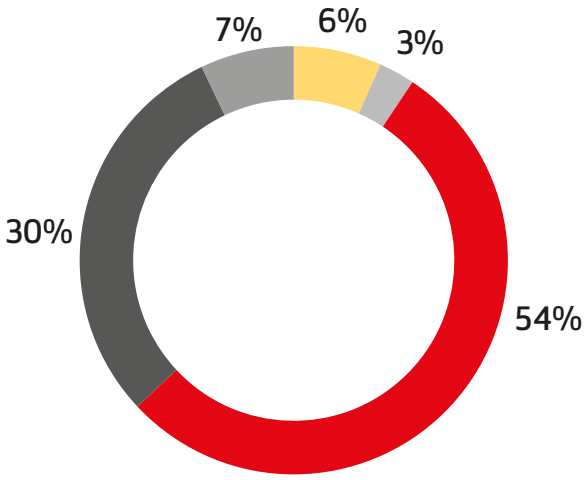
Statement of Value Added

	2024 Rs. in Million		2023 Rs. in Million	
Value added				
Net interest income	126,726		126,070	
Non interest income	44,506		28,758	
Operating expenses excluding staff costs depreciation, amortization, donations and WWF	(35,517)		(28,305)	
Credit loss allowance / provision against advances, lendings, investments & others	(1,849)		(9,462)	
Value added available for distribution	133,866		117,061	
Distribution of value added	**2024** Rs. in Million	**%**	**2023** Rs. in Million	**%**
To employees				
Remuneration, provident fund and other benefits	39,568	29.56%	28,713	24.53%
To Government				
Worker Welfare Fund	1,696	1.00%	1,715	1.46%
Income tax	44,777	33.45%	41,719	35.64%
	46,473	34.72%	43,433	37.10%
To providers of capital				
Interim / final cash dividends to shareholders	17,349	12.96%	8,674	7.41%
To society				
Donations	506	0.38%	1,250	1.07%
To expansion and growth				
Depreciation	8,626	6.44%	6,882	5.88%
Amortisation	375	0.28%	327	0.28%
Retained earnings	20,969	15.66%	27,782	23.73%
	29,970	22.39%	34,991	29.89%
	133,866	100%	117,061	100%



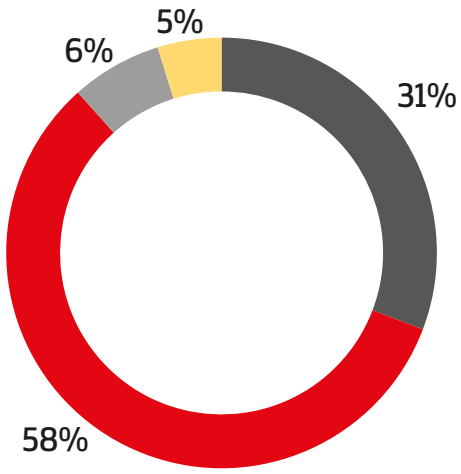
Sources and Uses of Funds

Concentration of Assets - Uses



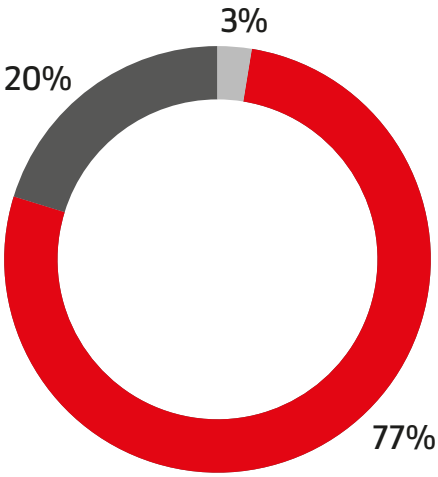
- Investment - net
- Advances - net
- Cash and bank balances
- Other assets
- Lendings to financial institutions

Concentration of Liabilities & Equity - Sources



- Deposits & other accounts
- Borrowings
- Other liabilities & subordinated debt
- Equity

Concentration of Off Balance Sheet Exposure

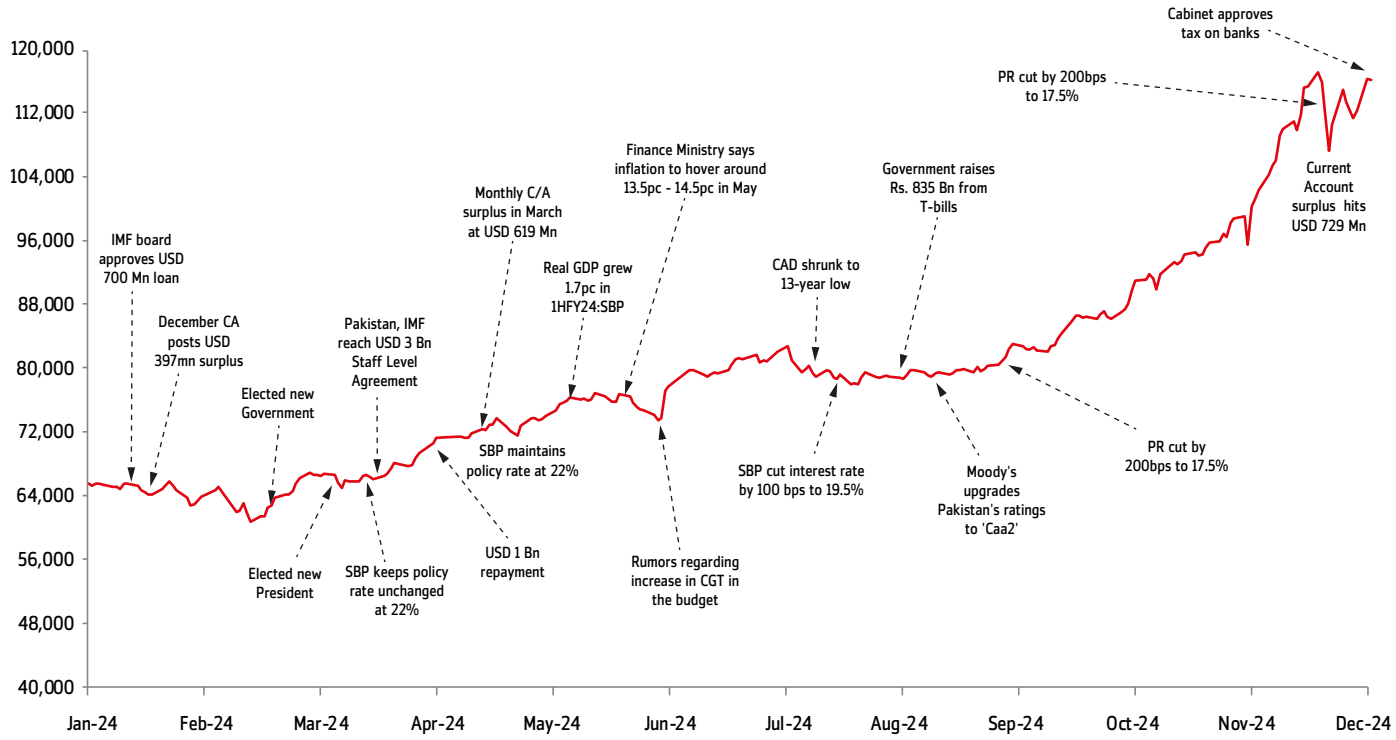


- Commitments
- Guarantees
- Other contingent liabilities

Share Price Sensitivity Analysis

	Share Price						
	High (on closing basis)	Low (on closing basis)	Closing	Daily average volume	Number of trading days	Share Capital	Market Capitalisation Value
	---------- Rupees ----------			Rs. in Mn		------Rupees in Million-------	
First Quarter	58.43	48.37	52.37	97.22	63	15,772	82,596
Second Quarter	70.94	52.50	68.02	78.67	56	15,772	107,279
Third Quarter	70.31	55.72	60.65	44.18	62	15,772	95,655
Fourth Quarter	86.97	58.38	83.33	140.69	65	15,772	131,425

KSE 100 Index



Share Price Sensitivity Analysis

Market Capitalisation as of December 31, 2024	Rs. 131,425 Mn
Change in share price by	
+ 10%	Rs. 13,143 Mn
- 10%	Rs. (13,143) Mn

Factors affecting the Share Price of the Bank

Discount rate / Monetary Policy
Based on different assessment parameters, the State Bank of Pakistan can change the monetary policy rate. Any volatility in the interest rates might impact revenue and profitability of the Bank.

Minimum Rate of Return on Deposits/ Regulatory risk
Any upward revision in the minimum deposit rate will result in compression in net interest margins earned due to increased cost of deposits. Such revision can negatively impact the earning and correspondingly the share price of the scrip.

Inflation
Inflation is considered as a key determinant for policy rate change. Any uptick in the inflation statistics will have a corresponding impact on the monetary policy rate. With higher discount rates, the banks will be able to invest in high yielding investments, thus resulting in increased profitability. This, in turn will have a positive impact on the share price. On the other hand, admin cost increase due to inflation will impact profitability.

Political Stability & Law and order situation
Political stability and stable law & order situation is pre requisite for any economic development. Political stability reduces the uncertainty and urges investors to put their funds in different investment avenue. Politically stable government is expected to adopt policies to facilitate the investors.

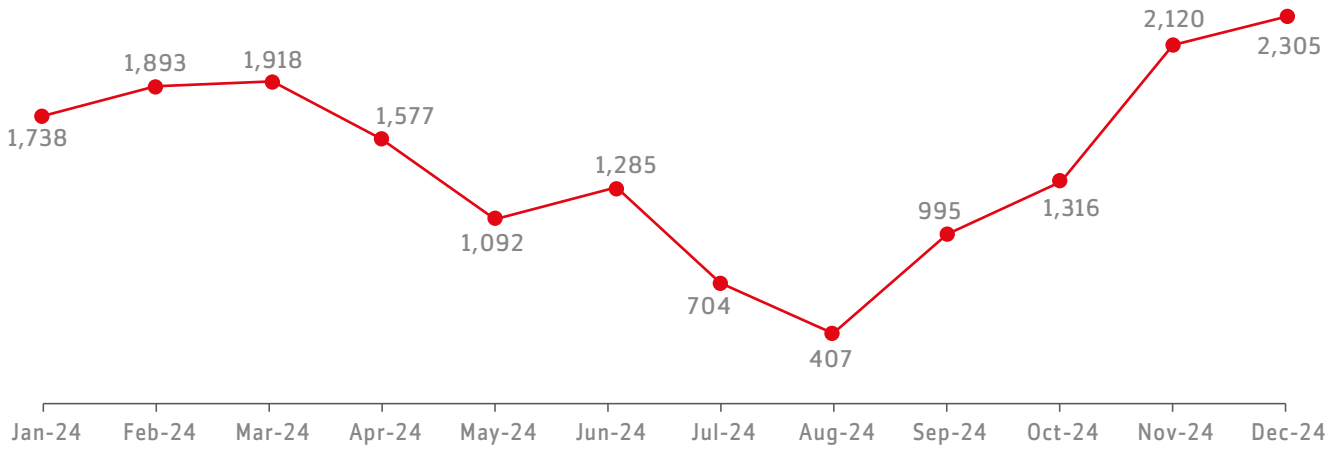
Capital and money markets
The Bank's major investments amount to Rs. 1,830 billion as at December 31, 2024, which mainly comprise of those in Government Securities. These funds largely invest in capital and money market. Trends in these markets determine the factors which affect the Bank's financial performance.

Interest rates
With effective and efficient treasury management the Bank has maintained a strong liquidity and interest rate gap position. Bank's assets and liabilities gap is positioned to provide support in case of rate cut.

Exchange fluctuations
The Bank is exposed to fluctuations in foreign currency exchange rates owing to the imports and exports. The Bank has to bear currency exchange rate fluctuation risk. Hence, the currency fluctuation also affects the Banking business.

Act of God
Act of God outside the control of the Bank such as natural disasters, floods and pandemics might negatively disrupt the operations of the Bank and ultimately might affect share price of the Bank.

Average Trade Volume (Shares in '000')



Foreign Currency Sensitivity Analysis

For details, refer to 'Risks and Opportunities' section within this Annual Report and note 48.3 of the unconsolidated financial statements.

Sector and Segment wise Advances and Deposits

Advances portfolio Classification (SBP Segments)

Advances by Segment

	2024	2023
	Rupees in Million	
Corporate	700,358	573,016
SMEs	55,595	37,839
Agriculture	19,561	16,987
Consumer and staff	130,164	123,899
Commodity	250,048	25,057
Others	532	488
	1,156,258	**777,287**

Credit concentration of Advances and Deposits

Deposits By Sector

Concentration of deposits by sector is disclosed in **note 16.1** of the unconsolidated financial statements.

Advances By Sector

Advances credit risk by sector is disclosed in **note 48.1.7** of the unconsolidated financial statements.

Contingency credit risk by sector is disclosed in **note 48.1.8** of the unconsolidated financial statements.

Non-Performing Assets

	2024					
	Investment		Advances		Other Assets	
	Asset	Provision / ECL	Asset	Provision / ECL	Asset	Provision / ECL
	(Rupees in Million)					
Opening	1,189	1,189	37,633	32,374	2,984	2,984
Impact of adoption of IFRS 9	(438)	(438)	2,363	1,720	370	370
Exchange adjustment	-	-	(12)	(50)	(3)	(3)
Additions	1,200	1,200	14,917	14,358	531	531
Deletions	(132)	(132)	(12,542)	(9,378)	(417)	(417)
Closing	1,820	1,820	42,360	39,022	3,466	3,466

	2023					
	Investment		Advances		Other Assets	
	Asset	Provision / ECL	Asset	Provision / ECL	Asset	Provision / ECL
	(Rupees in Million)					
Opening	1,970	1,970	30,971	25,397	2,672	2,672
Exchange adjustment	-	-	99	84	3	3
Additions	319	319	14,559	12,130	394	394
Deletions	(1,099)	(1,099)	(7,996)	(5,237)	(84)	(84)
Closing	1,189	1,189	37,633	32,374	2,984	2,984

Sector-wise breakup of NPA

Sector wise breakup of non-performing investments is disclosed in **note 48.1.6 of the unconsolidated financial statements.**

Sector wise breakup of non-performing advances is disclosed in **note 48.1.7 of the unconsolidated financial statements.**

Accounts Restructured- Outstanding balance as at December 31:

Business	2024	2023
	Rupees in Million	
Corporate	13,381	13,258
Retail	11,879	11,906
Agriculture	47	22
Consumer	95	150
	25,402	25,336

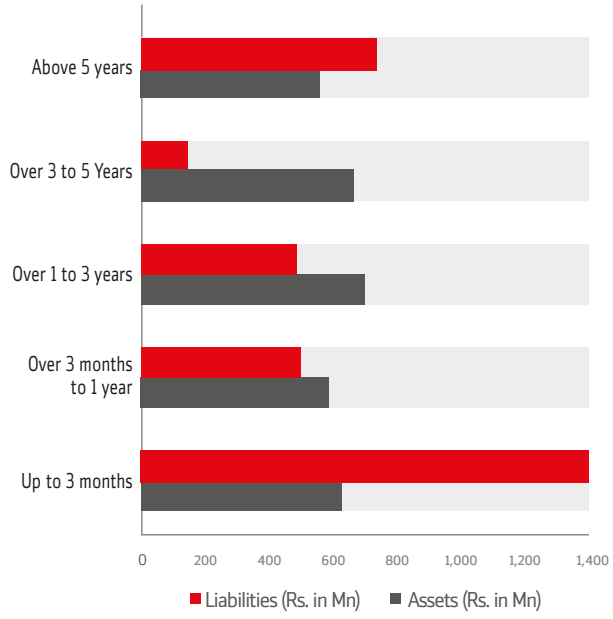
The above includes loans restructured and reschedule under the SBP's relief schemes to counter the impact of Covid-19.

Behavioural Maturities of Key Assets and Liabilities

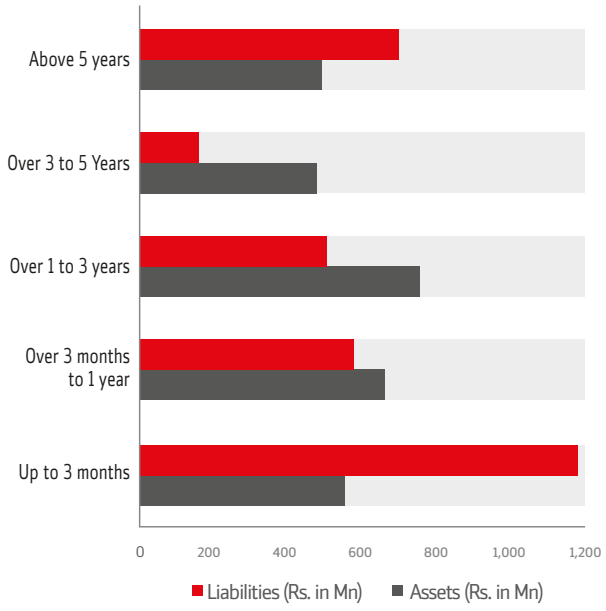
2024	Up to 3 months	Over 3 months to 1 year	Over 1 to 3 years	Over 3 to 5 Years	Above 5 years
	Rs in Millions				
Key Assets					
Investments	**1,991,232**	49,696	342,444	615,940	559,712	423,441
Advances	**1,109,376**	568,719	237,663	73,306	98,270	131,418
	3,100,609	618,415	580,106	689,246	657,982	554,859
Key Liabilities						
Borrowings	**1,141,886**	981,228	94,485	7,581	13,447	45,144
Deposits and other accounts	**2,136,913**	426,723	406,758	477,453	132,182	693,796
	3,278,798	1,407,952	501,243	485,034	145,629	738,940

2023	Up to 3 months	Over 3 months to 1 year	Over 1 to 3 years	Over 3 to 5 Years	Above 5 years
	Rs in Millions				
Key Assets					
Investments	**2,067,263**	204,154	527,028	669,926	376,723	289,431
Advances	**735,052**	318,475	109,476	64,426	70,277	172,397
	2,802,314	522,629	636,504	734,352	447,001	461,828
Key Liabilities						
Borrowings	**909,543**	758,335	14,734	52,252	13,968	70,254
Deposits and other accounts	**2,084,997**	405,813	531,616	425,349	111,144	611,076
	2,994,541	1,164,148	546,349	477,601	125,112	681,331

Maturities of key Asset and Liabilities-2024



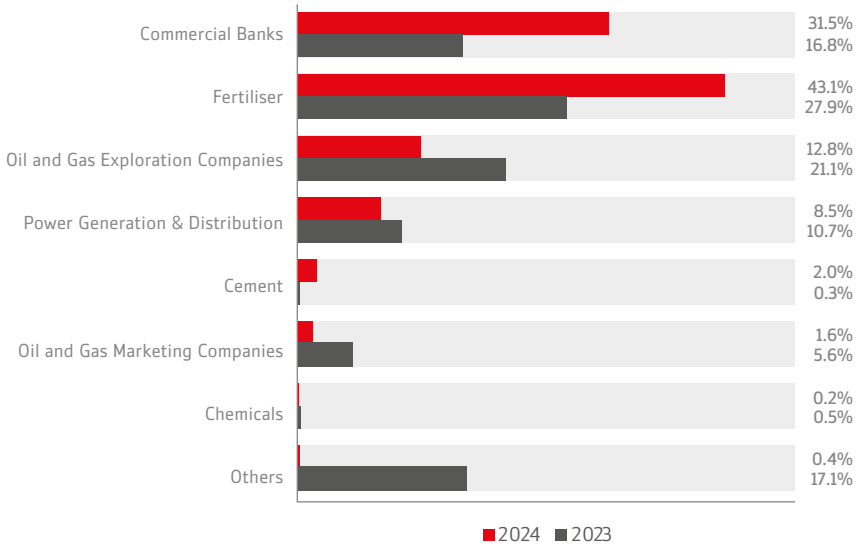
Maturities of key Asset and Liabilities-2023



Classification and valuation of investments

	2024		2023	
	Cost / Amortised cost	Fair Value	Cost / Amortised cost	Fair Value
	Rs in Million			
Amortised cost / Held-to-maturity securities				
Government Securities	258,791	258,791	139,742	139,742
Non Government Securities	3,834	3,753	4,154	3,870
Foreign Securities	15,601	15,601	21,905	21,905
	278,226	278,145	165,802	165,517
FVOCI / Available-for-sale securities				
Government Securities	1,285,754	1,309,141	1,528,662	1,523,410
Non Government Securities	17,686	17,593	19,755	19,370
Foreign Securities	77,745	75,204	75,133	71,961
Shares	11,554	17,794	4,712	5,159
REIT Fund	1,000	1,515	1,000	1,000
	1,393,739	1,421,247	1,629,262	1,620,900
FVPL / Held-for-trading securities				
Government Securities	262,354	262,406	279,765	279,392
Non Government Securities	1,872	2,372	-	-
Foreign Securities	18,957	21,352	52	47
Shares	2,432	3,532	229	229
	285,616	289,663	280,046	279,668
Associates	1,178	1,178	1,178	1,178
Subsidiaries	2,505	1,000	305	-
	1,961,263	1,991,232	2,076,592	2,067,263

Top 10 Equity Investment by Sectors:



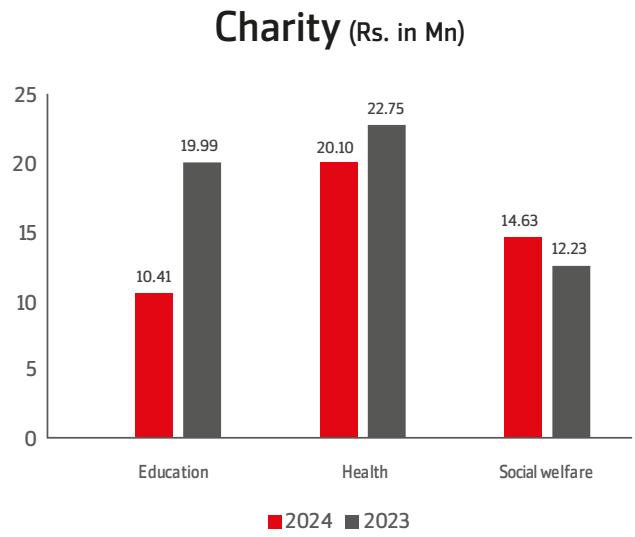
Non Strategic Investments

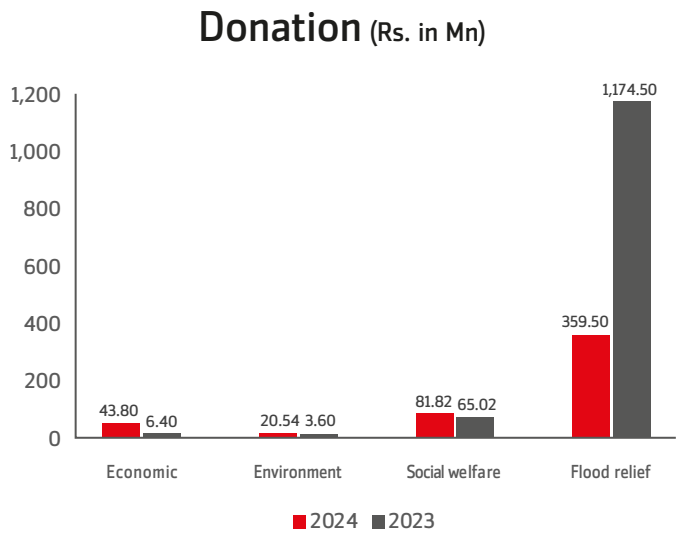
The Bank also invests in certain unlisted entities. Refer to note **8.5.2.2** of unconsolidated financial statements.

Statement of Charity and Donation

	2024	2023
Charity paid (Islamic banking):	Rupees in Million	
Education	10.41	19.99
Health	20.10	22.75
Social welfare	14.63	12.23
	45.13	54.96
Donations paid (including flood relief):		
Economic	43.80	6.40
Environment	20.54	3.60
Social welfare	81.82	65.02
Flood relief	359.50	1,174.50
	505.65	1,249.52
Total charity and donations paid	550.78	1,304.48

Beneficiary wise details of charity and donation is disclosed in **note 5.1 of Annexure II and note 31.3** of the **unconsolidated financial statements.**





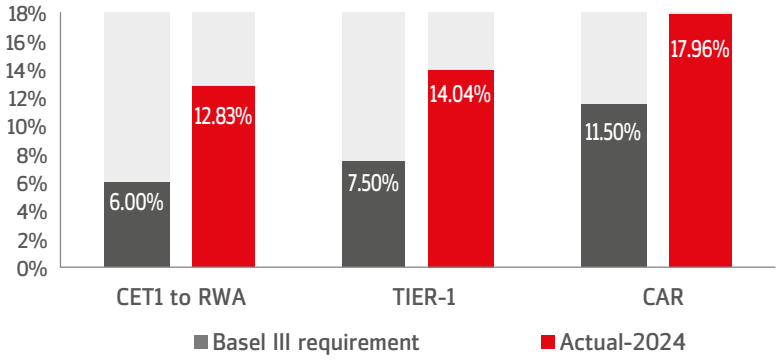
Key Interest Earning Asset and Liabilities

	2024			2023		
	Average Volume	Effective interest rate %	Interest	Average Volume	Effective interest rate %	Interest
	Rs in Millions					
Interest on Earning Assets						
Balances with other banks	19,117	1.17%	224	21,535	0.30%	64
Lendings to financial institutions	60,493	16.70%	10,103	100,167	16.95%	16,980
Advances	855,950	16.07%	137,521	737,102	15.76%	116,201
Investments	1,951,353	18.40%	359,050	1,495,337	18.64%	278,702
	2,886,913	17.56%	506,898	2,354,140	17.50%	411,948
Interest on Bearing Liabilities						
Deposits and other accounts	2,003,302	11.18%	223,983	1,629,758	10.28%	167,504
Borrowings	858,810	16.60%	142,543	680,519	15.80%	107,552
Subordinated debt	14,000	22.28%	3,119	14,000	21.87%	3,061
Lease liability	24,323	14.40%	3,504	19,849	13.39%	2,658
Swap cost	-	-	7,024	-	-	5,102
	2,900,435	13.11%	380,172	2,344,126	12.20%	285,877
Net Spread		4.45%			5.30%	

Capital Structure

	2024	2023
	Rupees in Million	
Tier 1 Capital		
Shareholder equity/ assigned capital	15,772	15,772
Share premium	4,731	4,731
Reserves	38,736	22,478
Unappropriated profits	88,085	69,482
	147,324	112,462
Eligible Additional Tier 1 Capital	13,550	13,550
Deductions:		
Book value of intangible and advances given for intangible	1,543	1,370
Defined benefit pension fund assets- net	1,332	441
Other deductions	907	331
	3,782	2,141
Total Tier 1 Capital	157,092	123,871
Tier 2 Capital		
General provisions subject to 1.25% of total risk weighted assets	10,358	9,429
Revaluation reserves	33,464	11,182
Foreign exchange translation reserves	-	14,192
Total Tier 2 Capital	43,822	34,802
Total regulatory capital base	200,914	158,673
Capital Adequacy		
Risk Weighted Assets		
Credit risk	828,664	754,283
Market risk	47,806	18,195
Operational risk	242,467	175,158
Total Risk Weighted Assets	1,118,937	947,636
Capital Adequacy Ratio		
Total eligible regulatory capital held	200,914	158,673
Total Risk Weighted Assets	1,118,937	947,636
Capital Adequacy ratio	17.96%	16.74%

Capital Adequacy Ratio



The Human Capital

Our Human Capital Strength	2024	2023
Head Count (as at 31st December)	**16,400**	**14,738**
Pakistan	16,132	14,469
- Sindh	5,445	4,965
- Punjab	8,369	7,437
- Balochistan	368	350
- KPK	785	696
- AJK	45	46
- Gilgit Baltistan	59	55
- Federal Capital	1061	920
United Arab Emirates	28	24
Bahrain	10	9
Afghanistan	56	56
Bangladesh	174	180

Average Head Count (throughout the year)	**15,407**	**14,318**
Female employees (as at 31st December)	**3,384 (20.6%)**	**3,008 (20.4%)**
New hiring (during the year)	**4,524**	**3,501**
Attritions (during the year)	**2,753 (16.8%)**	**2,577 (17.5%)**

Human Resource Accounting

The Bank has Board Human Resources, Remuneration and Nominations Committee which oversee the HR related activities. The Bank has a Human Resources and Learning Group (HRLG) which operates with various sub-divisions Talent Acquisition & Advisory, Learning & Development, Leadership & Culture, Employee Relations & People Risk and Rewards & Services. These sub-divisions look after day-to-day HR operations including selection, recruitment, training, development, off-boarding, rewards, succession planning, career management, employee welfare, diversity & inclusion like female staff policies, differently abled staff policies and other allied tasks. For more detail on human resource planning, management and process of identifying and measuring its cost refer 'Stakeholders' and 'Sustainability and CSR' sections within this Annual Report.

Further, the Bank has incurred the following costs on its human resources during the year. Additionally, the Bank also incurred costs to recruit, select, hire, train, develop, allocate, conserve, reward and utilise human assets

	2024	2023
	Rupees in Million	
Human resource cost		
Total compensation	39,568	28,713
Training and development	300	135
Total human resources costs	39,868	28,848

Breakup of Total Compensation

Managerial Remuneration		
i) Fixed	22,928	18,652
ii) Variable:		
a) Cash bonus / awards etc.	7,168	6,239
b) Bonus and awards in shares etc.	722	362
Charge for defined benefit plan	772	413
Contribution to defined contribution plan	879	731
Medical	2,058	1,296
Conveyance	1,566	523
Staff compensated absences	416	173
Staff life insurance	199	201
Staff welfare	66	101
Club subscription	9	4
Sign-on Bonus	39	19
Staff loans - notional cost (IFRS - 9)	2,744	-
	39,568	28,713

Additional Disclosures

The following disclosures have been made beyond BCR criteria.

1. **Chairman's Message**
   Refer to the Chairman's Message at the start of this annual report. The message discusses performance and achievements of the Bank during the year.

2. **Internal Controls over Financial Reporting (ICFR) and Statement of Internal Controls**
   The Board, through its Board Audit Committee, is responsible for maintaining and reviewing the effectiveness of risk management and internal control systems, and for determining the aggregate level and types of risks the Bank is willing to take to achieve its strategic objectives.

   To meet this requirement and to discharge its obligations under the SBP's regulations, procedures have been designed to safeguard assets against unauthorised use or disposal, to maintain proper accounting records, and to ensure the reliability of controls and usefulness of financial information used within the business or for publication.

   These procedures provide reasonable assurance against material misstatement, errors, losses, or fraud. They are designed to provide effective Internal Controls within the Bank. The procedures have been in place throughout the year and up to the date of approval of these Annual Financial Statements of 2024. For further details, refer to the Statement of Internal Controls in the 'Governance' section of this Annual Report.

   The Bank has implemented all stages of ICFR Framework as promulgated by the SBP:

   Stage I: Process and Control Documentation

   Stage II: Identification of Gaps and Recommendations

   Stage III: Development of Detailed Remediation/ Implementation Plans

   Stage IV: Development of Management Testing Plans

   Stage V: Implementations of Project Initiatives Planned

   Stage VI: Quality Assurance/Validation on the Completed Initiatives

   Stage VII: Conduct of Management Testing of Key Controls and Reporting of Results

   Stage VIII: Review by External/Internal Auditors
   The long form report, issued by the Internal Auditors, is submitted to the Board Audit Committee for tracking and information. Further, quarterly progress report on ICFR is submitted to the Control and Compliance Committee and Board Audit Committee. Pursuant to an exemption received from the SBP for External Auditors' long form report, Internal Audit issues an Assessment Report on ICFR each year.

3. **Long-term Viability and Going Concern**
   The Management has assessed the Bank's viability to continue as a going concern, taking into account its current financial position, business prospects, and principal risks. As part of this assessment, key factors considered are:
   - Long-term business and strategic plans;
   - Risk profile and risk management practices, including the processes by which risks are identified and mitigated;
   - Results of internal and regulatory stress tests;
   - Liquidity and funding profile; and
   - Wider political, economic and regulatory environments, including the uncertain geopolitical outlook.

   Based on internal assessment, the management is confident that the Bank will be able to continue its operations and meet its obligations.

4. **Key Financial and Non-Financial Performance Measures**
   The Management believes that key performance measures included in this Annual Report provide valuable information to the readers of the financial statements. This enables identification of a more consistent basis for comparing the businesses' performance between financial periods, and provides additional elements of performance, which the managers of these businesses are most directly able to influence, or are relevant for an assessment of the business groups. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by the Management.

   Also refer to the 'Performance and Position' section of this Annual Report for segmental performance analysis. Further, refer Directors' Report for additional details.

5. **Customer Grievances Handling Mechanism**
   Customer Grievances Handling Mechanism has been disclosed as part of 'Stakeholder Relationship and Engagement' section of this Annual Report.

6. Green Banking and steps taken for Climate Change
Green Banking and Climate change have been disclosed as part of 'Sustainability and CSR' section of this Annual Report.

7. Material Outsourcing Arrangements
Material outsourcing has been disclosed as part of 'Stakeholder Relationship and Engagement' section of this Annual Report.

8. Remuneration Framework and Related Disclosures
Remuneration Framework has been disclosed as part of 'Governance' section within this Annual Report.

9. Group Structure and Group's Performance
Structure of the Bank, and its subsidiaries and associates, has been disclosed as part of 'Organisational Overview' section within this Annual Report.

The Bank has also disclosed performance of its group companies in the Directors' Report.

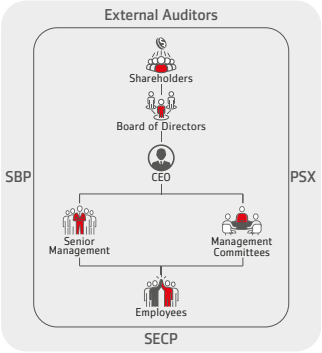
10. Jama Punji
Investor Awareness (Jama Punji) has been disclosed at the end of this annual report.

11. Donation and Charities
The 'Statement of Charity and Donation' in this section of the Annual Report provides details on donations and charitable contributions.

12. Financial Performance and Position
The Bank has disclosed its financial performance and position along with analysis within this section of the Annual Report.

13. Management Committees and sub committees
Management committees and its sub-committees have been disclosed as part of 'Governance' section within this Annual Report.

14. Corporate Governance Structure
The Bank operates through a well structure corporate governance structure as depicted below:



Governance Framework:
The Bank's governance framework is based on excellence through embodying its core values and principles. We model our framework to deliver the highest levels of integrity, resilience and innovation to serve our stakeholders by following the banking industry's best practices. Bank Alfalah's dedication to strict internal controls are evident in the strong emphasis placed by the Board of Directors, the Senior Management, and the Committees.

The Bank follows the guidelines put in place by the Pakistan Stock Exchange Limited (PSX), the State Bank of Pakistan (SBP), and the Securities and Exchange Commission of Pakistan (SECP) in all our management policies. The Board of Directors, Board Committees, Senior Management and Management Committees ensure that integrity and honesty remain at the heart of our business and brand.

15. Sustainability Development Goals
The Bank's contribution against UN's Sustainability Development Goals has been disclosed as part of 'Sustainability and CSR' section within this Annual Report.

16. Global Sustainability Reporting Initiatives
The Bank's contribution against GRI has been disclosed as part of 'Sustainability and CSR' section within this annual report.

17. Environment, Social and Governance
The Bank's contribution against ESG has been disclosed as part of 'Sustainability and CSR' section within this annual report.

18. SECP CSR Guidelines
The Bank's voluntary contribution against SECP CSR Guidelines has been disclosed as part of 'Sustainability and CSR' section within this annual report.

Other Information

Business Rationale for Major Capital Expenditure / Projects

During the year the bank invested Rs. 19.7 billion on purchase of fixed assets and intangibles which includes properties (land & buildings), equipment, fixtures, intangible assets etc. A detailed disclosure of fixed asset is given in the financial statements. All the assets purchased were capitalised as the management intends to take benefit from them over their useful life, which spans over more than a year. These additions are for meeting the business and operational needs of the Bank including but not limited to digital infrastructure, new branches, existing branch / office renovations, strengthening IT infrastructure with an aim to operate within secured environment and with the best customer data protection.

Summary of major projects is disclosed in 'Outlook' section of this annual report.

Information about defaults in payment of any debts and reasons thereof period

No defaults in payments during the year 2024. Also covered in 'Risk and Opportunities' section of this annual report.

Methods and Assumptions in compiling Key Performance Indicators

These have been disclosed as part of 'Strategy Key Performance Indicators and Resource Allocation' and 'Outlook' sections of this annual report.

Any significant change in accounting policies, judgements, estimates and assumptions

Refer note no. 2.5 and 4 of the unconsolidated financial statements for significant change in accounting policies, judgements, estimates and assumptions.

Dividend History

The bank has been declaring dividend regularly every year, keeping in view regulatory framework and Bank's initiatives. In 2024 the Bank declared interim dividend cumulatively of Rs. 6.00 per share in March, June & September and final dividend of Rs. 2.50 per share in December. The Bank intends to have consistent dividend policy subject to results and approvals from Board and shareholders.

Regulatory payments (taxes, duties, levies etc.)

The Bank is regular and on time payer of the taxes, duties and levies.

CEO Review

President/CEO's video on the Bank's business overview, performance, strategy and outlook has been placed on following link:
https://www.bankalfalah.com/financial-reports/ceo-review-2024/

Fair Value and Forced Sales Value of properties held under Fixed Assets and Investment Properties

The Bank's land and building are revalued once in three years by the professional evaluators. Latest valuation was done on December 31, 2024. The following are the fair value and force sales value of the owned properties of the bank as at December 31, 2024:

Fair value: Rs. 39.4 Bn
Forced Sale Value: Rs. 32.4 Bn

Reconciliation of weighted average number of shares for calculating EPS and diluted EPS

The Bank diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.

Particulars of Significant / Material Assets and Immovable Property including Location

The Bank has the following property, equipment & intangible assets as at December 31, 2024.

Items from the property, equipment & intangible assets	Dec '24 - WDV	% composition
Land - Freehold & Leasehold	28,749	32%
Building on Freehold & Leasehold land	10,699	11%
Office equipment	11,459	13%
Vehicles, lease hold improvement, furniture and fixture	9,165	10%
Property & equipment	**60,072**	**66%**
Right-of-use assets	25,291	28%
Intangible assets	1,543	2%
Capital work-in-progress	3,471	4%
Total property, equipment & intangible assets	**90,377**	**100%**

Significant immovable properties of the Bank are as follows:

- Civil Line, Karachi, Pakistan;
- BA Building , II Chundrigarh Road, Karachi, Pakistan [Head Office];
- Shahdin Manzil, Lahore, Pakistan;
- 66 Main Boulevard, Gulberg, Lahore, Pakistan;
- 23-H Gulberg, Lahore, Pakistan; and
- Owned and leased premises of branch network and offices across the country and aboard.

Product Revenue and Profitability

The Bank, being a financial intermediary, offers a large menu of lending, deposits and other service. These products and services are offered by different business groups within the bank. The revenue and profitability of these business groups are disclosed in the financial statements. For Segmental disclosure, refer note 44 of the unconsolidated financial statement and business segment wise performance write up within this section.

Status for adoption of Islamic Financial Accounting Standards (IFAS) issued by the ICAP

Refer note 2.2 and Annexure II of unconsolidated financial statements.

Particulars of major foreign shareholders, other than natural person, holding more than 5% of paid up capital in the company in Pattern of Shareholding

These have been disclosed as part of Other Matters relating to 'Governance' sections within this annual report.

Particulars of loans / advances and investments in foreign companies or undertakings

The Bank's overseas branches in Bahrain, UAE, Afghanistan and Bangladesh invest and lend to companies and undertakings operating in their jurisdictions and abroad. As at December 31, 2024, our overseas branches' advances and investments stood at Rs. 56.391 bn (2023: Rs. 44.285 bn) and Rs. 123.314 bn (2023: Rs. 104.538 bn) respectively.

Effect of Seasonality on the Bank's Performance

The agriculture sector in Pakistan is highly seasonal, significantly influencing the borrowing patterns of farmers, traders, SMEs, and mill operators. The two main cropping seasons, Kharif and Rabi, dictate the financial needs and borrowing trends throughout the year.

During the Kharif season (April to October), farmers typically require substantial financing for purchasing seeds, fertilisers, pesticides, and other inputs. This leads to a spike in borrowing from banks and financial institutions in the early months of the season (April to June). As the crops grow, the need for additional funds for irrigation and maintenance may also arise. The Rabi (October to April) season sees an increase in borrowing during the sowing period (October to December). Farmers need funds for seeds, fertilisers, and other inputs. The demand for credit may also rise during the mid-season for irrigation and crop protection.

Key product / segment impacted: Agri based running finance (Zarai Sahulat); Fluctuation noted (highest vs lowest month): 17%

Seasonal demand in Trading / Distribution (SMEs): Traders and SMEs involved in the agriculture supply chain experience seasonal demand fluctuations. For instance, during the harvest season, there is an increased need for storage, transportation, and distribution, leading to higher borrowing for working capital and Short-term loans (AVC – Alfalah Supply Chain).

Key product / segment impacted: Alfalah Supply Chain facility; Fluctuation noted (highest vs lowest month): 300%

From a Commercial / Corporate perspective, the purchasing and inventory management cycles of mill operators and food processors are also impacted by seasonal variations.

- Processing Cycles: Mill operators, such as those processing sugarcane, rice, and wheat, align their operations with the harvest seasons. They require significant capital for purchasing raw materials during the harvest period, leading to increased borrowing.
- Inventory Management: Managing inventory during off-peak seasons can be challenging. Mill operators may need loans to maintain operations and manage storage costs when raw material supply is low.

Key product / segment impacted: Consumer Finance - Pledge product; Fluctuation noted (highest vs lowest month): 75%

Income tax reconciliation as required by IFRS and applicable tax regime for the year

Refer note 35 of unconsolidated financial statements.

Implementation of plans as disclosed in the prospectus/ offering document of debt instrument (debts funds utilisation)

The following debt instruments qualifing as Tier - 1 Capital issued by the Bank are outstanding as at December 31, 2024:

- ADT 1 (TFC VI & VIII): These TFCs were issued to comply with SBP's regulation to maintain the minimum Capital Adequacy Ratio and to support on going business operations of the Bank.

The ADT 1 TFCs utilisation is as per the plans disclosed in the prospectus/offering document of the debt instruments.

Management's assessment of sufficiency of tax

The Bank maintains sufficient provision for taxation as required under the accounting standards and the relevant tax regulations. Contingencies with respect to direct or indirect taxation based on income tax assessments have been disclosed in note 35 of unconsolidated financial statements. Our assessment of sufficiency of tax provision made in financial statements along with comparisons to tax assessment for last three years are satisfactory.

Derivative Instruments

The Bank currently deals in derivative instruments namely interest rate swaps, cross currency swap and futures with the principle view to hedge risks associated with interest rates risk and FX risk. Interest rate swaps and futures are conducted to hedge interest rate risk present in the Bank's foreign currency bond portfolio. Cross currency swap is an agreement to exchange cash flows in one currency for cash flows in another currency to protect against adverse exchange fluctuations.

For detailed disclosure on derivative instruments, refer note 24 of the unconsolidated financial statements.

Disclosures under regulatory requirements / prudential regulations

The Bank has prepared its financial statements in accordance with SBP's prescribed format. The Bank has given additional disclosures in this annual report as required under various regulations.

Branch Network

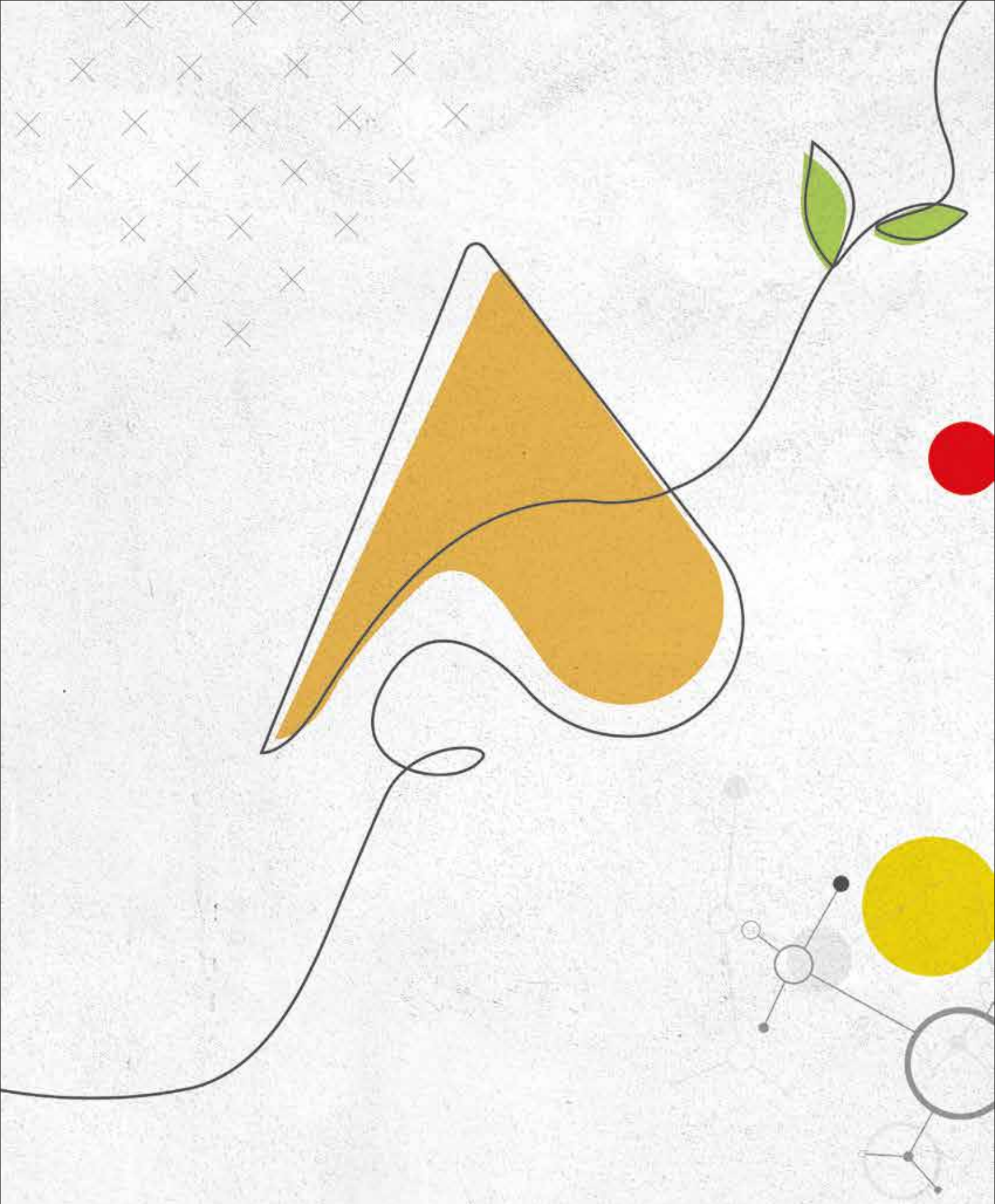
For the Bank's branch network visit our website: https://www.bankalfalah.com/list-of-branch-network/

Assurance and Other Review

The external auditors of the bank conducted certain assurance, agreed upon procedure and other reviews. This includes Shariah Governance Audit, Report on Capital Adequacy, Review of Statement of Compliance with Code of Corporate Governance, tax related certification and other regulatory certifications.

CORPORATE REPORTING





Independent Auditor's Report

To the members of Bank Alfalah Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Bank Alfalah Limited (the Bank), which comprise the unconsolidated statement of financial position as at December 31, 2024, and the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 63 branches which have been audited by us and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

Basis for Opinion

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

Key Audit Matters

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

Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	**Credit loss allowance against advances:** (Refer notes 4.3 and 9 to the unconsolidated financial statements)	
	The Bank records credit loss allowance against advances in Pakistan operations in accordance with the requirements of IFRS 9 as applicable in Pakistan and as per the instructions of the State Bank of Pakistan (SBP). Under IFRS 9, the Bank assesses on a forward-looking basis the Expected Credit Losses ('ECL') associated with the advances. A lifetime ECL is recorded on advances in which there have been a Significant Increase in Credit Risk (SICR) from the date of initial recognition and on advances which are credit impaired as on the reporting date. A 12 months ECL is recorded for advances which do not meet the criteria for SICR or "credit impaired" as at the reporting date. To assess whether there is a significant increase in the credit risk, the Bank compares the risk of a default occurring on the advances as at the reporting date with the risk of default as at the date of initial recognition. Both lifetime and 12 months ECL are calculated at facility level. The allowance is increased by provisions charged to the unconsolidated statement of profit and loss account and is decreased by charge-offs, net of recoveries. The Bank records charge for Stage 3 based on the higher of provision under the Prudential Regulations or ECL under IFRS 9, as per the instructions of the SBP. This assessment is conducted at the facility level for corporate, commercial, and SME loan portfolios, and at a segment level for the retail portfolio. If one facility of a counterparty becomes 90+ days past due (DPD) or is otherwise defined as impaired under the Prudential Regulations, all other facilities of that counterparty are classified as Stage 3. The measurement of ECL involves evaluating a range of possible outcomes, considering the time value of money, and incorporating reasonable and supportable information available at the reporting date about past events, current conditions, and forecasts of future economic conditions. The net provision made / reversed during the year is charged to the unconsolidated statement of profit and loss account and accumulated provision is netted-off against advances. Provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries. The Bank has recognised a net credit loss allowance / provision against advances amounting to Rs. 1,857.895 million in the unconsolidated statement of profit and loss account in the current year. As at December 31, 2024, the Bank holds a credit loss allowance / provision of Rs. 46,881.822 million against advances.	Our audit procedures to verify credit loss allowance against domestic advances included, amongst others, the following: We obtained and updated our understanding of management's assessment of credit loss allowance in respect of advances including the Bank's internal rating model, accounting policy, model methodology including any key changes made during the year. We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Bank to identify loss events and for determining the extent of provisioning required against advances. The testing of controls included testing of: • controls over correct classification of advances; • controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; • controls over accurate computation and recording of provisions; and • controls over the governance and approval process related to provisions, including continuous reassessment by the management. We selected a sample of loan accounts and performed the following substantive procedures: • assessed the reasonableness and accuracy of the data used for ECL computation based on accounting records and information system of the Bank as well as the related external sources used for this purpose; • checked repayments of loans / mark-up installments and tested classification of advances based on the number of days overdue; • tested the staging of loans and advances as per the criteria of SICR and in accordance with IFRS 9; • evaluated the management's assessment for classification of a borrower's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management; • assessed the ECL model used by the management to calculate expected credit loss against loans and advances balances of the Bank for appropriateness of the assumptions used and the methodology applied. We also tested the mathematical accuracy of the model; • assessed the reasonableness of the forward-looking assumptions used by the management in calculation of ECL; and • assessed the relevant disclosures made in the unconsolidated financial statements to determine whether these are complied with the accounting and reporting standards as applicable in Pakistan.

S.No.	Key audit matters	How the matter was addressed in our audit
	The determination of credit loss allowance / provision against advances based on the above criteria remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of advances relative to the overall unconsolidated financial statements of the Bank, we considered this area as a key audit matter.	We issued instructions to auditors of those overseas branches which were selected for audit, highlighting 'Credit loss allowance against advances' as a significant risk. The auditors of those branches performed audit procedures to check compliance with regulatory requirements and reported the results thereof to us. We, as auditors of the Bank, evaluated the work performed by the component auditors and the results thereof.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh.**

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: February 26, 2025
UDIN: AR202410061ALY18Hcs5

Unconsolidated Statement of Financial Position

As at December 31, 2024

	Note	2024	2023
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	5	227,823,979	202,692,402
Balances with other banks	6	18,469,608	16,617,834
Lendings to financial institutions	7	100,998,323	119,554,109
Investments	8	1,991,232,454	2,067,262,700
Advances	9	1,109,376,154	735,051,510
Property and equipment	10	63,543,484	41,816,110
Right-of-use assets	11	25,290,607	19,951,571
Intangible assets	12	1,543,109	1,369,899
Deferred tax assets	19	-	6,008,159
Other assets	13	171,928,403	135,592,533
Total assets		3,710,206,121	3,345,916,827
LIABILITIES			
Bills payable	14	41,768,326	26,004,538
Borrowings	15	1,141,885,742	909,543,453
Deposits and other accounts	16	2,136,912,622	2,084,997,130
Lease liabilities	17	29,481,938	22,894,533
Subordinated debt	18	14,000,000	14,000,000
Deferred tax liabilities	19	16,515,641	-
Other liabilities	20	151,529,442	150,554,340
Total liabilities		3,532,093,711	3,207,993,994
NET ASSETS		178,112,410	137,922,833
REPRESENTED BY			
Share capital	21	15,771,651	15,771,651
Reserves		43,466,925	41,401,130
Surplus on revaluation of assets	22	33,778,787	11,268,364
Unappropriated profit		85,095,047	69,481,688
		178,112,410	137,922,833
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes 1 to 53 and annexures I to III form an integral part of these unconsolidated financial statements.

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

Unconsolidated Statement of Profit and Loss Account

For the year ended December 31, 2024

	Note	2024	2023
		---------(Rupees in '000)--------	
Mark-up / return / interest earned	25	506,898,096	411,947,673
Mark-up / return / interest expensed	26	380,172,172	285,877,301
Net mark-up / return / interest income		126,725,924	126,070,372
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	17,622,114	15,839,393
Dividend income		1,761,125	1,321,057
Foreign exchange income	28	9,533,058	9,222,689
Income from derivatives		1,368,096	1,760,669
Gain on securities	29	13,900,541	280,150
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-
Other income	30	321,064	333,791
Total non-mark-up / interest income		44,505,998	28,757,749
Total income		171,231,922	154,828,121
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	31	84,369,292	65,196,852
Workers' welfare fund	32	1,695,819	1,714,807
Other charges	33	222,567	279,412
Total non-mark-up / interest expenses		86,287,678	67,191,071
Profit before credit loss allowance / provisions		84,944,244	87,637,050
Credit loss allowance / provisions and write offs - net	34	1,849,109	9,461,990
Other income / expense items		-	-
PROFIT BEFORE TAXATION		83,095,135	78,175,060
Taxation	35	44,777,004	41,718,688
PROFIT AFTER TAXATION		38,318,131	36,456,372
		----------Rupees----------	
Basic and diluted earnings per share	36	24.30	23.12

The annexed notes 1 to 53 and annexures I to III form an integral part of these unconsolidated financial statements.

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

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2024

	2024	2023
	---------(Rupees in '000)---------	
Profit after taxation for the year	38,318,131	36,456,372
Other comprehensive income / (loss)		
Items that may be reclassified to the statement of profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branches	(1,766,018)	3,472,292
Movement in surplus on revaluation of investments in debt securities classified at FVOCI / available for sale - net of tax	8,962,394	6,633,530
Gain on sale of debt securities carried at FVOCI reclassified to profit and loss - net of tax	939,074	-
	8,135,450	10,105,822
Items that will not be reclassified to the statement of profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations - net of tax	456,187	118,891
Movement in surplus on revaluation of equity securities classified at FVOCI / available for sale - net of tax	2,030,719	4,538
Movement in surplus on revaluation of property and equipment - net of tax	5,609,282	(107,226)
Movement in surplus on revaluation of non-banking assets - net of tax	236,629	4,221
	8,332,817	20,424
Total comprehensive income	54,786,398	46,582,618

The annexed notes 1 to 53 and annexures I to III form an integral part of these unconsolidated financial statements.

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

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2024

	Share capital	Capital reserves		Statutory reserve	Surplus/(deficit) on revaluation of			Unappro-priated profit	Total
		Share premium	Exchange translation reserve		Invest-ments	Property and equipment	Non banking assets		
	(Rupees in '000)								
Opening balance as at January 01, 2023	15,771,651	4,731,049	10,719,682	18,832,470	(7,544,874)	12,321,092	82,505	45,101,048	100,014,623
Profit after taxation	-	-	-	-	-	-	-	36,456,372	36,456,372
Other comprehensive income / (loss) - net of tax									
Effect of translation of net investment in foreign branches	-	-	3,472,292	-	-	-	-	-	3,472,292
Movement in surplus on revaluation of investments - net of tax	-	-	-	-	6,638,068	-	-	-	6,638,068
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	118,891	118,891
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(107,226)	-	-	(107,226)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	4,221	-	4,221
Total other comprehensive income / (loss) - net of tax	-	-	3,472,292	-	6,638,068	(107,226)	4,221	118,891	10,126,246
Transfer to statutory reserve	-	-	-	3,645,637	-	-	-	(3,645,637)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(125,422)	-	125,422	-
Transactions with owners, recorded directly in equity									
Final cash dividend for the year ended December 31, 2022 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)
Interim cash dividend for the half year ended June 30, 2023 - 30%	-	-	-	-	-	-	-	(4,731,495)	(4,731,495)
Balance as at December 31, 2023	15,771,651	4,731,049	14,191,974	22,478,107	(906,806)	12,088,444	86,726	69,481,688	137,922,833
Impact of adoption of IFRS 9 - net of tax (note 4.1.2)	-	-	-	-	5,002,695	-	-	(2,250,700)	2,751,995
Balance as at January 01, 2024	15,771,651	4,731,049	14,191,974	22,478,107	4,095,889	12,088,444	86,726	67,230,988	140,674,828
Profit after taxation	-	-	-	-	-	-	-	38,318,131	38,318,131
Other comprehensive income / (loss) - net of tax									
Effect of translation of net investment in foreign branches	-	-	(1,766,018)	-	-	-	-	-	(1,766,018)
Movement in surplus on revaluation of investments in debt securities - net of tax	-	-	-	-	8,962,394	-	-	-	8,962,394
Gain on sale of debt securities carried at FVOCI reclassified to profit and loss - net of tax	-	-	-	-	939,074	-	-	-	939,074
Movement in surplus on revaluation of equity securities - net of tax	-	-	-	-	2,030,719	-	-	-	2,030,719
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	456,187	456,187
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	5,609,282	-	-	5,609,282
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	236,629	-	236,629
Total other comprehensive (loss) / income - net of tax	-	-	(1,766,018)	-	11,932,187	5,609,282	236,629	456,187	16,468,267
Transfer to statutory reserve	-	-	-	3,831,813	-	-	-	(3,831,813)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(144,681)	(8,640)	153,321	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit - net of tax	-	-	-	-	(117,049)	-	-	117,049	-
Transactions with owners, recorded directly in equity									
Final cash dividend for the year ended December 31, 2023 - 50%	-	-	-	-	-	-	-	(7,885,826)	(7,885,826)
Interim cash dividend for the quarter ended March 31, 2024 - 20%	-	-	-	-	-	-	-	(3,154,330)	(3,154,330)
Interim cash dividend for the half year ended June 30, 2024 - 20%	-	-	-	-	-	-	-	(3,154,330)	(3,154,330)
Interim cash dividend for the nine months period ended September 30, 2024 - 20%	-	-	-	-	-	-	-	(3,154,330)	(3,154,330)
Balance as at December 31, 2024	15,771,651	4,731,049	12,425,956	26,309,920	15,911,027	17,553,045	314,715	85,095,047	178,112,410

The annexed notes 1 to 53 and annexures I to III form an integral part of these unconsolidated financial statements.

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

Unconsolidated Cash Flow Statement

For the year ended December 31, 2024

	Note	2024	2023
		---------(Rupees in '000)---------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		83,095,135	78,175,060
less: Dividend income		(1,761,125)	(1,321,057)
		81,334,010	76,854,003
Adjustments			
Net markup / return / interest income	25 & 26	(126,725,924)	(126,070,372)
Depreciation	31	4,702,766	3,532,209
Depreciation on right-of-use assets	31	3,923,093	3,349,633
Amortisation	31	374,884	326,796
Credit loss allowance /provisions and write offs - net	34	1,849,109	9,461,990
Unrealised (gain) / loss on revaluation of investments classified as FVPL / held for trading - net	29	(4,046,951)	377,898
Unrealised gain on advances classified at FVPL	30	(91,600)	-
Gain on sale of property and equipment - net	30	(109,587)	(144,975)
Gain on sale of non banking assets - net	30	(27,800)	-
Gain on termination of leases - net	30	(63,731)	(112,863)
Staff loans - notional cost	31.1	2,744,484	-
Finance charges on leased assets	26	3,503,522	2,657,661
Workers' welfare fund	32	1,695,819	1,714,807
Charge for defined benefit plan	31.1	771,603	413,244
Charge for staff compensated absences	31.1	416,359	172,625
		(111,083,954)	(104,321,347)
		(29,749,944)	(27,467,344)
(Increase) / decrease in operating assets			
Lendings to financial institutions		(12,070,605)	(12,456,475)
Securities classified as FVPL / held for trading		8,778,374	(266,488,616)
Advances		(417,017,890)	(13,185,661)
Other assets (excluding advance taxation and mark-up receivable)		(10,181,304)	(13,967,560)
		(430,491,425)	(306,098,312)
Increase / (decrease) in operating liabilities			
Bills payable		15,763,788	(14,029,268)
Borrowings		235,936,641	419,780,896
Deposits		51,915,492	598,151,784
Other liabilities (excluding current taxation and mark-up payable)		22,896,226	18,988,813
		326,512,147	1,022,892,225
		(133,729,222)	689,326,569
Contribution made to gratuity fund		(671,297)	(467,002)
Mark-up / Interest received		500,255,335	372,601,694
Mark-up / Interest paid		(381,370,864)	(262,813,855)
Income tax paid		(58,902,442)	(42,206,041)
Net cash (used in) / generated from operating activities		(74,418,490)	756,441,365
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments / (divestment) in amortised cost / held to maturity securities		3,212,876	(83,081,475)
Net Investments / (divestment) in securities classified as FVOCI / available for sale		105,980,086	(590,838,096)
Investment in subsidiaries		(2,200,000)	-
Dividends received		1,771,556	1,310,626
Investments in property and equipment and intangible assets		(19,675,231)	(12,780,582)
Proceeds from sale of property and equipment		215,436	217,036
Proceeds from sale of non-banking assets		267,800	-
Effect of translation of net investment in foreign branches		(1,766,018)	3,472,292
Net cash generated from / (used in) investing activities		87,806,505	(681,700,199)
Balance carried forward		13,388,015	74,741,166

Unconsolidated Cash Flow Statement

For the year ended December 31, 2024

	Note	2024	2023
		---------(Rupees in '000)---------	
Balance brought forward		13,388,015	74,741,166
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease obligations against right-of-use assets		(6,108,213)	(5,054,441)
Dividend paid		(23,207,789)	(7,274,936)
Net cash used in financing activities		(29,316,002)	(12,329,377)
(Decrease) / increase in cash and cash equivalents		(15,927,987)	62,411,789
Cash and cash equivalents at the beginning of the year		249,842,535	204,964,135
Effects of exchange rate changes on cash and cash equivalents		(1,942,616)	(19,476,005)
		247,899,919	185,488,130
Expected credit loss allowance on cash and cash equivalents - net		(21,895)	-
Cash and cash equivalents at end of the year	37	231,950,037	247,899,919

The annexed notes 1 to 53 and annexures I to III form an integral part of these unconsolidated financial statements.

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

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended December 31, 2024

1 STATUS AND NATURE OF BUSINESS

Bank Alfalah Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services in Pakistan and overseas. The Bank's registered office is located at B. A. Building, I. I. Chundrigar Road, Karachi and its shares are listed on the Pakistan Stock Exchange. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank is operating through 1,141 branches (2023: 1,009 branches) and 12 sub-branches (2023: 15 sub-branches). Out of the 1,141 branches, 707 (2023: 650) are conventional, 423 (2023: 348) are Islamic, 10 (2023: 10) are overseas and 1 (2023: 1) is an offshore banking unit.

2 BASIS OF PRESENTATION

2.1 These unconsolidated financial statements have been prepared in accordance with the format for preparation of the annual financial statements of banks issued by the State Bank of Pakistan (SBP), vide its BPRD Circular No. 13 dated July 01, 2024.

2.2 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act 2017;
- 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 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 IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives have been followed.

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. The SBP through BPRD Circular No. 04 of 2015 dated February 25, 2015 had deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

The SBP has issued BPRD Circular Letter No. 01 of 2025 dated January 22, 2025 in which certain relaxations / clarifications have been provided upon adoption of IFRS 9 which are disclosed in note 4.1 to the unconsolidated financial statements. As allowed by the SBP vide BPRD Circular No. 03 of 2022 dated July 05, 2022, IFRS 9 has not been adopted for overseas branches where it is not applicable as per their local regulations for the year ended December 31, 2024.

The SBP, vide its BPRD Circular No. 13 dated July 01, 2024, issued the revised forms for the preparation of the annual financial statements of the Banks / DFIs which are applicable for periods beginning on or after January 1, 2024 as per BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of these unconsolidated financial statements. The significant change is relating to right of use assets and corresponding lease liability which are now presented separately on the face of the statement of financial position. Previously, these were presented under property and equipment (earlier titled as fixed assets) and other liabilities respectively. There is no impact of this change on the unconsolidated financial statements in terms of recognition and measurement of assets and liabilities.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation, as presented in note 53.1.

2.2.1 These unconsolidated financial statements represent separate financial statements of Bank Alfalah Limited in which investments in subsidiaries and associates are accounted for as stated in note 4.6.

2.2.2 Key financial figures of Islamic Banking branches are disclosed in Annexure II to these unconsolidated financial statements.

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

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2024 but are considered not relevant or do not have any material effect on the Bank's operations and are therefore not detailed in these unconsolidated financial statements except for IFRS 9 (Financial Instruments), the impacts of which are disclosed under note 4.1.

.4 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 01, 2025 but are considered not to be relevant or will not have any material effect on the Bank's financial statements except for:

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

The management is in the process of assessing the impact of these amendments on the unconsolidated financial statements of the Bank.

.5 Critical accounting estimates and judgments

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

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

i) classification and credit loss allowance / provisioning against investments (notes 4.6 and 8);

ii) classification and credit loss allowance / provisioning against loans and advances (notes 4.7 and 9);

iii) income taxes (notes 4.14 and 35);

iv) accounting for defined benefit plan and compensated absences (notes 4.11, 39 and 41);

v) depreciation and revaluation of property and equipment and non banking assets acquired in satisfaction of claim (notes 4.8.2, 4.8.5, 10 and 13.1.1);

vi) amortisation of intangibles assets (notes 4.8.3 and 12);

vii) impairment of non-financial assets (notes 4.15 and 8.4.4);

viii) employee stock option scheme (notes 4.11(d) and 42);

ix) fair value measurement of financial instruments (note 43);

x) credit loss allowance / provision against other assets and other provisions (notes 4.17 and 13.4);

xi) credit loss allowance / provision against off balance sheet obligations and contingent liabilities (notes 4.16, 4.18, 20.1, and 23); and

xii) lease liability including determination of the lease term for lease contracts with renewal and termination options and right-of-use assets (the Bank as a lessee) (notes 4.8.4.1, 11 and 17).

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention except that certain property and equipment and non banking assets acquired in satisfaction of claims are stated at revalued amounts; investments classified at fair value through profit and loss and fair value through other comprehensive income; advances classified at fair value through profit and loss, foreign exchange contracts and derivative financial instruments are measured at fair value; defined benefit obligations are carried at present value; right of use of asset and related lease liability are measured at present value on initial recognition; and staff loans are measured at fair value on initial recognition.

3.2 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency. The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except for changes mentioned in note 4.1.

4.1 IFRS 9 - 'Financial Instruments'

As per the SBP BPRD Circular Letter No. 07 of 2023 dated April 13, 2023, IFRS 9 is applicable on banks with effect from January 01, 2024. IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flows characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

The SBP through BPRD Circular Letter No. 16 dated July 29, 2024 and BPRD Circular Letter No. 01 dated January 22, 2025 (Letters) has made certain amendments and clarified the timelines of some of the SBP's IFRS 9 Application Instructions to address the matters raised by the banks to ensure compliance by the timelines. The Letters have provided clarifications / relaxations on measurement of unquoted equity securities, modification accounting, maintenance of general provisions over and above ECL, accounting methodology for Islamic Banking Institutions and treatment of charity. Accordingly, the Bank has adopted the treatment as instructed in the aforementioned Letters in these unconsolidated financial statements. In addition, the SBP in a separate instruction SBPHOK-BPRD-RPD-BAF-834424 dated January 22, 2025 has allowed extension for application of Effective Interest Rate up to December 31, 2025.

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 lower by Rs. 167.847 million. Further, unappropriated profit of the Bank as at December 31, 2024 would have been higher by Rs. 578.741 million (December 31, 2023: Rs. 827.739 million).

On application of IFRS 9, certain accounting policies have been revised to comply with the requirements of IFRS 9. The revised accounting policies have been disclosed in their respective policy notes in these unconsolidated financial statements.

4.1.1 Application to the Bank's financial assets

Debt based financial assets

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

a) These are measured at amortised cost if these assets meet both of the following conditions and are not designated as fair value through profit and loss (FVPL):
   - the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
   - the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

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

b) Debt based financial assets are measured at fair value through other comprehensive income (FVOCI) only if these meet both of the following conditions and are not designated as FVPL:
   - the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
   - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

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

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

The application of IFRS 9 has also resulted in classifications and consequent remeasurements of certain investments in PIBs and Ijarah Sukuk held under available for sale portfolio as of December 31, 2023 to hold to collect based on the business model assessment. The following table reconciles their carrying amounts as reported on December 31, 2023 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 01, 2024:

Investment type and category	Balances as of December 31, 2023 (Audited)	IFRS 9 Classification	Balances as of December 31, 2023	Remeasure-ments	Balances as of January 01, 2024 - before ECL
	----------(Rupees in '000)----------				
Federal Government Securities					
- Pakistan Investment Bonds - AFS	948,595,063	FVOCI	850,963,067	-	850,963,067
		Amortised Cost	97,631,996	6,276,632	103,908,628
	948,595,063		948,595,063	6,276,632	954,871,695
- Ijarah Sukuk - AFS	226,923,690	FVOCI	215,930,116	-	215,930,116
		Amortised Cost	10,993,574	1,538,294	12,531,868
	226,923,690		226,923,690	1,538,294	228,461,984
	1,175,518,753		1,175,518,753	7,814,926	1,183,333,679

Equity based financial assets

An equity instrument held by the Bank for trading purposes is classified as measured at FVPL. On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The Bank has decided to classify Rs. 767.222 million out of its available for sale equity investment (listed shares) portfolio as of December 31, 2023 as FVPL.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Bank has reclassified impairment of Rs. 59.818 million on listed equity investments and Rs. 88.038 million for unlisted equity investment held as at December 31, 2023 to surplus / deficit on revaluation of investments through remeasurements.

The measurement category and carrying amounts of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 01, 2024 are compared as follows:

Financial assets	Before adoption of IFRS 9 *		After adoption of IFRS 9 *	
	Measurement category	Carrying amount as at December 31, 2023	Measurement category	Carrying amount as at January 01, 2024
		Rupees in '000		Rupees in '000
Cash and balances with treasury banks	Loans and receivables	202,692,402	Amortised cost	202,692,402
Balances with other banks	Loans and receivables	16,617,834	Amortised cost	16,617,834
Lending to financial institutions	Loans and receivables	119,554,109	Amortised cost	119,554,109
Investments - net	Held-for-trading	279,667,615	Fair value through profit and loss	279,667,615
	Available-for-sale	1,620,900,202	Fair value through profit and loss	14,126,368
			Fair value through other comprehensive income	1,501,175,992
			Amortised cost	116,440,496
		1,620,900,202		1,631,742,856
	Held-to-maturity	165,517,277	Fair value through profit and loss	600,000
			Amortised cost	164,917,277
		165,517,277		165,517,277
Advances - net	Loans and receivables	735,051,510	Amortised cost	735,051,510
Other assets	Loans and receivables	124,985,949	FVPL / amortised cost	124,985,949
		3,264,986,898		**3,275,829,552**

* This amount includes overseas ECL for branches where IFRS 9 was already applicable except ECL for domestic operations.

4.1.2 Adoption impacts

The Bank has adopted IFRS 9 effective from January 01, 2024 with modified retrospective approach as permitted under IFRS 9. The cumulative impact of initial application of Rs. 2,751.995 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

	Balances as of December 31, 2023 (Audited)	Impact due to: Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Classifications due to business model and SPPI assessments	Remeasure-ments	Reversal of provisions held	Total impact - gross of tax	Taxation (current and deferred)	Total impact - net of tax	Balances as of January 01, 2024	IFRS 9 Category
	(Rupees in '000)										
ASSETS											
Cash and balances with treasury banks	202,692,402	(24,590)	-	-	-	-	(24,590)	-	(24,590)	202,667,812	Amortised cost
Balances with other banks	16,617,834	(1,613)	-	-	-	-	(1,613)	-	(1,613)	16,616,221	Amortised cost
Lending to financial institutions	119,554,109	(13,066)	-	-	-	-	(13,066)	-	(13,066)	119,541,043	Amortised cost
Investments											
- Classified as available for sale	1,620,900,202	-	(1,620,900,202)	-	-	-	(1,620,900,202)	-	(1,620,900,202)	-	
- Classified as fair value through other comprehensive income	-	(48)	1,620,900,202	(129,971,193)	9,809,206	437,777	1,501,175,944	-	1,501,175,944	1,501,175,944	FVOCI
- Classified as held to maturity	165,517,277	-	(165,517,277)	-	-	-	(165,517,277)	-	(165,517,277)	-	
- Classified as amortised cost	-	-	165,517,277	115,840,496	-	-	281,357,773	-	281,357,773	281,357,773	Amortised cost
- Classified as held for trading	279,667,615	-	(279,667,615)	-	-	-	(279,667,615)	-	(279,667,615)	-	
- Classified as fair value through profit or loss	-	-	279,667,615	14,130,697	595,671	-	294,393,983	-	294,393,983	294,393,983	FVPL
- Associates	1,177,606	-	-	-	-	-	-	-	-	1,177,606	Outside the scope of IFRS 9
- Subsidiary	-	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
	2,067,262,700	(48)	-	-	10,404,877	437,777	10,842,606	-	10,842,606	2,078,105,306	
Advances											
- Classified as amortised cost	777,286,977	-	(1,200,000)	-	(32,359,165)	-	(33,559,165)	-	(33,559,165)	743,727,812	Amortised cost
- Classified as fair value through profit or loss	-	-	1,200,000	-	122,136	-	1,322,136	-	1,322,136	1,322,136	FVPL
- Provisions	(42,235,467)	(5,330,502)	-	-	-	-	(5,330,502)	-	(5,330,502)	(47,565,969)	Amortised cost
	735,051,510	(5,330,502)	-	-	(32,237,029)	-	(37,567,531)	-	(37,567,531)	697,483,979	
Property and equipment	41,816,110	-	-	-	-	-	-	-	-	41,816,110	Outside the scope of IFRS 9
Right-of-use assets	19,951,571	-	-	-	-	-	-	-	-	19,951,571	Outside the scope of IFRS 9
Intangible assets	1,369,899	-	-	-	-	-	-	-	-	1,369,899	Outside the scope of IFRS 9
Deferred tax asset	6,008,159	-	-	-	-	-	-	(2,644,074)	(2,644,074)	3,364,085	Outside the scope of IFRS 9
Other assets - financial assets	124,985,949	(370,152)	-	-	14,547,159	-	14,177,007	-	14,177,007	139,162,956	FVPL / amortised cost
Other assets - non financial assets	10,606,584	-	-	-	-	-	-	-	-	10,606,584	Outside the scope of IFRS 9
	3,345,916,827	(5,739,971)	-	-	(7,284,993)	437,777	(12,587,187)	(2,644,074)	(15,231,261)	3,330,685,566	
LIABILITIES											
Bills payable	26,004,538	-	-	-	-	-	-	-	-	26,004,538	Amortised cost
Borrowings	909,543,453	-	-	-	(19,068,929)	-	(19,068,929)	-	(19,068,929)	890,474,524	Amortised cost
Deposits and other accounts	2,084,997,130	-	-	-	-	-	-	-	-	2,084,997,130	Amortised cost
Lease liabilities	22,894,533	-	-	-	-	-	-	-	-	22,894,533	Outside the scope of IFRS 9
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	14,000,000	Amortised cost
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Other liabilities - non financial liabilities	63,778,027	-	-	-	-	-	-	-	-	63,778,027	Outside the scope of IFRS 9
Other liabilities - financial liabilities	86,776,313	1,085,673	-	-	-	-	1,085,673	-	1,085,673	87,861,986	FVPL / amortised cost
	3,207,993,994	1,085,673	-	-	(19,068,929)	-	(17,983,256)	-	(17,983,256)	3,190,010,738	
NET ASSETS	137,922,833	(6,825,644)	-	-	11,783,936	437,777	5,396,069	(2,644,074)	2,751,995	140,674,828	
REPRESENTED BY											
Share capital	15,771,651	-	-	-	-	-	-	-	-	15,771,651	
Reserves	41,401,130	-	-	-	-	-	-	-	-	41,401,130	
Surplus on revaluation of assets - net of tax	11,268,364	-	-	-	9,809,206	-	9,809,206	(4,806,511)	5,002,695	16,271,059	
Unappropriated profit	69,481,688	(6,825,644)	-	-	1,974,730	437,777	(4,413,137)	2,162,437	(2,250,700)	67,230,988	
	137,922,833	(6,825,644)	-	-	11,783,936	437,777	5,396,069	(2,644,074)	2,751,995	140,674,828	

4.2 Financial assets and liabilities

4.2.1 Classification

Financial assets

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

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

Financial liabilities

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

Financial assets and financial liabilities primarily includes following:

Head	Description
Cash and balances with treasury banks	note 4.4
Balances with other banks	note 4.4
Lendings to financial institutions	note 4.5
Investments except subsidiaries and associates	note 4.6
Advances	note 4.7
Bills payable	note 14
Borrowings	note 4.9
Deposits and other accounts	note 4.9
Subordinated debts	note 4.10

4.2.2 Business model assessment

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

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

- The objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model is evaluated and reported to the Bank's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sale are also important aspects of the Bank's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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

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

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

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

4.2.4 Initial recognition and subsequent measurement

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

a) Amortised cost (AC)

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

b) Fair value through other comprehensive income (FVOCI)

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

c) Fair value through profit and loss (FVPL)

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

4.2.5 Derecognition

Financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires.

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

Financial liabilities

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

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

4.2.6 Modification

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

4.3 Expected Credit Loss (ECL)

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

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

Definition of default

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

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

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

Write-offs

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

4.4 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances with treasury banks, balances with other banks in current and deposit accounts, national prize bonds, overdrawn nostro accounts and call lendings having original maturity of three months or less.

4.5 Lendings to / borrowings from financial institutions

The Bank enters into transactions of repurchase agreements (repo) and agreements to resell (reverse repo) at contracted rates for a specified period of time. These are recorded as below:

4.5.1 Sale under repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in these unconsolidated financial statements as investments and the counter party liability is included in borrowings. The difference between the sale and contracted repurchase price is accrued on a time proportion basis over the period of the contract and recorded as an expense.

4.5.2 Purchase under resale agreements

Securities purchased under agreement to resell (reverse repo) are not recognised in these unconsolidated financial statements as investments and the amount extended to the counter party is included in lendings. The difference between the purchase and contracted resale price is accrued on a time proportion basis over the period of the contract and recorded as income.

4.5.3 Bai Muajjal

The Bank enters into Bai Muajjal transactions of sale (borrowing) and purchase (lending). These are recorded as below:

Bai Muajjal purchase

Bai Muajjal transactions representing purchase of shariah compliant instruments on deferred payment basis and are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income on a time proportion basis over the life of the transaction.

Bai Muajjal sale

Bai Muajjal transactions representing sale of shariah compliant instruments on deferred payment basis and are shown in borrowings. The credit price is agreed at the time of purchase and the proceeds are paid at the end of the credit period. The difference between the deferred payment amount payable and the carrying value at the time of purchase is accrued and recorded as borrowing cost on a time proportion basis over the life of the transaction.

4.6 Investments

Investments include Federal Government securities, shares, mutual fund / REIT fund, non-Government debt securities, foreign securities, associates and subsidiaries. Classification and measurement of Federal Government securities, shares, mutual fund / REIT fund, non-Government debt securities and foreign securities has been detailed in note 4.2.

Associates are all entities over which the Bank has significant influence but not control. Investment in associates is carried at cost less accumulated impairment losses, if any.

Subsidiary is an entity over which the Bank has control. Investment in subsidiary is carried at cost less accumulated impairment losses, if any.

4.7 Advances

Loans and advances

Loans and advances including net investment in finance lease are stated net of credit loss allowance / provision against non-performing loan and advances. Credit loss allowance / provision against loans and advances in Pakistan operations have been made in accordance with the requirements of the Prudential Regulations and IFRS 9 application instructions issued by the SBP. General provisions against loans and advances in Pakistan operations have been maintained against potential high risk advances based on the management's estimates as disclosed in note 9.8.6 (ii). Credit loss allowance / provisions pertaining to overseas loans and advances are made in accordance with the requirements of the regulatory authorities of the respective countries. Advances are written off / charged off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

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

Islamic financing and related assets

The Bank provides Islamic financing and related assets mainly through Murabaha, Ijarah, Diminishing Musharakah, Musharakah, Bai Muajjal Financing, Musawama, Salam, Istisna, Tijarah, Refinance under the SBP Islamic Refinance Schemes and financing under other government schemes. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The income on such financings is recognised in accordance with the principles of Islamic Shariah. The Bank determines credit loss allowance / provisions against Islamic financing and related assets on a prudent basis in accordance with the requirements of the Prudential Regulations and instructions issued by the SBP and the management estimates / assumption. Islamic financing and related assets are written off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

Net investment in finance lease

Leases where the Bank transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance leases. A receivable is recognised on commencement of lease term at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognised over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. The Bank determines credit loss allowance / provisions against investment in finance lease on a prudent basis in accordance with the requirements of the Prudential Regulations and instructions issued by the SBP and the management estimates / assumption. The assets are written off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

Ijarah assets (IFAS 2)

Ijarah assets are stated at cost less accumulated depreciation and are disclosed as part of 'Islamic financing and related assets'. The rental received / receivable on Ijarah under IFAS 2 are recorded as income / revenue. The Bank charges depreciation from the date of recognition of Ijarah of respective assets to Mustajir. Ijarah assets are depreciated over the period of Ijarah using the straight line method. Impairment of Ijarah rentals are determined in accordance with the requirements of the Prudential Regulations issued by the SBP. The provision for impairment of Ijarah Rentals is shown as part of 'Islamic financing and related assets'.

4.8 Property and equipment

4.8.1 Capital work in progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

4.8.2 Property and equipment

Property and equipment are shown at historical cost less accumulated depreciation and accumulated impairment losses, if any, except land and buildings which are carried at revalued amount less accumulated depreciation and impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Depreciation is charged by applying the straight-line method using the rates specified in note 10.2 to these unconsolidated financial statements. The depreciation charge for the year is calculated after taking into account residual value, if any. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date. Depreciation on additions is charged from the date on which the assets are available for use and ceases on the date on which these are disposed off.

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

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amounts do not differ materially from their fair values.

A revaluation surplus is recorded in other comprehensive income as part of surplus on revaluation of property and equipment in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the unconsolidated statement of profit and loss account, the increase is recognised in the unconsolidated statement of profit and loss account. A revaluation deficit is recognised in the unconsolidated statement of profit and loss account, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. A transfer from the asset revaluation surplus to unappropriated profit is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are taken to the unconsolidated statement of profit and loss account except that the related surplus / deficit on revaluation of property & equipment (net of deferred taxation) is transferred directly to unappropriated profit.

4.8.3 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method over their estimated useful lives. The useful lives and amortisation method are reviewed and adjusted, if appropriate at each reporting date. Intangible assets having an indefinite useful life are stated at acquisition cost, less impairment loss, if any. Intangible assets are assessed for impairment, if any, as described under note 4.15.

4.8.4 Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

4.8.4.1 Bank as a lessee

The Bank recognises lease liabilities to make lease payments and right-of-use assets over its lease term.

Right-of-use (RoU) assets

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

Lease liabilities

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

Determination of the lease term for lease contracts with renewal and termination options (Bank as a lessee)

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Bank has several lease contracts that include extension and termination options. The Bank applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

Incremental borrowing rate (IBR)

The IBR is the rate of mark-up that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Bank estimates the IBR using observable inputs such as market interest rates.

4.8.4.2 Bank as a lessor

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

4.8.5 Non-banking assets acquired in satisfaction of claim

Non-banking assets acquired in satisfaction of claims are stated at revalued amounts less accumulated depreciation thereon. The valuation of properties acquired under this head is conducted as per the SBP's requirement, so as to ensure that their net carrying values do not materially differ from their fair values. Any surplus arising on revaluation of such properties is transferred to the surplus on revaluation of non-banking assets in other comprehensive income, while any deficit arising on revaluation is charged to the unconsolidated statement of profit and loss account directly except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. Depreciation on assets acquired in satisfaction of claims is charged to the unconsolidated statement of profit and loss account on straight line method over the useful life of the assets. In addition, all direct costs, including legal fees and transfer costs linked with transferring the title of the property to the Bank is accounted as an expense in the unconsolidated statement of profit and loss account.

Any shares acquired in satisfaction of claims are stated at revalued amount at each reporting date with the corresponding deficit / surplus recognised in the unconsolidated statement of comprehensive income.

4.9 Deposits / borrowings and their cost

a) Borrowings and deposits are recorded at the proceeds received except for Temporary Economic Refinance Facility (TERF) borrowing from the SBP which has been recorded at fair value on initial recognition. Unwinding of expense on fair value adjustment is recognised in the unconsolidated statement of profit and loss account.

b) Cost of deposits and borrowings are recognised as an expense in the period in which these are incurred using effective mark-up / interest rate method.

c) Swap cost arises when surplus foreign currency funds are sold to purchase local currency funds from the market. Swap cost is recorded as an expense in the period in which it is incurred.

4.9.1 Deposits - Islamic Banking

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

Deposits taken on Qard basis are classified as 'Current Account' and Deposits generated on Modaraba basis are classified as 'Savings Account' and 'Fixed Deposit Accounts'.

No profit or loss is passed on to current account depositors.

Profits realised in investment pools are distributed in pre-agreed profit sharing ratio.

Rab-ul-Maal (Customer) share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

Mudarib (Bank) can distribute its share of profit to Rab-ul-Maal upto a specified percentage of its profit.

Profits are distributed from the pool so the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period.

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

In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of Investments.

4.10 Subordinated debts

Subordinated debts are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated debts is recognised separately as part of other liabilities and is charged to the unconsolidated statement of profit and loss account over the period on an accrual basis.

4.11 Staff retirement / employee benefits

a) Defined benefit plan

The Bank operates an approved funded gratuity scheme, administered by the trustees, covering eligible employees whose period of employment with Bank is five years or more. Contributions to the fund are made on the basis of actuarial recommendations. Projected Unit Credit Method is used for the actuarial valuation. The actuarial valuations involve assumption and estimates of discount rates, expected rates of return on assets, future salary increases and future inflation rates as disclosed in note 39.3. Actuarial gains and losses are recognised immediately in other comprehensive income.

b) Defined contribution plan

The Bank operates an approved provident fund scheme for all its regular permanent employees, administered by the Trustees. The Bank contribute 8.33% of basic salary in equal monthly contributions. However, employees have the option, to have their provident fund contribution deducted at 8.33%, 10% or 12% of their monthly basic salary.

c) Compensated absences

The Bank recognises the liability for compensated absences in respect of employees in the period in which these are earned up to the balance sheet date. The provision is recognised on the basis of actuarial recommendations.

d) Share based payment

The Bank has granted a cash award equivalent to the market value of the ordinary shares to certain employees under Phantom Shares Award. The entitlement vests with the employees in three (3) equivalent proportions on the vesting dates over a period of three (3) years. The grant date is January 01, 2021 and the first vesting date is 365 calendar days from the grant date. Subsequently, second and third vesting dates to follow 365 calendar days from the preceding vesting dates. On each vesting date, the employees shall be entitled to a cash award for 33.33% (thirty-three and one third of one percent) of the total Phantom Shares Entitlement equivalent to fair market value of the Bank's share on vesting date.

The Bank recognises compensation expense with corresponding liability at the fair value of the award. Until the liability is settled, the Bank re-measures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the unconsolidated statement of profit and loss account for the period.

4.12 Foreign currencies

4.12.1 Functional and presentation currency

Items included in these unconsolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates.

4.12.2 Transactions and balances

Transactions in foreign currencies are translated into Pakistani rupees at the exchange rates prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the unconsolidated statement of profit and loss account.

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

4.12.3 Foreign operations

Assets and liabilities of foreign operations are translated into rupees at the exchange rate prevailing at the reporting date. The results of foreign operations are translated at average rate of exchange for the year.

4.12.4 Translation gains and losses (foreign operations)

Translation gains and losses arising on revaluations of net investment in foreign operations are taken to exchange translation reserve in the unconsolidated statement of comprehensive income. These are recognised in the unconsolidated statement of profit and loss account on disposal.

4.12.5 Commitments

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

4.13 Revenue recognition

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

4.13.1 Advances and investments

Income on performing advances and debt securities is recognised on a time proportion basis / effective interest rate method as per the terms of the contract and as permitted by the SBP. Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the unconsolidated statement of profit and loss account over the remaining maturity of the debt security using the effective yield method.

Income recoverable on classified advances and investments is recognised on a receipt basis. Income on rescheduled / restructured advances and investments is recognised as permitted by the SBP regulations or by the regulatory authorities of the countries where the Bank and its overseas branches operate.

Murabaha income is recognised on deferred income basis.

4.13.2 Lease financing

Income from lease financing is accounted for using the financing method. Under this method, the unearned lease income (defined as the sum of total lease rentals and estimated residual value less the cost of the leased assets) is deferred and taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in the lease. Gains or losses on termination of lease contracts are recognised as income when these are realised. Unrealised lease income and other fees on classified leases are recognised on a receipt basis.

Ijarah income is recognised on an accrual basis as and when the rentals becomes due. Depreciation in case of Ijarah is netted off from markup income.

4.13.3 Non mark-up / interest income

- Bank earns fee and commission income from different services provided to customers. The recognition of fee and commission income depends on the purpose for which the fees are received. The majority share of the income classified as card related fees (debit and credit cards), commission on trade and commission on remittances constitutes revenue from contracts with customers. Fee and commission income is recognised when or as an entity satisfies the performance obligation, either over time or at a specific point of time.
- Dividend income is recognised at the time when the Bank's right to receive the dividend has been established.
- Other income is recognised on accrual basis.

4.14 Taxation

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

4.14.1 Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credit and rebate, if any.

4.14.2 Prior years

This charge includes tax charge for prior years arising from assessments, changes in estimates and change in law.

4.14.3 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and the credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

The difference between the carrying value and the recoverable value is recognised through the unconsolidated statement of profit and loss account as a deferred tax expense. The Bank also records a deferred tax asset / liability on items recognised directly in the unconsolidated statement of comprehensive income such as surplus / deficit on revaluation of assets.

Deferred tax liability is not recognised in respect of taxable temporary differences associated with exchange translation reserves of foreign branches, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

4.15 Impairment of non-financial assets

The carrying amount of assets is reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable at each reporting date. If any event exists, the recoverable amount of such assets is estimated and impairment losses are recognised immediately in these unconsolidated financial statements. The resulting impairment loss is taken to the unconsolidated statement of profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

4.16 Credit loss allowance for claims under guarantees and other off balance sheet obligations

Credit loss allowance for guarantee claims and other off balance sheet obligations is recognised when reasonable certainty exists for the Bank to settle the obligation. The charge to the unconsolidated statement of profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

4.17 Other credit loss allowance

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

4.18 Contingent liabilities

Contingent liabilities are not recognised in the unconsolidated statement of financial position as these are possible obligations where it has yet to be confirmed whether a liability, which will ultimately result in an outflow of economic benefits, will arise. If the probability of an outflow of economic resources under contingent liability is considered remote, it is not disclosed.

4.19 Off-setting of financial assets and financial liabilities

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

4.20 Derivative financial instruments

Derivatives assets and liabilities are initially recognised at fair value on the date on which the derivative contract is entered into and subsequently remeasured at fair value through profit and loss except for derivatives that are in a designated hedge accounting relationship.

Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the Bank applies fair value hedge accounting or cash flow hedge accounting as appropriate to the risks being hedged.

The Bank has elected to apply hedge accounting requirements of IAS 39 'Financial Instruments: 'Recognition and Measurement' for derivatives designated as hedging instruments as allowed under paragraph 7.2.21 of IFRS 9. Subsequent measurement of derivatives designated as hedging instrument depends on whether the hedge is designated as a fair value hedge or a cash flow hedge as explained below:

Fair value hedge

Changes in fair value of derivatives (hedge instrument) that qualify and are designated as fair value hedges are recognised in the unconsolidated statement of profit and loss account, together with changes in the fair value of hedged assets (hedged item) that are attributable to hedged risk. The fair value changes of the hedged asset or liability adjust their carrying value and are also recognised in the unconsolidated statement of profit and loss account except for equity instruments carried at FVOCI where the adjustment is included in other comprehensive income.

If the hedge relationship no longer meets the criteria for hedge accounting, the hedge accounting is discontinued. If the hedged item is sold or repaid, the unamortised fair value adjustment is immediately recognised in profit and loss.

Cash flow hedge

For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognised initially in other comprehensive income and then recycled to the statement of profit and loss account in the periods when the hedged item will affect the profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the statement of profit and loss account immediately.

When a hedging instrument expires or is sold or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item ultimately affects or is recognised in statement of profit and loss account . When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the statement of profit and loss account.

Measuring Hedge Effectiveness

For a hedge to qualify for hedge accounting, it must be highly effective, with changes in the fair value or cash flows of the hedging instrument expected to offset those of the hedged item within a range of 80%–125%. Hedge ineffectiveness, to the extent it occurs, is recognised in profit or loss. A hedging instrument is a financial instrument used to offset changes in the fair value or cash flows of a designated hedged item, which may be a recognised asset, liability, or an unrecognised firm commitment exposed to specific risks.

4.21 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as on balance sheet transactions.

4.22 Dividend and appropriation to reserves

Dividend declared and appropriations made subsequent to the date of the unconsolidated statement of financial position are considered as non adjusting events and are recorded as a liability in these unconsolidated financial statements in the year in which these are approved by the directors / shareholders, as appropriate except appropriations which are required by the law.

4.23 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year, consolidating the impact of treasury stocks, if any.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure of the Bank. Segmented performance is reported to the senior management of the Bank on a monthly basis for the purpose of strategic decision making and performance management.

4.24.1 Business segments

Retail banking

This includes loans, deposits, trade, wealth management and other banking transactions with retail, individual customers, commercial and small and middle sized customers of the Bank. Product suite offered to individual customers includes credit cards, auto loans, housing finance and personal loans.

Corporate banking

This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities with the Bank's corporate and public sector customers.

Treasury

This segment includes liquidity management activities carried out through borrowing, lending, money market, capital market, FX and merchant banking operations. The investments of the Bank primarily towards government securities and risk management activities via use of forward contracts and derivatives are reported here.

Digital banking

Digital Banking includes the digitalization initiatives of the bank catering to Consumer and SME customers' savings, investments, financing and Payments needs through various digital channels such as Mobile App- Alfa, Internet banking, ATM, Cash Deposit Machines, Contact Center, Chat and WhatsApp banking, Agent Network, e-commerce platform (AlfaMall), QR merchants, Alfa Business App, online Alfa Payment Gateway, Digital Sales and Service Center and Digital branches. This segment also manages Branchless Banking products and G2P Disbursements such as blue collar payroll, EOBI Pension, Benazir Income Support Program (BISP) and other provincial G2P mandates.

Islamic banking (Domestic)

This segment pertains to full scale Islamic Banking operations of the Bank.

International operations

This segment comprises of business activities related to the Bank's overseas operations, namely, banking activities in Bangladesh, Afghanistan, United Arab Emirates and the Kingdom of Bahrain.

Others

This includes the head office related activities, and all other activities not directly tagged or allocated to the segments above.

4.24.2 Geographical segments

The Bank operates in three geographical regions being:

- Pakistan
- Asia Pacific (including South Asia)
- Middle East

		Note	2024	2023
			--------(Rupees in '000)-------	
5	**CASH AND BALANCES WITH TREASURY BANKS**			
	In hand			
	- local currency		48,323,420	39,440,188
	- foreign currency		5,594,597	7,354,310
			53,918,017	46,794,498
	With State Bank of Pakistan in			
	- local currency current accounts	5.1	92,348,385	76,392,873
	- foreign currency current accounts	5.2	7,192,719	8,989,528
	- foreign currency deposit accounts	5.3	10,832,548	12,227,044
			110,373,652	97,609,445
	With other central banks in			
	- foreign currency current accounts	5.4	60,980,202	45,379,083
	- foreign currency deposit accounts	5.5	1,820,112	1,695,718
			62,800,314	47,074,801
	With National Bank of Pakistan in local currency current account		628,396	11,062,857
	Prize bonds		119,605	186,661
			227,839,984	202,728,262
	Less: Credit loss allowance held against cash and balances with treasury banks		(16,005)	(35,860)
	Cash and balances with treasury banks - net of credit loss allowance		227,823,979	202,692,402

5.1 This represents local currency current account maintained under the cash reserve requirement of the SBP.

5.2 These represent US Dollar and other foreign currency settlement accounts and a foreign currency current account maintained under the cash reserve requirement of the SBP.

5.3 This represents foreign currency deposit account maintained under the special cash reserve of the SBP. Profit rates on these deposits are fixed by the SBP on a monthly basis. These deposits carry interest rate ranging from 3.53% to 4.35% (2023: 3.39% to 4.34%) per annum.

5.4 These represent deposits with other central banks pertaining to the overseas operations of the Bank to meet their minimum cash reserves and capital requirements.

5.5 These represent deposits with other central banks pertaining to the overseas operations of the Bank, in accordance with their regulatory requirements and carry interest rates ranging from 0.00% to 5.44% (2023: 0.00% to 5.68%) per annum.

		Note	2024	2023
			--------(Rupees in '000)-------	
6	**BALANCES WITH OTHER BANKS**			
	In Pakistan in current accounts		37,316	11,071
	Outside Pakistan			
	- in current accounts	6.1	18,406,200	16,575,317
	- in deposit accounts	6.2	31,982	34,503
			18,438,182	16,609,820
			18,475,498	16,620,891
	Less: Credit loss allowance held against balances with other banks		(5,890)	(3,057)
	Balances with other banks - net of credit loss allowance		18,469,608	16,617,834

6.1 This includes amount held in Automated Investment Plans. The Bank is entitled to earn interest from the correspondent banks at agreed upon rates ranging from 3.83% to 4.33% per annum (2023: 4.08% to 4.83% per annum) when the balance exceeds a specified amount.

6.2 This includes placement of funds generated through foreign currency deposits scheme (FE-25) and non-contractual deposits at interest rates ranging from 0.25 % to 2.00% per annum (2023: 0.25% to 1.25% per annum).

	Note	2024	2023
		--------(Rupees in '000)--------	
7 LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	7.1	1,792,764	32,018,705
Repurchase agreement lendings (Reverse Repo)	7.2 & 7.5	94,208,913	87,535,847
Bai Muajjal receivable - other financial institution	7.3	4,997,525	-
		100,999,202	119,554,552
Less: Credit loss allowance held against lending to financial institutions		(879)	(443)
Lending to financial institutions - net of credit loss allowance		100,998,323	119,554,109

7.1 These represent lendings to financial institutions at mark-up rates ranging from 5.50% to 18.60% per annum (2023: 7.25% to 22.00% per annum) having maturities upto February 2025 (2023: January 2024).

7.2 These represent short term lending to financial institutions against investment securities. These carry mark-up rates ranging from 12.90% to 20.40% per annum (2023: 21.00% to 22.95% per annum) with maturities upto January 2025 (2023: January 2024).

7.3 This represents a Bai Muajjal agreement that carries mark-up at the rate of 14.00% per annum (2023: Nil), and is due to mature in April 2025 (2023: Nil).

	2024	2023
7.4 Particulars of lending - gross	--------(Rupees in '000)--------	
In local currency	99,606,438	111,935,847
In foreign currencies	1,392,764	7,618,705
	100,999,202	119,554,552

7.5 Securities held as collateral against lending to financial institutions

	2024			2023		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----------(Rupees in '000)----------					
Market Treasury Bills	27,261,660	-	27,261,660	1,939,888	-	1,939,888
Pakistan Investment Bonds	66,947,253	-	66,947,253	85,595,959	-	85,595,959
Total	94,208,913	-	94,208,913	87,535,847	-	87,535,847

7.6 Lending to Financial Institutions- Particulars of credit loss allowance

		2024		2023	
		Lending	Credit loss allowance / provision held	Lending	Credit loss allowance / provision held
		(Rupees in '000)			
Domestic					
Performing (IFRS 9)	Stage 1	99,606,438	754	-	-
Performing (pre - IFRS 9)		-	-	111,935,847	-
		99,606,438	754	111,935,847	-
Overseas					
Performing (IFRS 9)	Stage 1	1,392,764	125	3,946,179	443
Performing (pre - IFRS 9)		-	-	3,672,526	-
		1,392,764	125	7,618,705	443
Total		100,999,202	879	119,554,552	443

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)							
Opening balance	443	-	-	443	237	-	-	237
Impact of adoption of IFRS 9	13,066	-	-	13,066	-	-	-	-
	13,509	-	-	13,509	237	-	-	237
Exchange and other adjustments	(14)	-	-	(14)	57	-	-	57
New financial assets originated or purchased	893	-	-	893	386	-	-	386
Financial assets that have been derecognised	(13,509)	-	-	(13,509)	(237)	-	-	(237)
Closing balance	879	-	-	879	443	-	-	443

8 INVESTMENTS

8.1 Investments by type:

	Note	2024				2023			
		Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying value
		(Rupees in '000)							
Debt instruments:									
Classified / measured at amortised cost									
Federal Government Securities									
- Pakistan Investment Bonds	8.8	218,414,195	-	-	218,414,195	-	-	-	-
- Ijarah Sukuk	8.8	40,376,451	-	-	40,376,451	-	-	-	-
Non Government Debt Securities						-	-	-	-
- Term Finance Certificates		324,680	(24,715)	-	299,965	-	-	-	-
- Sukuk		3,509,612	(56,421)	-	3,453,191	-	-	-	-
Foreign Securities									
- Overseas Bonds - Sovereign		15,601,311	(216)	-	15,601,095	-	-	-	-
		278,226,249	(81,352)	-	278,144,897	-	-	-	-
Classified / measured at FVOCI									
Federal Government Securities									
- Market Treasury Bills	8.8	22,007,486	-	428,380	22,435,866	-	-	-	-
- Pakistan Investment Bonds	8.8	1,009,681,395	-	14,952,851	1,024,634,246	-	-	-	-
- Ijarah Sukuk	8.8	241,695,919	-	9,230,018	250,925,937	-	-	-	-
- Government of Pakistan Euro Bonds		12,368,725	(2,145,627)	922,305	11,145,403	-	-	-	-
Shares									
- Preference shares - Unlisted	8.5.2.2	25,000	(25,000)	-	-	-	-	-	-
Non Government Debt Securities									
- Term Finance Certificates		2,076,398	(111,745)	-	1,964,653	-	-	-	-
- Sukuk		15,584,244	(96,511)	140,246	15,627,979	-	-	-	-
Foreign Securities									
- Overseas Bonds - Sovereign	8.5.4.1	50,691,578	(77,534)	(1,417,964)	49,196,080	-	-	-	-
- Overseas Bonds - Others	8.5.4.2	26,231,004	(7,505)	(1,030,029)	25,193,470	-	-	-	-
		1,380,361,749	(2,463,922)	23,225,807	1,401,123,634	-	-	-	-
Balance carried forward		1,658,587,998	(2,545,274)	23,225,807	1,679,268,531	-	-	-	-

	Note	2024				2023			
		Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying value
		----------(Rupees in '000)----------							
Balance brought forward		1,658,587,998	(2,545,274)	23,225,807	1,679,268,531	-	-	-	-
Classified / measured at FVPL									
Federal Government Securities									
- Market Treasury Bills	8.8	74,055,824	-	(5,499)	74,050,325	-	-	-	-
- Pakistan Investment Bonds	8.8	183,913,135	-	47,072	183,960,207	-	-	-	-
- Ijarah Sukuk	8.8	1,733,628	-	10,084	1,743,712	-	-	-	-
- Naya Pakistan Certificates		2,651,621	-	-	2,651,621	-	-	-	-
Foreign Securities									
- Overseas Bonds - Sovereign		13,043,880	-	(6,799)	13,037,081	-	-	-	-
		275,398,088	-	44,858	275,442,946	-	-	-	-
Instruments mandatorily classified / measured at FVPL									
Shares									
- Preference shares - Unlisted		-	-	500,000	500,000	-	-	-	-
Non Government Debt Securities									
- Term Finance Certificates		1,450,000	-	-	1,450,000	-	-	-	-
- Sukuks		422,000	-	444	422,444	-	-	-	-
Foreign Securities									
- Redeemable Participating Certificates		5,913,093	-	2,401,955	8,315,048	-	-	-	-
		7,785,093	-	2,902,399	10,687,492	-	-	-	-
Equity instruments:									
Classified / measured at FVOCI (Non-Reclassifiable)									
- Ordinary shares - Listed	8.5.2.1	10,202,508	-	4,768,790	14,971,298	-	-	-	-
- Ordinary shares - Unlisted	8.5.2.2	1,351,363	-	1,471,825	2,823,188	-	-	-	-
REIT Fund - listed		1,000,489	-	514,493	1,514,982	-	-	-	-
Foreign Securities									
- Equity securities - Listed	8.5.4.3	265,427	-	(8,246)	257,181	-	-	-	-
- Preference shares - Unlisted	8.5.4.3	557,108	-	-	557,108	-	-	-	-
		13,376,895	-	6,746,862	20,123,757	-	-	-	-
Classified / measured at FVPL									
Shares									
- Ordinary shares / units - Listed		2,432,428	-	1,099,694	3,532,122	-	-	-	-
Associates:									
- Alfalah Insurance Company Limited	8.1.1	68,990	-	-	68,990	68,990	-	-	68,990
- Sapphire Wind Power Company Limited	8.1.1	978,123	-	-	978,123	978,123	-	-	978,123
- Alfalah Asset Management Limited	8.1.1	130,493	-	-	130,493	130,493	-	-	130,493
		1,177,606	-	-	1,177,606	1,177,606	-	-	1,177,606
Subsidiaries									
- Alfalah Securities (Private) Limited	8.1.1	1,505,217	(1,505,217)	-	-	305,217	(305,217)	-	-
- Alfalah Currency Exchange (Private) Limited	8.1.1	1,000,000	-	-	1,000,000	-	-	-	-
		2,505,217	(1,505,217)	-	1,000,000	305,217	(305,217)	-	-
Held for trading securities:									
Federal Government Securities									
- Market Treasury Bills	8.8	-	-	-	-	158,519,893	-	(283,083)	158,236,810
- Pakistan Investment Bonds	8.8	-	-	-	-	116,583,496	-	(74,689)	116,508,807
- Ijarah Sukuk	8.8	-	-	-	-	4,661,665	-	(15,205)	4,646,460
Shares									
- Ordinary shares / units - Listed		-	-	-	-	228,833	-	-	228,833
Foreign Securities									
- Overseas Bonds - Sovereign		-	-	-	-	51,626	-	(4,921)	46,705
		-	-	-	-	280,045,513	-	(377,898)	279,667,615
Available for sale securities:									
Federal Government Securities									
- Market Treasury Bills	8.8	-	-	-	-	332,007,074	-	(823,401)	331,183,673
- Pakistan Investment Bonds	8.8	-	-	-	-	951,035,850	-	(2,440,787)	948,595,063
- Ijarah Sukuk	8.8	-	-	-	-	225,217,164	-	1,706,526	226,923,690
- Government of Pakistan Euro Bonds		-	-	-	-	14,715,017	(2,355,129)	(1,339,847)	11,020,041
- Naya Pakistan Certificates		-	-	-	-	5,687,184	-	-	5,687,184
		-	-	-	-	1,528,662,289	(2,355,129)	(2,897,509)	1,523,409,651
Balance carried forward		1,961,263,325	(4,050,491)	34,019,620	1,991,232,454	1,810,190,625	(2,660,346)	(3,275,407)	1,804,254,872

	Note	2024				2023			
		Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying value
		(Rupees in '000)							
Balance brought forward		1,961,263,325	(4,050,491)	34,019,620	1,991,232,454	1,810,190,625	(2,660,346)	(3,275,407)	1,804,254,872
Shares									
- Ordinary shares - Listed	8.5.2.1	-	-	-	-	3,500,848	(59,818)	594,515	4,035,545
- Ordinary shares - Unlisted	8.5.2.2	-	-	-	-	1,211,363	(88,038)	-	1,123,325
- Preference Shares - Listed	8.5.2.1	-	-	-	-	108,835	(108,835)	-	-
- Preference Shares - Unlisted	8.5.2.2	-	-	-	-	25,000	(25,000)	-	-
Non Government Debt Securities									
- Term Finance Certificates		-	-	-	-	3,169,109	(221,322)	-	2,947,787
- Sukuk		-	-	-	-	16,452,185	(96,511)	66,970	16,422,644
REIT Fund - Unlisted		-	-	-	-	1,000,000	-	-	1,000,000
Foreign Securities									
- Overseas Bonds - Sovereign	8.5.4.1	-	-	-	-	44,686,242	(108,774)	(1,448,004)	43,129,464
- Overseas Bonds - Others	8.5.4.2	-	-	-	-	24,656,200	(7,551)	(1,615,830)	23,032,819
- Redeemable Participating Certificates	8.5.4.2	-	-	-	-	5,514,371	-	-	5,514,371
- Equity security - Listed	8.5.4.3	-	-	-	-	275,698	-	8,898	284,596
		-	-	-	-	100,599,851	(715,849)	(2,393,451)	97,490,551
Held to maturity securities:									
Federal Government Securities									
- Pakistan Investment Bonds	8.8	-	-	-	-	111,987,852	-	-	111,987,852
- Ijarah Sukuk	8.8	-	-	-	-	27,754,444	-	-	27,754,444
Non Government Debt Securities									-
- Term Finance Certificates		-	-	-	-	814,680	(214,680)	-	600,000
- Sukuk		-	-	-	-	3,339,720	(69,517)	-	3,270,203
Foreign Securities									
- Overseas Bonds - Sovereign		-	-	-	-	21,905,016	(238)	-	21,904,778
		-	-	-	-	165,801,712	(284,435)	-	165,517,277
Total investments		1,961,263,325	(4,050,491)	34,019,620	1,991,232,454	2,076,592,188	(3,660,630)	(5,668,858)	2,067,262,700

8.1.1 Particulars of assets and liabilities of subsidiaries and associates

					2024				
	Subsidiary / Associate	Country of incorporation	Percentage of holding	Audited / Un-audited	Assets	Liabilities	Revenue	Profit / (loss) for the year	Total comprehensive income / (loss)
					(Rupees in '000)				
Alfalah Securities (Private) Limited	Subsidiary	Pakistan	95.59%	Un-audited	1,850,958	1,358,817	872,727	10,804	16,521
Alfalah Currency Exchange (Private) Limited	Subsidiary	Pakistan	100.00%	Audited	1,081,681	58,738	164,315	22,033	22,943
Alfalah Insurance Company Limited	Associate	Pakistan	30.00%	Audited	7,622,491	4,327,101	2,847,132	680,814	932,065
Sapphire Wind Power Company Limited	Associate	Pakistan	30.00%	Un-audited	19,530,002	3,853,062	5,263,562	2,559,864	2,559,864
Alfalah Asset Management Limited	Associate	Pakistan	40.22%	Un-audited	3,473,064	1,014,104	2,477,239	653,210	653,210

					2023				
	Subsidiary / Associate	Country of incorporation	Percentage of holding	Audited / Un-audited	Assets	Liabilities	Revenue	Profit / (loss) for the year	Total comprehensive income / (loss)
					(Rupees in '000)				
Alfalah Securities (Private) Limited	Subsidiary	Pakistan	62.50%	Un-audited	1,482,410	2,268,182	706,153	(1,133,597)	(1,126,574)
Alfalah Currency Exchange (Private) Limited	Subsidiary	Pakistan		-	-	-	-	-	-
Alfalah Insurance Company Limited	Associate	Pakistan	30.00%	Un-audited	7,402,766	4,889,441	2,356,169	531,684	619,427
Sapphire Wind Power Company Limited	Associate	Pakistan	30.00%	Un-audited	20,656,087	6,239,010	7,557,832	4,663,556	4,663,556
Alfalah Asset Management Limited	Associate	Pakistan	40.22%	Un-audited	2,366,955	556,130	957,906	330,820	330,820

8.1.1.1 During the year, the Bank has made a further investment of Rs. 1,200 million in Alfalah Securities (Private) Limited increasing its shareholding percentage from 62.50% as at December 31, 2023 to 95.59% as at December 31, 2024. The investment in Alfalah Securities (Private) Limited has been fully impaired in these unconsolidated financial statements. As part of strategic plan, the Bank has decided to divest its entire holding in Alfalah Securities (Private) Limited and has identified a potential buyer. The Bank and the prospective buyer are currently in the process of obtaining the necessary regulatory approvals.

8.1.1.2 During the year, the Bank has invested Rs. 1,000 million in its wholly owned subsidiary Alfalah Currency Exchange (Private) Limited.

8.2 Investments by segments:

	Note	2024				2023			
		Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying value
		(Rupees in '000)							
Federal Government Securities:									
- Market Treasury Bills		96,063,310	-	422,881	96,486,191	490,526,967	-	(1,106,484)	489,420,483
- Pakistan Investment Bonds		1,412,008,725	-	14,999,923	1,427,008,648	1,179,607,198	-	(2,515,476)	1,177,091,722
- Government of Pakistan Euro Bonds		12,368,725	(2,145,627)	922,305	11,145,403	14,715,017	(2,355,129)	(1,339,847)	11,020,041
- Ijarah Sukuk		283,805,998	-	9,240,102	293,046,100	257,633,273	-	1,691,321	259,324,594
- Naya Pakistan Certificates		2,651,621	-	-	2,651,621	5,687,184	-	-	5,687,184
		1,806,898,379	(2,145,627)	25,585,211	1,830,337,963	1,948,169,639	(2,355,129)	(3,270,486)	1,942,544,024
Shares:									
- Listed Companies		12,634,936	-	5,868,484	18,503,420	3,838,516	(168,653)	594,515	4,264,378
- Unlisted Companies		1,376,363	(25,000)	1,971,825	3,323,188	1,236,363	(113,038)	-	1,123,325
		14,011,299	(25,000)	7,840,309	21,826,608	5,074,879	(281,691)	594,515	5,387,703
Mutual Fund / REIT Fund:									
- Listed Company		1,000,489	-	514,493	1,514,982	-	-	-	-
- Unlisted Company		-	-	-	-	1,000,000	-	-	1,000,000
		1,000,489	-	514,493	1,514,982	1,000,000	-	-	1,000,000
Non Government Debt Securities:									
- Listed		14,859,519	(1,785)	133,817	14,991,551	15,635,380	(101,705)	56,926	15,590,601
- Unlisted		8,507,415	(287,607)	6,873	8,226,681	8,140,314	(500,325)	10,044	7,650,033
		23,366,934	(289,392)	140,690	23,218,232	23,775,694	(602,030)	66,970	23,240,634
Foreign Securities:									
- Government securities		79,336,769	(77,750)	(1,424,763)	77,834,256	66,642,884	(109,012)	(1,452,925)	65,080,947
- Non Government Debt securities		32,144,097	(7,505)	1,371,926	33,508,518	30,170,571	(7,551)	(1,615,830)	28,547,190
- Equity security - Listed		265,427	-	(8,246)	257,181	275,698	-	8,898	284,596
- Preference shares - Unlisted		557,108	-	-	557,108	-	-	-	-
		112,303,401	(85,255)	(61,083)	112,157,063	97,089,153	(116,563)	(3,059,857)	93,912,733
Associates:									
- Alfalah Insurance Company Limited		68,990	-	-	68,990	68,990	-	-	68,990
Company Limited		978,123	-	-	978,123	978,123	-	-	978,123
- Alfalah Asset Management Limited		130,493	-	-	130,493	130,493	-	-	130,493
		1,177,606	-	-	1,177,606	1,177,606	-	-	1,177,606
Subsidiaries									
- Alfalah Securities (Private) Limited	8.4.4	1,505,217	(1,505,217)	-	-	305,217	(305,217)	-	-
- Alfalah Currency Exchange (Private) Limited		1,000,000	-	-	1,000,000	-	-	-	-
		2,505,217	(1,505,217)	-	1,000,000	305,217	(305,217)	-	-
Total investments		1,961,263,325	(4,050,491)	34,019,620	1,991,232,454	2,076,592,188	(3,660,630)	(5,668,858)	2,067,262,700

8.2.1 Investments given as collateral

	2024	2023
	(Rupees in '000)	
- Market Treasury Bills	18,948,162	160,501,809
- Pakistan Investment Bonds	952,096,877	575,983,500
- Overseas Bonds	8,759,125	15,037,219
	979,804,164	751,522,528

The market value of securities given as collateral is Rs. 993,194.012 million (2023: Rs. 739,217.237 million).

8.3 Credit loss allowance / provision for diminution in value of total investments

	2024	2023
	(Rupees in '000)	
Opening balance	3,660,630	3,794,742
Impact of adoption of IFRS 9	(437,729)	-
Balance as at January 01 after adopting IFRS 9	3,222,901	3,794,742
Exchange and other adjustments	(29,753)	576,126
Charge / (reversals)		
Charge for the year	1,436,742	580,917
Reversals for the year	(578,980)	(363,351)
Reversal on disposals	(419)	(927,804)
	857,343	(710,238)
Closing balance	4,050,491	3,660,630

8.4 Particulars of credit loss allowance

8.4.1 Investments - exposure (note 8.4.3.1)

	2024					2023 *			
	Stage 1	Stage 2	Stage 3	Outstanding	Total	Stage 1	Stage 2	Outstanding	Total
	(Rupees in '000)								
Gross carrying amount	70,747,537	14,715,017	-	21,235,786	106,698,340	53,300,159	11,917,603	10,835,633	76,053,395
Impact of adoption of IFRS 9	338,500	-	445,945	(735,865)	48,580	-	-	-	-
Balance as at January 01 after adopting IFRS 9	71,086,037	14,715,017	445,945	20,499,921	106,746,920	53,300,159	11,917,603	10,835,633	76,053,395
Exchange and other adjustments	(2,220,039)	(1,952,879)	-	(1,893,381)	(6,066,299)	9,749,952	2,859,031	1,713,928	14,322,911
New investments	36,415,879	770,955	-	5,400,792	42,587,626	23,458,224	-	10,929,231	34,387,455
Investments derecognised or repaid	(26,194,084)	(2,076,025)	(131,638)	(9,796,180)	(38,197,927)	(15,845,240)	(61,856)	(2,243,006)	(18,150,102)
Others	31,198	911,657	-	-	942,855	84,442	239	-	84,681
	10,252,993	(393,413)	(131,638)	(4,395,388)	5,332,554	7,697,426	(61,617)	8,686,225	16,322,034
Closing balance	79,118,991	12,368,725	314,307	14,211,152	106,013,175	70,747,537	14,715,017	21,235,786	106,698,340

8.4.2 Credit loss allowance / provision against debt securities

	2024					2023			
	Stage 1	Stage 2	Stage 3	Specific	Total	Stage 1	Stage 2	Specific	Total
	(Rupees in '000)								
Opening balance	116,563	2,355,129	-	735,865	3,207,557	75,316	2,012,101	746,966	2,834,383
Impact of adoption of IFRS 9	47	-	445,945	(735,865)	(289,873)	-	-	-	-
Balance as at January 01 after adopting IFRS 9	116,610	2,355,129	445,945	-	2,917,684	75,316	2,012,101	746,966	2,834,383
Exchange and other adjustments	(1,643)	(28,110)	-	-	(29,753)	25,993	550,133	-	576,126
New investments	5,550	264,129	-	-	269,679	2,450	-	190,000	192,450
Investments derecognised or repaid	(38,767)	(134,427)	(131,638)	-	(304,832)	(25,554)	-	(201,101)	(226,655)
Changes in risk parameters	3,590	(311,094)	-	-	(307,504)	38,358	(207,105)	-	(168,747)
	(29,627)	(181,392)	(131,638)	-	(342,657)	15,254	(207,105)	(11,101)	(202,952)
Closing balance	85,340	2,145,627	314,307	-	2,545,274	116,563	2,355,129	735,865	3,207,557

* Prior year figures in stage 1 and stage 2 represents overseas branches of the Bank.

8.4.3 Particulars of credit loss allowance / provision against debt securities

Category of classification		2024		2023	
		Outstanding amount	Credit loss allowance / Provision held	Outstanding amount	Credit loss allowance / Provision held
		(Rupees in '000)			
Domestic					
Performing	Stage 1	806,250	85	-	-
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		314,307	314,307	735,865	735,865
		1,120,557	314,392	735,865	735,865
Overseas					
Performing	Stage 1	78,312,741	85,255	70,747,537	116,563
Performing		14,211,152	-	20,499,921	-
Underperforming	Stage 2	12,368,725	2,145,627	14,715,017	2,355,129
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
Total		106,013,175	2,545,274	106,698,340	3,207,557

8.4.3.1 The debt securities amounting to Rs. 1,532,175.446 million and Rs. 20,399.377 million pertain to Government securities and Government guaranteed exposure respectively and these exposures are exempted for the calculation of ECL by the SBP.

8.4.4 The Bank has assessed that the estimated recoverable amount of the subsidiary is lower than its cost and has recorded impairment amounting to Rs. 1,200.000 million (2023: Rs. 262.236 million) during the year.

8.5 Quality of fair value through other comprehensive income securities (FVOCI) and available for sale securities (AFS)

Details regarding quality of securities held under "held to collect and sell" model are as follows:

	2024	2023
	Cost	
	FVOCI	AFS
	(Rupees in '000)	
8.5.1 Federal Government Securities - Government guaranteed		
Market Treasury Bills	22,007,486	332,007,074
Pakistan Investment Bonds	1,009,681,395	951,035,850
Ijarah Sukuk	241,695,919	225,217,164
Government of Pakistan Euro Bonds	12,368,725	14,715,017
Naya Pakistan Certificates	-	5,687,184
	1,285,753,525	1,528,662,289
8.5.2 Shares		
8.5.2.1 Listed Companies		
Ordinary Shares		
Sectors:		
Cement	202,892	10,286
Chemicals	17,909	17,909
Commercial Banks	3,216,739	587,817
Fertilizer	4,396,788	975,552
Investment Banks	15,000	15,000
Oil and Gas Exploration Companies	1,301,800	738,545
Oil and Gas Marketing Companies	160,059	197,065
Pharmaceuticals	25,608	51,216
Power Generation & Distribution	865,713	374,524
Technology and Communication	-	477,258
Textile Composite	-	55,676
	10,202,508	3,500,848
Preference Shares		
Sector:		
Chemical	-	108,835
	10,202,508	3,609,683

8.5.2.2 Unlisted Companies

	Break up value as at	2024 FVOCI Cost	2024 FVOCI Breakup value	2023 AFS Cost	2023 AFS Breakup value
Ordinary Shares		----------(Rupees in '000)----------			
Al-Hamara Avenue (Private) Limited *	June 30, 2010	50,000	47,600	50,000	47,600
Pakistan Export Finance Guarantee Agency Limited *	June 30, 2010	5,725	286	5,725	286
Pakistan Mortgage Refinance Company Limited	Dec 31, 2023	300,000	788,577	300,000	630,871
Pakistan Corporate Restructuring Company Limited *	Dec 31, 2023	32,313	20,484	32,313	19,452
Society for worldwide Interbank Financial Telecommunication	Dec 31, 2023	4,095	49,173	4,095	35,170
TriconBoston Consulting Corporation (Private) Limited	June 30, 2024	769,230	3,218,745	769,230	2,621,567
1 Link (Private) Limited	Dec 31, 2023	50,000	1,182,173	50,000	733,214
Qistbazar (Private) Limited **		140,000	-	-	-
		1,351,363	5,307,038	1,211,363	4,088,160
Preference Shares					
Trust Investment Bank Limited *	Dec 31, 2017	25,000	27,784	25,000	27,784
		1,376,363	5,334,822	1,236,363	4,115,944

* These investments were fully provided last year.

** Financial statements not available.

	2024 Cost FVOCI	2023 Cost AFS
8.5.3 Non Government Debt Securities		
8.5.3.1 Listed	-------(Rupees in '000)-------	
Categorised based on long term rating by Credit Rating Agencies:		
- AA+, AA, AA-	-	550,000
- A+, A, A-	-	100,000
- Unrated	14,859,519	14,985,380
	14,859,519	15,635,380
8.5.3.2 Unlisted		
Categorised based on long term rating by Credit Rating Agencies:		
- AAA	2,594,652	2,809,286
- AA+, AA, AA-	-	760,500
- A+, A, A-	-	200,000
- Unrated	206,471	216,128
	2,801,123	3,985,914
Total Non Government Debt Securities	17,660,642	19,621,294

	2024 FVOCI Cost	2024 FVOCI Rating	2023 AFS Cost	2023 AFS Rating
8.5.4 Foreign Securities				
8.5.4.1 Government Securities	Rupees in '000		Rupees in '000	
United States of America	1,343,121	AA+u	5,430,509	AAA
Republic of Korea	1,377,417	AA	1,391,221	AA
United Arab Emirates	28,339,647	AA-	18,029,184	AA
Dubai	1,949,858	Unrated	1,973,025	Unrated
Abu Dhabi	1,953,348	AA	1,975,422	AA
Italy	1,092,899	Baa3u	1,658,906	Baa3u
Republic of Kazakhstan	579,944	BBB-	623,272	BBB-
Sharjah	3,438,277	BBB-	2,847,969	BBB-
Kingdom of Saudi Arabia	3,321,276	A+	2,800,160	A1
Republic of Chile	29,190	A-	30,988	A-
Area Republic of Egypt	557,108	B-	563,721	B-
Republic of Philippines	1,414,700	BBB+	1,185,942	Baa2
Indonesia	1,671,300	Baa2	1,691,164	Baa2
Republic of South Africa	1,395,149	Ba2	1,412,667	Ba2
Sultanate of Oman	2,228,344	Ba1	2,256,559	Ba1
Republic of Turkiye	-	-	815,533	B3
	50,691,578		44,686,242	

8.5.4.2 Non Government Debt Securities - Overseas securities

Unlisted	2024 FVOCI	2023 AFS
Categorised based on long term rating by Credit Rating Agencies:	-------(Rupees in '000)-------	
- AA+, AA, AA-	1,671,043	281,498
- A+, A, A-	16,232,466	11,439,850
- BBB+, BBB, BBB-	3,612,069	2,818,083
- Baa1,B-	-	3,381,261
- A3	4,715,426	6,735,508
- Unrated	-	5,514,371
	26,231,004	30,170,571

8.5.4.3 Equity securities

Ordinary Shares - Listed		
Al Ansari Financial Services PJSC	265,427	268,600
Dubai Taxi Company	-	7,098
	265,427	275,698
Preference Shares - Unlisted		
Acamas Ventures Holding Limited	557,108	-
	822,535	275,698

8.6 Particulars relating to securities classified Under Amortised Cost (AC) and Held to Maturity (HTM) securities are as follows:

Details regarding quality of securities held under "held to collect" model are as follows:	2024 AC	2023 HTM
8.6.1 Federal Government Securities - Government guaranteed	-------(Rupees in '000)-------	
- Pakistan Investment Bonds	218,414,195	111,987,852
- Ijarah Sukuk	40,376,451	27,754,444
	258,790,646	139,742,296

8.6.2 Non Government Debt Securities

Unlisted

Categorised based on long term rating by Credit Rating Agencies:

- AAA	2,946,991	2,638,953
- AA+, AA, AA-	-	500,000
- A+, A, A-	656,250	731,250
- BB+, BB, BB-	-	190,000
- Unrated	231,051	94,197
	3,834,292	4,154,400

8.6.3 Foreign Securities

8.6.3.1 Government Securities	2024		2023	
	AC		HTM	
	Cost	Rating	Cost	Rating
	Rupees in '000		Rupees in '000	
People's Republic of Bangladesh	14,211,153	BB-	20,499,921	BB-
State of Qatar	1,390,158	AA	1,405,095	AA-
	15,601,311		21,905,016	

8.7 The market value of securities classified as amortised cost as at December 31, 2024 amounted to Rs. 279,284.570 million (held-to-maturity as at December 31, 2023: Rs. 154,796.433 million).

8.8 Investments include securities amounting to Rs. 1,816,540.939 million (2023: Rs. 1,925,836.799 million) which are held by the Bank to comply with the statutory liquidity requirements as set out under Section 29 of the Banking Companies Ordinance, 1962.

9 ADVANCES	Note	Performing		Non Performing		Total	
		2024	2023	2024	2023	2024	2023
		(Rupees in '000)					
Classified at amortised cost							
Loans, cash credits, running finances, etc.	9.1 & 9.2	929,992,559	565,251,668	36,402,132	32,594,592	966,394,691	597,846,260
Islamic financing and related assets	9.3	166,361,932	162,102,341	5,688,223	4,872,026	172,050,155	166,974,367
Bills discounted and purchased		16,129,793	12,300,229	269,602	166,121	16,399,395	12,466,350
		1,112,484,284	739,654,238	42,359,957	37,632,739	1,154,844,241	777,286,977
Classified at FVPL							
Loans, cash credits, running finances, etc.		1,200,000	-	-	-	1,200,000	-
Fair value adjustment on loans - FVPL		213,735	-	-	-	213,735	-
		1,413,735	-	-	-	1,413,735	-
Advances - gross		1,113,898,019	739,654,238	42,359,957	37,632,739	1,156,257,976	777,286,977
Credit loss allowance / provision against advances							
- Stage 1		(2,232,954)	(25,670)	-	-	(2,232,954)	(25,670)
- Stage 2		(1,388,083)	-	-	-	(1,388,083)	-
- Stage 3		-	-	(38,436,013)	-	(38,436,013)	-
- Specific	9.8	-	-	(587,690)	(32,373,670)	(587,690)	(32,373,670)
- General	9.8	(4,237,082)	(9,836,127)	-	-	(4,237,082)	(9,836,127)
		(7,858,119)	(9,861,797)	(39,023,703)	(32,373,670)	(46,881,822)	(42,235,467)
Advances - net of credit loss allowance /provision		1,106,039,900	729,792,441	3,336,254	5,259,069	1,109,376,154	735,051,510

9.1 This includes net investment in right-of-use assets / finance lease as disclosed below:

	2024				2023			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	(Rupees in '000)							
Lease rentals receivable	213,345	2,487,541	48,895	2,749,781	285,220	2,834,942	99,839	3,220,001
Residual value	245,951	896,321	9,659	1,151,931	360,470	912,204	24,875	1,297,549
Minimum lease payments	459,296	3,383,862	58,554	3,901,712	645,690	3,747,146	124,714	4,517,550
Financial charges for future periods	(10,163)	(428,095)	(12,139)	(450,397)	(24,699)	(613,552)	(15,681)	(653,932)
Present value of Minimum Lease Payments	449,133	2,955,767	46,415	3,451,315	620,991	3,133,594	109,033	3,863,618

9.2 Advances include an amount of Rs. 401.503 million (2023: Rs. 362.630 million), being Employee Loan facilities allowed to Citibank, N.A, Pakistan's employees, which were either taken over by the Bank, or were granted afresh, under a specific arrangement executed between the Bank and Citibank, N.A, Pakistan. The said arrangement is subject to certain relaxations as specified vide SBP Letter BPRD/BRD/Citi/2017/21089 dated September 11, 2017.

The said arrangement covers only existing employees of Citibank, N.A, Pakistan, and the relaxations allowed by the SBP are on continual basis, but subject to review by the SBP's BID and OSED departments. These loans carry mark-up at the rates ranging from 14.83% to 33.69% (2023: 17.99% to 41.28%) per annum with maturities up to October 2043 (2023: October 2043).

9.3 These represent financing and related assets placed under shariah permissible modes and presented in Annexure-II.

9.4 Particulars of advances (gross)	2024	2023
	(Rupees in '000)	
In local currency	1,038,683,097	700,776,703
In foreign currencies	117,574,879	76,510,274
	1,156,257,976	777,286,977

9.5 Advances to Women, Women-owned and Managed Enterprises		
Women	11,128,285	9,210,497
Women Owned and Managed Enterprises	65,061,468	56,243,067
	76,189,753	65,453,564

9.5.1 Gross loans disbursed to women, women-owned and managed enterprises during the year amounted to Rs. 288,294.165 million (2023: Rs. 299,812.376 million).

9.6 Advances - Credit loss allowance / provision against advances

9.6.1 Advances - Exposure

	2024						2023		
	Stage 1	Stage 2	Stage 3	Outstanding	General	Total	Outstanding (Pre IFRS-9)	Stage 1	Total
	(Rupees in '000)								
Opening balance	4,396,686	-	-	772,890,291	-	777,286,977	765,539,679	153,187	765,692,866
Impact of adoption of IFRS 9	592,396,782	70,489,631	36,964,499	(732,087,941)	-	(32,237,029)	-	-	-
Balance as at January 01 after adopting IFRS 9	596,793,468	70,489,631	36,964,499	40,802,350	-	745,049,948	765,539,679	153,187	765,692,866
Exchange and other adjustments	(51,934)	-	-	(3,768,522)	-	(3,820,456)	6,388,830	37,498	6,426,328
New advances	602,319,709	39,826,792	5,746,117	1,664,460	-	649,557,078	148,483,179	4,206,001	152,689,180
Advances derecognised or repaid	(200,355,046)	(23,291,617)	(6,806,816)	(1,619,026)	-	(232,072,505)	(145,788,421)	-	(145,788,421)
Transfer to stage 1	3,811,311	(3,811,311)	-	-	-	-	-	-	-
Transfer to stage 2	(32,997,011)	32,997,011	-	-	-	-	-	-	-
Transfer to stage 3	(4,372,020)	(3,884,781)	8,256,801	-	-	-	-	-	-
	368,406,943	41,836,094	7,196,102	45,434	-	417,484,573	2,694,758	4,206,001	6,900,759
Amounts written off	-	-	(19,688)	-	-	(19,688)	(748,813)	-	(748,813)
Amounts charged off	-	-	(2,310,924)	-	-	(2,310,924)	(984,163)	-	(984,163)
Amounts charged off - agriculture financing	-	-	(125,477)	-	-	(125,477)	-	-	-
Closing balance	965,148,477	112,325,725	41,704,512	37,079,262	-	1,156,257,976	772,890,291	4,396,686	777,286,977

9.6.2 Advances - Credit loss allowance / provision against advances

	2024						2023		
	Expected Credit Loss			Specific	General	Total	Specific	General / expected credit loss	Total
	Stage 1	Stage 2	Stage 3						
	(Rupees in '000)								
Opening balance	-	-	-	32,373,670	9,861,797	42,235,467	25,396,608	7,921,407	33,318,015
Impact of adoption of IFRS 9	3,383,875	1,941,645	33,603,839	(31,883,354)	(1,715,503)	5,330,502	-	-	-
Balance as at January 01 after adopting IFRS 9	3,383,875	1,941,645	33,603,839	490,316	8,146,294	47,565,969	25,396,608	7,921,407	33,318,015
Exchange and other adjustments	(249)	-	-	(49,929)	(35,775)	(85,953)	83,703	57,723	141,426
New advances	589,912	228,688	10,736,585	55,479	-	11,610,664	12,130,032	1,882,667	14,012,699
Due to credit deterioration	-	-	3,472,716	92,815	-	3,565,531	-	-	-
Advances derecognised or repaid / reversal	(1,348,975)	(337,218)	(6,805,825)	(991)	(3,873,437)	(12,366,446)	(3,503,697)	-	(3,503,697)
Transfer to stage 1	209,329	(209,329)	-	-	-	-	-	-	-
Transfer to stage 2	(342,027)	342,027	-	-	-	-	-	-	-
Transfer to stage 3	(31,165)	(234,816)	265,981	-	-	-	-	-	-
Changes in risk parameters	(227,746)	(342,914)	(381,194)	-	-	(951,854)	-	-	-
	(1,150,672)	(553,562)	7,288,263	147,303	(3,873,437)	1,857,895	8,626,335	1,882,667	10,509,002
Amounts written off	-	-	(19,688)	-	-	(19,688)	(748,813)	-	(748,813)
Amounts charged off	-	-	(2,436,401)	-	-	(2,436,401)	(984,163)	-	(984,163)
Closing balance	2,232,954	1,388,083	38,436,013	587,690	4,237,082	46,881,822	32,373,670	9,861,797	42,235,467

9.6.3 Advances - Credit loss allowance / provision details Internal / External rating / stage classification

	2024						2023		
	Stage 1	Stage 2	Stage 3	Outstanding / Specific	General	Total	Outstanding (Pre IFRS-9)	General / expected credit loss	Total
	(Rupees in '000)								
Outstanding gross exposure									
Performing - Stage 1									
ORR 1 to 9	837,822,286	-	-	-	-	837,822,286	-	-	-
Others	127,326,191	-	-	-	-	127,326,191	-	-	-
Under Performing - Stage 2									
ORR 1 to 9	-	110,503,850	-	-	-	110,503,850	-	-	-
Others	-	1,821,875	-	36,423,817	-	38,245,692	735,257,552	4,396,686	739,654,238
Non-performing - Stage 3									
OAEM	-	-	237,808	-	-	237,808	186,364	-	186,364
Substandard	-	-	2,991,264	38,700	-	3,029,964	1,843,081	-	1,843,081
Doubtful	-	-	2,311,039	-	-	2,311,039	6,694,041	-	6,694,041
Loss	-	-	36,164,401	616,745	-	36,781,146	28,909,253	-	28,909,253
	-	-	41,704,512	655,445	-	42,359,957	37,632,739	-	37,632,739
Total	965,148,477	112,325,725	41,704,512	37,079,262	-	1,156,257,976	772,890,291	4,396,686	777,286,977
Corresponding ECL									
Stage 1 and stage 2	(2,232,954)	(1,388,083)	-	-	(4,237,082)	(7,858,119)	(9,836,127)	(25,670)	(9,861,797)
Stage 3	-	-	(38,436,013)	(587,690)	-	(39,023,703)	(32,373,670)	-	(32,373,670)
	962,915,523	110,937,642	3,268,499	36,491,572	(4,237,082)	1,109,376,154	730,680,494	4,371,016	735,051,510

9.7 Advances include Rs. 42,359.957 million (2023: Rs. 37,632.739 million) which have been placed under non-performing status as detailed below:

Category of classification in Stage 3	2024		2023	
	Non-Performing Loans	Credit loss allowance /provision	Non-Performing Loans	Credit loss allowance /provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned (OAEM)	237,808	-	186,364	3,568
Substandard	2,991,264	1,260,906	1,800,068	444,281
Doubtful	2,311,039	1,103,457	6,694,041	3,293,830
Loss	36,164,401	36,071,650	28,284,026	28,141,674
	41,704,512	38,436,013	36,964,499	31,883,353
Overseas				
Substandard	38,700	23,355	43,013	25,688
Doubtful	-	-	-	-
Loss	616,745	564,335	625,227	464,629
	655,445	587,690	668,240	490,317
Total	42,359,957	39,023,703	37,632,739	32,373,670

9.8 Particulars of credit loss allowance / provision against advances

	2024						2023		
	Expected Credit Loss			Specific	General	Total	Specific	General / expected credit loss	Total
	Stage 1	Stage 2	Stage 3						
	(Rupees in '000)								
Opening balance	-	-	-	32,373,670	9,861,797	42,235,467	25,396,608	7,921,407	33,318,015
Impact of adoption of IFRS 9	3,383,875	1,941,645	33,603,839	(31,883,354)	(1,715,503)	5,330,502	-	-	-
Balance as at January 01 after adopting IFRS 9	3,383,875	1,941,645	33,603,839	490,316	8,146,294	47,565,969	25,396,608	7,921,407	33,318,015
Exchange and other adjustments	(249)	-	-	(49,929)	(35,775)	(85,953)	83,703	57,723	141,426
Charge for the year	589,912	228,688	14,209,301	148,294	-	15,176,195	12,130,032	1,882,667	14,012,699
Reversals for the year	(1,576,721)	(680,132)	(7,187,019)	(991)	(3,873,437)	(13,318,300)	(3,503,697)	-	(3,503,697)
	(986,809)	(451,444)	7,022,282	147,303	(3,873,437)	1,857,895	8,626,335	1,882,667	10,509,002
						-			
Transfer	(163,863)	(102,118)	265,981	-	-	-	-	-	-
Amounts written off	-	-	(19,688)	-	-	(19,688)	(748,813)	-	(748,813)
Amounts charged off	-	-	(2,310,924)	-	-	(2,310,924)	(984,163)	-	(984,163)
Amounts charged off - agriculture financing	-	-	(125,477)	-	-	(125,477)	-	-	-
Closing balance	2,232,954	1,388,083	38,436,013	587,690	4,237,082	46,881,822	32,373,670	9,861,797	42,235,467

9.8.1 Particulars of credit loss allowance / provision against advances

	2024			2023		
	Stage 1 & 2 / General	Stage 3 / Specific	Total	General / expected credit loss	Specific	Total
	(Rupees in '000)					
In local currency	7,368,037	38,436,013	45,804,050	9,437,833	30,287,016	39,724,849
In foreign currencies	490,082	587,690	1,077,772	423,964	2,086,654	2,510,618
	7,858,119	39,023,703	46,881,822	9,861,797	32,373,670	42,235,467

9.8.2 Particulars of charged-off loans/ advances / finances

	2024		2023	
	No of borrowers	Rupees in '000	No of borrowers	Rupees in '000
Corporate, Commercial and SME				
Opening balance of charged-off	44	2,267,137	53	2,753,581
Charge-off during the year	145	1,331,003	-	-
Sub total	189	3,598,140	53	2,753,581
Recoveries made during the year against already charged-off cases	(2)	(247,585)	(9)	(486,444)
Amount written off from already charged off loans	-	-	-	-
Other movement	(1)	(368,080)	-	-
Closing balance of charged-offs	186	2,982,475	44	2,267,137

9.8.3 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax as at December 31, 2024 which is not available for distribution as either cash or stock dividend to shareholders / bonus to employees amounted to Rs. 79.607 million (2023: Rs. 86.021 million).

9.8.4 During the year, non performing loans and provisions were reduced by Rs. 5,317.765 million (2023: Rs. 231.391 million) due to debt property swap transactions.

9.8.5 Specific provision relates to overseas branches to meet the requirements of regulatory authorities of the respective countries in which the overseas branches operate.

9.8.6 General provision includes:

(i) Provision held at overseas branches to meet the requirements of the regulatory authorities of the respective countries in which overseas branches operate and where IFRS 9 is not applicable; and

(ii) Provision of Rs. 3,878.000 million (2023: Rs. 7,748.000 million) against the high risk portfolio, which is showing higher economic vulnerability. The portfolio excludes GoP backed exposure, staff loans and loans secured against liquid collaterals.

9.8.7 Although the Bank has made provision against its non-performing portfolio as per the category of classification of the loan, the Bank holds enforceable collateral in the event of recovery through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade etc.

		Note	2024	2023
9.9	**Particulars of Write Offs:**		-----(Rupees in '000)-----	
9.9.1	Against Provisions	9.9.2	19,688	748,813
	Directly charged to the statement of profit and loss account		-	-
			19,688	748,813
9.9.2	Write Offs of Rs. 500,000 and above :			
	- Domestic	9.10	2,243	739,894
	- Overseas		-	-
	Write Offs below Rs. 500,000		17,445	8,919
			19,688	748,813

9.10 Details of Loan Write Off of Rs. 500,000/- and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2024 is given as Annexure-I to these unconsolidated financial statements.

		Note	2024	2023
10	**PROPERTY AND EQUIPMENT**		-------(Rupees in '000)-------	
	Capital work-in-progress	10.1	3,471,199	3,525,139
	Property and equipment	10.2	60,072,285	38,290,971
			63,543,484	41,816,110

10.1 Capital work-in-progress

Civil works	3,187,748	2,454,986
Equipment	252,122	999,120
Others	31,329	71,033
	3,471,199	3,525,139

10.2 Property and equipment

	2024								
	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Lease hold improve-ment	Furniture and fixture	Office equipment	Vehicles	Total
	(Rupees in '000)								
At January 01, 2024									
Cost / revalued amount	10,645,215	5,770,417	3,248,703	5,164,912	10,294,025	2,837,353	23,548,519	510,450	62,019,594
Accumulated depreciation	-	-	(185,400)	(262,957)	(5,776,521)	(2,009,596)	(15,097,916)	(396,233)	(23,728,623)
Net book value	10,645,215	5,770,417	3,063,303	4,901,955	4,517,504	827,757	8,450,603	114,217	38,290,971
Year ended December 2024									
Opening net book value	10,645,215	5,770,417	3,063,303	4,901,955	4,517,504	827,757	8,450,603	114,217	38,290,971
Additions	1,291,657	5,610,174	662,379	456,936	3,347,384	859,033	6,326,755	626,429	19,180,747
Movement in surplus on assets revalued during the year	2,298,814	3,204,778	1,073,947	824,954	-	-	-	-	7,402,493
Deficit on revaluation recognised in the profit and loss account - net	(4,500)	-	(7,560)	(9,410)	-	-	-	-	(21,470)
Disposals	(67,250)	-	-	-	(4,016)	(337)	(34,030)	(216)	(105,849)
Depreciation charge	-	-	(110,286)	(158,086)	(797,742)	(160,201)	(3,271,804)	(158,027)	(4,656,146)
Exchange rate adjustments	-	-	-	-	(3,358)	(498)	(3,020)	(138)	(7,014)
Other adjustments / transfers	-	-	869	123	(7,780)	6,177	(9,727)	(1,109)	(11,447)
Closing net book value	14,163,936	14,585,369	4,682,652	6,016,472	7,051,992	1,531,931	11,458,777	581,156	60,072,285
At December 31, 2024									
Cost / revalued amount	14,163,936	14,585,369	4,682,652	6,016,472	13,522,226	3,609,654	28,386,040	1,088,933	86,055,282
Accumulated depreciation	-	-	-	-	(6,470,234)	(2,077,723)	(16,927,263)	(507,777)	(25,982,997)
Net book value	14,163,936	14,585,369	4,682,652	6,016,472	7,051,992	1,531,931	11,458,777	581,156	60,072,285
Rate of depreciation (percentage)	-	-	2.5%	2.5%	10% - 20%	10% - 25%	12.5% - 50%	25%	

	2023								
	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Lease hold improve-ment	Furniture and fixture	Office equipment	Vehicles	Total
	(Rupees in '000)								
At January 01, 2023									
Cost / revalued amount	10,122,880	4,639,157	2,900,119	4,213,695	8,592,277	2,442,532	19,943,325	458,877	53,312,862
Accumulated depreciation	-	-	(89,192)	(125,464)	(5,094,286)	(1,951,566)	(13,620,848)	(340,513)	(21,221,869)
Net book value	10,122,880	4,639,157	2,810,927	4,088,231	3,497,991	490,966	6,322,477	118,364	32,090,993
Year ended December 2023									
Opening net book value	10,122,880	4,639,157	2,810,927	4,088,231	3,497,991	490,966	6,322,477	118,364	32,090,993
Additions	558,585	1,131,260	357,115	951,217	1,663,824	448,180	4,601,606	66,943	9,778,730
Disposals	(36,250)	-	(7,941)	-	(8,997)	(2,130)	(13,424)	(3,319)	(72,061)
Depreciation charge	-	-	(96,829)	(137,493)	(639,098)	(111,245)	(2,467,219)	(75,329)	(3,527,213)
Exchange rate adjustments	-	-	-	-	3,225	2,369	9,401	7,003	21,998
Other adjustments / transfers	-	-	31	-	559	(383)	(2,238)	555	(1,476)
Closing net book value	10,645,215	5,770,417	3,063,303	4,901,955	4,517,504	827,757	8,450,603	114,217	38,290,971
At December 31, 2023									
Cost / revalued amount	10,645,215	5,770,417	3,248,703	5,164,912	10,294,025	2,837,353	23,548,519	510,450	62,019,594
Accumulated depreciation	-	-	(185,400)	(262,957)	(5,776,521)	(2,009,596)	(15,097,916)	(396,233)	(23,728,623)
Net book value	10,645,215	5,770,417	3,063,303	4,901,955	4,517,504	827,757	8,450,603	114,217	38,290,971
Rate of depreciation (percentage)	-	-	2.5%	2.5%	10% - 20%	10% - 25%	12.5% - 50%	25%	

10.2.1 Land and buildings were revalued on December 31, 2024 on the basis of market values, determined by independent valuers M/s Akbani & Javed Associates, M/s Savills, M/s Harvester Service (Private) Limited, M/s Hamid Mukhtar & Co. (Private) Limited, M/s Creative Consultants & Construction, Joseph Lobo (Private) Limited and Paradigm Inspections (Private) Limited. Had there been no revaluation, the carrying amount of the revalued assets as at December 31, 2024 would have been Rs. 19,508.477 million (2023: Rs. 11,698.751 million).

	2024		2023	
	Net book value at Cost	Net book value at Revalued amount	Net book value at Cost	Net book value at Revalued amount
	----------(Rupees in '000)----------			
Freehold land	5,240,889	14,163,936	4,052,051	10,645,215
Leasehold land	8,373,485	14,585,369	2,763,311	5,770,417
Buildings on freehold land	2,983,814	4,682,652	2,326,268	3,063,303
Buildings on leasehold land	2,910,289	6,016,472	2,557,121	4,901,955
	19,508,477	39,448,429	11,698,751	24,380,890

10.2.2 The cost of fully depreciated assets that are still in the Bank's use are as follows:

	2024	2023
	-------(Rupees in '000)-------	
Furniture and fixture	1,690,608	1,655,956
Office equipment	10,442,347	9,164,664
Vehicle	311,855	237,418
Leasehold improvement	4,329,492	3,866,870
	16,774,302	14,924,908

10.2.3 There are no restrictions or discrepancies on the property's title, and no mortgage is associated with it.

10.2.4 Disposal of property and equipments to related parties are disclosed in Annexure III to these unconsolidated financial statements.

11	RIGHT-OF-USE ASSETS	Note	2024 Buildings	2023 Buildings
			-------(Rupees in '000)-------	
	At January 01			
	Cost / revalued amount		28,813,726	22,322,416
	Accumulated depreciation		(8,862,155)	(6,932,893)
	Net book value		19,951,571	15,389,523
	Year ended December 31			
	Opening net book value		19,951,571	15,389,523
	Additions / renewals / amendments / (terminations) - net		9,309,533	7,837,519
	Depreciation charge	31	(3,923,093)	(3,349,633)
	Exchange rate / other adjustments		(47,404)	74,162
	Closing net book value		25,290,607	19,951,571
	At December 31			
	Cost / revalued amount		36,609,168	28,813,726
	Accumulated depreciation		(11,318,561)	(8,862,155)
	Net book value		25,290,607	19,951,571
	Rate of depreciation (percentage)		5% - 100%	5% - 100%

12	INTANGIBLE ASSETS			
	Capital work-in-progress / advance payment to suppliers		396,879	436,536
	Software	12.1	1,146,230	933,363
			1,543,109	1,369,899

		Note	2024 Softwares	2023 Softwares
			-------(Rupees in '000)-------	
12.1	**At January 01**			
	Cost		5,608,425	5,175,819
	Accumulated amortisation and impairment		(4,675,062)	(4,335,467)
	Net book value		933,363	840,352
	Year ended December 31			
	Opening net book value		933,363	840,352
	Additions - directly purchased		588,081	419,411
	Amortisation charge	31	(374,884)	(326,796)
	Exchange and other adjustments		(330)	396
	Closing net book value		1,146,230	933,363
	At December 31			
	Cost		6,187,747	5,608,425
	Accumulated amortisation and impairment		(5,041,517)	(4,675,062)
	Net book value		1,146,230	933,363
	Rate of amortisation (percentage)		20%	20%
	Useful life		5 years	5 years

12.2 Included in cost of intangible assets (software) are fully amortised items still in use having cost of Rs. 4,205.298 million (2023: Rs. 3,747.199 million).

		Note	2024	2023
13	**OTHER ASSETS**		-------(Rupees in '000)-------	
	Income / mark-up accrued in local currency - net		82,067,618	81,665,580
	Income / mark-up accrued in foreign currency - net		2,724,193	2,402,118
	Advances, deposits, advance rent and other prepayments		4,582,638	8,651,936
	Advance taxation (payments less provisions)		3,673,656	-
	Advance against subscription of share		-	140,000
	Non-banking assets acquired in satisfaction of claims	13.1	7,830,251	1,684,771
	Dividend receivable		-	10,431
	Mark to market gain on forward foreign exchange contracts		1,288,538	2,606,750
	Mark to market gain on derivatives	24.2	3,128,782	4,175,322
	Stationery and stamps on hand		28,155	11,350
	Defined benefit plan	39.4	1,331,990	440,585
	Branch adjustment account		29,195	-
	Due from card issuing banks		2,817,994	4,829,866
	Accounts receivable		10,613,225	3,336,986
	Claims against fraud and forgeries	13.2	108,907	126,066
	Acceptances		33,015,615	24,618,660
	Receivable against Government of Pakistan and overseas government securities		44,928	2,925,206
	Receivable against marketable securities		400,576	692,656
	Deferred cost on staff loans	13.3	21,080,743	-
	Others		135,539	86,206
			174,902,543	138,404,489
	Less: Credit loss allowance / provision held against other assets	13.4	(3,466,022)	(2,984,277)
	Other assets (net of credit loss allowance / provision)		171,436,521	135,420,212
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	13.1 & 22.2	491,882	172,321
	Other assets - total		171,928,403	135,592,533

13.1 Market value of non-banking assets acquired in satisfaction of claims:

- Properties	8,304,691	1,844,619
- Shares	17,442	12,473
	8,322,133	1,857,092

The Non-banking assets (properties) of the Bank have been revalued by independent professional valuers as at December 31, 2024. The revaluation was carried out by M/s. Harvestor Service (Private) Limited, M/s Joseph Lobo (Private) Limited on the basis of professional assessment of present market values which resulted in an increase in surplus by Rs. 337.561 million (2023: Rs. 26.708 million).

		Note	2024	2023
			-------(Rupees in '000)-------	
13.1.1	**Non-banking assets acquired in satisfaction of claims - gross of provision**			
	Opening balance		1,857,092	1,585,219
	Additions		6,414,100	245,960
	Disposals	13.1.2	(240,000)	-
	Revaluation (charged to OCI)		337,561	26,708
	Reversal of deficit on revaluation (charged to Profit and loss account)	34	-	4,201
	Depreciation	31	(46,620)	(4,996)
	Closing balance		8,322,133	1,857,092
13.1.2	**Gain / loss on disposal of non-banking assets acquired in satisfaction of claims**			
	Disposal proceeds		267,800	-
	Less			
	- Cost		240,000	-
	- Depreciation / impairment		-	-
			240,000	-
	Gain on disposal		27,800	-

13.2 This represents fraud and forgery amount receivable from an insurance company and other sources. Credit loss allowance has been held against non-recoverable amount.

13.3 This refers to notional deferred cost on subsidised staff loans fair valuation.

		Note	2024	2023
			-------(Rupees in '000)-------	
13.4	**Credit loss allowance / provision held against other assets**			
	Impairment against overseas operations	13.4.2	2,708,477	2,359,988
	Expected credit loss		181,325	46,807
	Fraud and forgeries		108,907	126,066
	Accounts receivable		67,326	67,807
	Others		399,987	383,609
			3,466,022	2,984,277
13.4.1	**Movement in credit loss allowance / provision held against other assets**			
	Opening balance		2,984,277	2,671,784
	Impact of adoption of IFRS 9		370,152	-
	Balance as at January 01 after adopting IFRS 9		3,354,429	2,671,784
	Exchange and other adjustments		(2,777)	2,531
	Charge for the year	13.4.2	531,375	394,024
	Reversals for the year		(372,333)	(83,100)
			159,042	310,924
	Amount written off		(44,672)	(962)
	Closing balance		3,466,022	2,984,277

13.4.2 The Bank, in light of uncertain conditions in one of the countries where the Bank operates, holds an impairment of Rs. 2,708.477 million (2023: Rs. 2,359.988 million) against the cross border risk.

		2024	2023
		-------(Rupees in '000)-------	
14	**BILLS PAYABLE**		
	In Pakistan	41,462,676	24,750,227
	Outside Pakistan	305,650	1,254,311
		41,768,326	26,004,538

15 BORROWINGS

	Note	2024	2023
		-------(Rupees in '000)-------	
Secured			
Borrowings from the SBP			
Export Refinance Scheme		26,867,803	43,281,491
Long-Term Finance Facility		20,278,409	24,595,991
Financing Facility for Renewable Energy Projects		13,762,263	11,891,156
Financing Facility for Storage of Agriculture Produce (FFSAP)		698,919	532,102
Temporary Economic Refinance Facility (TERF)		25,697,206	48,528,109
Export Refinance under Bill Discounting		14,253,363	14,244,331
SME Asaan Finance (SAAF)		7,073,103	2,096,250
Refinance Facility for Combating COVID (RFCC)		932,258	988,049
Refinance and Credit Guarantee Scheme for Women Entrepreneurs		172,604	125,595
Modernization of Small and Medium Entities (MSMES)		1,855,749	1,205,658
Other refinance schemes		232	553
Repurchase agreement borrowings		911,260,540	666,510,980
		1,022,852,449	814,000,265
Repurchase agreement borrowings		32,209,792	26,895,775
Bai Muajjal		48,654,565	44,789,790
Medium Term Note		-	11,000,000
Total secured		1,103,716,806	896,685,830
Unsecured			
Call borrowings		11,414,695	3,946,050
Overdrawn nostro accounts		15,736,314	3,467,939
Borrowings of overseas branches		5,750,351	40,417
Others			
- Pakistan Mortgage Refinance Company		2,464,030	2,605,576
- Karandaaz Risk Participation		2,803,546	2,797,641
Total unsecured		38,168,936	12,857,623
	15.1	1,141,885,742	909,543,453

15.1 Mark-up & Maturities of Borrowing Facilities

	2024		2023	
	Mark-up per annum	Maturities upto	Mark-up per annum	Maturities upto
Borrowings from State Bank of Pakistan (secured)				
Export Refinance Scheme	9.00% - 16.50%	June-25	2.00% - 18.00%	August-27
Long-Term Finance Facility	2.00% - 7.00%	July-32	2.00% - 7.00%	July-32
Financing facility for renewable energy projects	2.00% - 3.00%	June-36	2.00% - 3.00%	July-34
Financing Facility for Storage of Agriculture Produce (FFSAP)	2.00% - 3.25%	June-34	2.00% - 3.50%	December-30
Temporary Economic Refinance Facility	1.00%	September-33	1.00%	September-33
Export Refinance under Bill Discounting	1.00% - 2.00%	June-25	1.00% - 3.00%	June-24
SME Asaan Finance (SAAF)	1.00% - 3.00%	June-34	1.00% - 3.00%	June-27
Refinance Facility for Combating COVID (RFCC)	0.00%	June-27	0.00%	June-28
Refinance and Credit Guarantee Scheme for Women Entrepreneurs	0.00% - 2.00%	November-29	0.00%	October-28
Modernization of Small and Medium Entites (MSMES)	2.00%	October-31	2.00%	September-30
Other refinance schemes	0.00%	December-25	0.00%	December-25
Repurchase Agreement Borrowings	13.09% - 13.11%	January-25	22.09% - 22.13%	January-24
Other Borrowing (secured)				
Repurchase agreement borrowings	4.95% - 13.00%	January-25	5.70% - 22.05%	January-24
Bai Muajjal	8.38% - 8.48%	July-25	8.38% - 8.48%	July-25
Medium Term Note	-	-	9.03%	January-24
Other Borrowing (unsecured)				
Call borrowings	5.25% - 18.43%	June-25	7.10% - 7.25%	January-24
Overdrawn nostro accounts	0.00%	No Maturity	0.00%	No Maturity
Borrowings of overseas branches	3.00% - 6.78%	June-29	3.00%	April-24
Others - Pakistan Mortgage Refinance Company	6.50% - 18.23%	May-27	6.80% - 18.23%	May-27
Others - Karandaaz Risk Participation	9.00% - 28.49%	April-25	5.00% - 26.07%	October-30

15.2 Particulars of borrowings with respect to currencies

	2024	2023
	-------(Rupees in '000)-------	
In local currency	1,103,603,090	889,089,600
In foreign currencies	38,282,652	20,453,853
	1,141,885,742	909,543,453

16 DEPOSITS AND OTHER ACCOUNTS

	2024			2023		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	644,305,838	165,613,660	809,919,498	630,357,408	152,436,273	782,793,681
Savings deposits	607,199,365	34,755,471	641,954,836	440,331,863	38,469,718	478,801,581
Term deposits	315,007,439	69,798,774	384,806,213	437,377,886	61,496,821	498,874,707
Others	35,232,274	12,915,513	48,147,787	44,709,160	14,317,598	59,026,758
	1,601,744,916	283,083,418	1,884,828,334	1,552,776,317	266,720,410	1,819,496,727
Financial Institutions						
Current deposits	4,387,043	2,747,963	7,135,006	4,324,374	3,241,325	7,565,699
Savings deposits	186,276,613	2,372,391	188,649,004	171,934,453	3,442,726	175,377,179
Term deposits	47,797,204	8,366,800	56,164,004	79,780,000	2,258,236	82,038,236
Others	136,154	120	136,274	518,072	1,217	519,289
	238,597,014	13,487,274	252,084,288	256,556,899	8,943,504	265,500,403
	1,840,341,930	296,570,692	2,136,912,622	1,809,333,216	275,663,914	2,084,997,130

16.1 Composition of deposits

	2024	2023
	(Rupees in '000)	
- Individuals	919,929,695	762,351,882
- Government (Federal and Provincial)	134,884,401	192,901,644
- Public Sector Entities	148,273,278	195,591,933
- Banking Companies	334,557	7,539,529
- Non-Banking Financial Institutions	251,749,731	257,960,874
- Private Sector / Others	681,740,960	668,651,268
	2,136,912,622	2,084,997,130

16.2 Current deposits include remunerative current deposits of Rs. 26,618.402 million (2023: Rs. 20,788.733 million).

16.3 Deposits include eligible deposits of Rs. 1,127,444.250 million (2023: Rs. 991,153.534 million) protected under Depositors Protection Mechanism introduced by the SBP.

16.4 Current deposits include prepaid cards amounting to Rs. 17.663 million (2023: Rs. 24.932 million).

17 LEASE LIABILITIES

	2024	2023
	(Rupees in '000)	
Opening as at January 01	22,894,533	17,495,747
Additions / renewals / amendments / (terminations) - net	9,245,802	7,724,656
Finance charges	3,503,522	2,657,661
Lease payments including interest	(6,108,213)	(5,054,441)
Exchange rate / other adjustment	(53,706)	70,910
Closing net carrying amount	29,481,938	22,894,533

17.1 Contractual maturity of lease liabilities

Short-term lease liabilities - within one year	2,045,816	1,831,486
Long-term lease liabilities		
- 1 to 5 years	11,045,465	9,166,612
- 5 to 10 years	14,026,334	10,004,739
- More than 10 years	2,364,323	1,891,696
	29,481,938	22,894,533

18 SUBORDINATED DEBT

Term Finance Certificates VI - Additional Tier-I (ADT-1)	18.1	7,000,000	7,000,000
Term Finance Certificates VIII - Additional Tier-I (ADT-1)	18.2	7,000,000	7,000,000
		14,000,000	14,000,000

18.1 Term Finance Certificates VI - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Bank issued listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by the SBP under BPRD Circular No. 6 dated August 15, 2013. Summary of terms and conditions of the issue are:

Issue amount	Rs. 7,000,000,000
Issue date	March 2018
Maturity date	Perpetual
Rating	"AA+" (Double A plus) by The Pakistan Credit Rating Agency Limited.
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Bank including deposits but superior to equity.
Profit payment frequency	Payable semi-annually in arrears.
Redemption	Perpetual
Mark-up	For the period at end of which the Bank is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 1.50% with no step up feature. Base Rate is defined as the six months KIBOR (ask side) prevailing on one (1) business day prior to previous profit payment date.
Lock-in-clause	Mark-up will only be paid from the Bank's current year's earning and if the Bank is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Bank to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call Option	The Bank may, at its sole discretion, exercise call option any time after five years from the issue date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality.

18.2 Term Finance Certificates VIII - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Bank issued Rs. 7,000 million of privately placed, listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by the SBP under BPRD circular No. 06 dated August 15, 2013. Summary of key terms and conditions of the issue are as follows:

Issue amount	Rs. 7,000,000,000
Issue date	December 2022
Maturity date	Perpetual
Rating	"AA+" (Double A plus) by The Pakistan Credit Rating Agency Limited.
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Bank including deposits but superior to equity.
Profit payment frequency	Payable semi-annually in arrears.
Redemption	Perpetual
Mark-up	For the period at end of which the Bank is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 2.00% with no step up feature. Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.
Lock-in-clause	Mark-up will only be paid from the Bank's current year's earning and if the Bank is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Bank to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call Option	The Bank may, at its sole discretion, exercise call option any time after five years from the issue date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality.

19 DEFERRED TAX LIABILITIES / (ASSETS)

	2024					
	At January 01, 2024	Impact of adoption of IFRS 9	Balance as at January 01 after adopting IFRS 9	Recognised in P&L charge / (reversal)	Recognised in OCI	At December 31, 2024
	(Rupees in '000)					
Deductible Temporary Differences on:						
- Credit loss allowance / provision against investments	(2,224,378)	214,487	(2,009,891)	(365,483)	-	(2,375,374)
- Credit loss allowance / provision against advances	(4,183,318)	(3,143,925)	(7,327,243)	2,469,963	-	(4,857,280)
- Modification of advances	-	(5,910)	(5,910)	(43,099)	-	(49,009)
- Unrealised loss on revaluation of held for trading investments	(191,895)	191,895	-	-	-	-
- Deficit on revaluation of available for sale investments	(871,244)	871,244	-	-	-	-
- Credit loss allowance / provision against other assets	(1,250,843)	(181,375)	(1,432,218)	(102,776)	-	(1,534,994)
- Credit loss allowance against cash with treasury banks	-	(12,049)	(12,049)	3,370	-	(8,679)
- Credit loss allowance against balance with other banks	-	(790)	(790)	(1,292)	-	(2,082)
- Credit loss allowance / provision against lending to financial institutions	(73)	(6,403)	(6,476)	6,165	-	(311)
- Workers' Welfare Fund	(1,528,648)	-	(1,528,648)	(975,417)	-	(2,504,065)
	(10,250,399)	(2,072,826)	(12,323,225)	991,431	-	(11,331,794)
Taxable Temporary Differences on:						
- Unrealised gain on FVPL investments	-	99,982	99,982	1,987,747	-	2,087,729
- Unrealised gain on FVPL advances	-	59,847	59,847	51,296	-	111,143
- Unrealised net gain on fair value of refinancing		621,803	621,803	21,410	-	643,213
- Surplus on revaluation of FVOCI investments	-	3,935,268	3,935,268	-	13,301,678	17,236,946
- Surplus on revaluation of property and equipments	593,695	-	593,695	-	1,793,211	2,386,906
- Surplus on revaluation of non banking assets	85,595	-	85,595	(9,360)	100,932	177,167
- Accelerated tax depreciation	3,562,950	-	3,562,950	1,641,381	-	5,204,331
	4,242,240	4,716,900	8,959,140	3,692,474	15,195,821	27,847,435
	(6,008,159)	2,644,074	(3,364,085)	4,683,905	15,195,821	16,515,641

	2023			
	At January 01, 2023	Recognised in P&L charge / (reversal)	Recognised in OCI	At December 31, 2023
	(Rupees in '000)			
Deductible Temporary Differences on:				
- Provision against investments	(1,702,211)	(522,167)	-	(2,224,378)
- Provision against advances	(3,096,128)	(1,087,190)	-	(4,183,318)
- Unrealised gain / (loss) on revaluation of held for trading investments	(7,017)	(184,878)	-	(191,895)
- Deficit on revaluation of available for sale investments	(5,691,747)	-	4,820,503	(871,244)
- Provision against other assets	(1,001,744)	(249,099)	-	(1,250,843)
- Provision against lending to financial institutions	(32)	(41)	-	(73)
- Workers' Welfare Fund	(604,100)	(924,548)	-	(1,528,648)
	(12,102,979)	(2,967,923)	4,820,503	(10,250,399)
Taxable Temporary Differences on:				
- Surplus on revaluation of property and equipments	486,889	(420)	107,226	593,695
- Surplus on revaluation of non banking assets	63,108	-	22,487	85,595
- Accelerated tax depreciation	2,540,334	1,022,616	-	3,562,950
	3,090,331	1,022,196	129,713	4,242,240
	(9,012,648)	(1,945,727)	4,950,216	(6,008,159)

		Note	2024	2023
20	**OTHER LIABILITIES**		**-------(Rupees in '000)-------**	
	Mark-up / return / interest payable in local currency		35,004,706	39,434,467
	Mark-up / return / interest payable in foreign currency		1,715,640	1,690,773
	Unearned fee commission and income on bills discounted and guarantees		4,063,795	3,201,308
	Accrued expenses		17,275,667	16,119,849
	Current taxation		-	14,462,758
	Acceptances		33,015,615	24,618,660
	Dividends payable		307,709	6,166,682
	Mark to market loss on forward foreign exchange contracts		1,090,874	2,779,042
	Mark to market loss on derivatives	24.2	69,063	96,507
	Branch adjustment account		-	73,434
	Alternative Delivery Channel (ADC) settlement accounts	20.2	1,719,649	3,409,741
	Provision for compensated absences		1,290,476	874,117
	Payable against redemption of customer loyalty / reward points		1,041,845	857,241
	Charity payable		176,604	114,052
	Credit loss allowance / provision against off-balance sheet obligations	20.1	780,711	78,624
	Security deposits against leases, lockers and others		13,058,856	12,983,647
	Workers' Welfare Fund		6,789,523	5,093,704
	Payable to vendors and suppliers		630,070	850,048
	Margin deposits on derivatives		2,415,337	3,906,392
	Payable to merchants (card acquiring)		959,295	776,097
	Indirect taxes payable		6,453,825	3,874,309
	Liability against share based payment		870,000	483,001
	Trading liability		15,600,626	2,412,845
	Others		7,199,556	6,197,042
			151,529,442	150,554,340

20.1 Credit loss allowance / provision against off-balance sheet obligations

Opening balance	78,624	62,948
Impact of adoption of IFRS 9	1,085,673	-
Balance as at January 01 after adopting IFRS 9	1,164,297	62,948
Exchange adjustments	(4,925)	4,029
(Reversals) / charge for the year	(378,661)	11,647
Closing balance	780,711	78,624

20.1.1 The provision against off balance sheet obligations includes general provision of Rs. 21.239 million (2023: Rs. 43.946 million) held in Bangladesh books, Rs. 1.726 million (2023: Rs. 1.728 million) held in Afghanistan books as required under the local regulations and specific provision of Rs. 35.828 million (2023: Rs. 32.950 million) held in Pakistan against defaulted letter of guarantees.

20.2 This represents settlement arising from channel transaction at the cut off date which were subsequently cleared.

21 SHARE CAPITAL

21.1 Authorised capital

2024	2023		2024	2023
--------(Number of shares)--------			**-------(Rupees in '000)-------**	
2,300,000,000	2,300,000,000	Ordinary shares of Rs. 10 each	23,000,000	23,000,000

21.2 Issued, subscribed and paid up capital

2024	2023		2024	2023
--------(Number of shares)--------			**-------(Rupees in '000)-------**	
		Ordinary shares		
891,453,153	891,453,153	Fully paid in cash	8,914,531	8,914,531
885,711,966	885,711,966	Issued as bonus shares	8,857,120	8,857,120
(200,000,000)	(200,000,000)	Treasury shares cancelled	(2,000,000)	(2,000,000)
1,577,165,119	1,577,165,119		15,771,651	15,771,651

21.3 Statutory reserve

A Banking company incorporated in Pakistan is required to transfer 20% of its profit after tax to a statutory reserve until the amount of the reserve plus share premium equals the paid-up share capital. Thereafter, 10% of the profit after tax of the banking company is required to be transferred to this reserve. Accordingly, the Bank transfers 10% of its profit after tax every year to the statutory reserve.

	Note	2024	2023
22 SURPLUS ON REVALUATION OF ASSETS		-------(Rupees in '000)-------	
Surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI - debt	8.1	23,225,807	-
- Securities measured at FVOCI - equity	8.1	6,746,862	-
- Available for sale securities	8.1	-	(5,290,960)
- Property and equipment	22.1	19,939,951	12,682,139
- Non-banking assets acquired in satisfaction of claims	22.2	491,882	172,321
		50,404,502	7,563,500
Less: Deferred tax (liability) / asset on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI - debt		(12,077,420)	-
- Securities measured at FVOCI - equity		(3,508,368)	-
- Available for sale securities		-	2,592,570
- Property and equipment	22.1	(2,386,906)	(593,695)
- Non-banking assets acquired in satisfaction of claims	22.2	(177,167)	(85,595)
		(18,149,861)	1,913,280
Derivatives deficit		(3,175,304)	(3,512,910)
Less: Deferred tax asset on derivative		1,651,158	1,721,326
		(1,524,146)	(1,791,584)
	22.3	33,778,787	11,268,364

22.1 Surplus on revaluation of property and equipments

Surplus on revaluation of property and equipments as at January 01	12,682,139	12,807,981
Recognised during the year	7,402,493	-
Realised on disposal during the year	(55,963)	(37,104)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(88,718)	(88,738)
Surplus on revaluation of property and equipments as at December 31	19,939,951	12,682,139
Less: related deferred tax liability on:		
Revaluation as at January 01	593,695	486,889
- effect of change in tax rate	36,349	67,938
- recognised during the year	1,756,862	39,288
- surplus realised on disposal during the year	-	(420)
	2,386,906	593,695
	17,553,045	12,088,444

22.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Surplus on revaluation as at January 01	172,321	145,613
Recognised during the year	337,561	26,708
Realised on disposal during the year	(18,000)	-
Surplus on revaluation as at December 31	491,882	172,321
Less: related deferred tax liability on:		
- revaluation as at January 01	85,595	63,108
- effect of change in tax rate	5,241	8,806
- revaluation recognised during the year	95,691	13,681
- surplus realised on disposal during the year	(9,360)	-
	177,167	85,595
	314,715	86,726

22.3 This includes securities amounting to Rs. 12,672.533 million (2023: Rs. 911.344 million) that will be recycled and Rs. 3,238.494 million (2023: Rs. 4.538 million) that will not be recycled to the unconsolidated statement of profit and loss account.

		Note	2024	2023
23	**CONTINGENCIES AND COMMITMENTS**		-------(Rupees in '000)-------	
	-Guarantees	23.1	181,819,233	173,579,640
	-Commitments	23.2	693,195,425	731,198,269
	-Other contingent liabilities	23.3	23,153,037	23,816,758
			898,167,695	928,594,667
23.1	**Guarantees:**			
	Financial guarantees		6,048,920	5,874,903
	Performance guarantees		66,136,458	55,684,506
	Other guarantees		109,633,855	112,020,231
			181,819,233	173,579,640
23.2	**Commitments:**			
	Documentary credits and short-term trade-related transactions			
	- Letters of credit		220,709,466	196,248,432
	Commitments in respect of:			
	- forward foreign exchange contracts	23.2.1	266,938,066	350,664,300
	- forward government securities transactions	23.2.2	149,529,384	109,207,715
	- derivatives	23.2.3	33,466,502	51,150,198
	- forward lending	23.2.4	16,490,171	19,247,075
	Commitments for acquisition of:			
	- property and equipment		5,448,017	3,713,022
	- intangible assets		317,819	312,027
	Commitments in respect of donations		296,000	655,500
			693,195,425	731,198,269
23.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		144,906,210	198,859,218
	Sale		122,031,856	151,805,082
			266,938,066	350,664,300
23.2.2	**Commitments in respect of forward government securities transactions**			
	Purchase		55,393,978	20,461,347
	Sale		94,135,406	88,746,368
			149,529,384	109,207,715
23.2.3	**Commitments in respect of derivatives**			
23.2.3.1	**Interest Rate Swaps**			
	Purchase	24.1	23,054,358	39,466,304
	Sale		-	-
			23,054,358	39,466,304

		Note	2024	2023
23.2.3.2	**Cross Currency Swaps**		-------(Rupees in '000)-------	
	Purchase		-	-
	Sale	24.1	10,412,144	11,683,894
			10,412,144	11,683,894
	Total commitments in respect of derivatives		33,466,502	51,150,198
23.2.4	**Commitments in respect of forward lending**			
	Undrawn formal standby facilities, credit lines and other commitments to lend		16,490,171	15,828,600
	Commitments in respect of investments		-	3,418,475
		23.2.4.1	16,490,171	19,247,075

23.2.4.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.

		2024	2023
23.3	**Other contingent liabilities**	-------(Rupees in '000)-------	
23.3.1	Claims against the Bank not acknowledged as debts	23,153,037	23,816,758

These mainly represents counter claims filed by the borrowers for restricting the Bank from disposal of collateral assets (such as hypothecated / mortgaged / pledged assets kept as security), damage to reputation and cases filed by ex-employees of the Bank for damages. Based on legal advices and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these unconsolidated financial statements.

23.4 Contingency for tax payable

23.4.1 There were no tax related contingencies other than as disclosed in note 35.2.

24 DERIVATIVE INSTRUMENTS

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include futures, swaps and options. Derivatives also include structured financial products that have one or more characteristics of forwards, futures, swaps and options.

24.1 Product Analysis

	2024					
	Interest Rate Swaps			Cross Currency Swaps		
Counterparties	**No. of contracts**	**Notional Principal**	**Mark to market gain -net**	**No. of contracts**	**Notional Principal**	**Mark to market gain -net**
		----------(Rupees in '000)----------			----------(Rupees in '000)----------	
With Banks for						
Hedging	27	23,054,358	2,172,667	-	-	-
With other entity for						
Market making	-	-	-	6	10,412,144	887,052
	27	23,054,358	2,172,667	6	10,412,144	887,052

	2023					
	Interest Rate Swaps			Cross Currency Swaps		
Counterparties	**No. of contracts**	**Notional Principal**	**Mark to market gain -net**	**No. of contracts**	**Notional Principal**	**Mark to market gain -net**
		----------(Rupees in '000)----------			----------(Rupees in '000)----------	
With Banks for						
Hedging	41	39,466,304	3,371,331	-	-	-
With other entity for						
Market making	-	-	-	6	11,683,894	707,484
Total	41	39,466,304	3,371,331	6	11,683,894	707,484

24.2 Maturity Analysis

Remaining maturity	2024				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
	----------(Rupees in '000)----------				
1 to 3 months	2	584,955	-	2,379	2,379
3 to 6 months	1	580,164	-	4,860	4,860
6 months to 1 year	2	227,144	-	23,067	23,067
1 to 2 years	3	2,808,564	-	134,879	134,879
2 to 3 years	6	4,596,075	-	253,253	253,253
3 to 5 years	8	7,799,400	-	856,738	856,738
5 to 10 years	11	16,870,200	69,063	1,853,606	1,784,543
Total	33	33,466,502	69,063	3,128,782	3,059,719

Remaining maturity	2023				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
	----------(Rupees in '000)----------				
3 to 6 months	3	3,946,050	-	33,420	33,420
6 months to 1 year	4	3,100,468	-	67,863	67,863
1 to 2 years	6	3,078,496	-	123,738	123,738
2 to 3 years	3	2,877,882	-	209,153	209,153
3 to 5 years	9	7,187,448	-	571,371	571,371
5 to 10 years	18	19,730,249	-	2,397,546	2,397,546
Above 10 years	4	11,229,605	96,507	772,231	675,724
Total	47	51,150,198	96,507	4,175,322	4,078,815

24.3 The risk management policy related to derivatives is disclosed in note 48.7 to these unconsolidated financial statements.

		2024	2023
25	**MARK-UP/RETURN/INTEREST EARNED**	-------(Rupees in '000)-------	
	On:		
a)	Loans and advances	137,521,132	116,201,480
b)	Investments	359,049,649	278,702,240
c)	Lendings to financial institutions	5,715,027	4,908,013
d)	Balances with banks	224,206	63,650
e)	On securities purchased under resale agreements	4,388,082	12,072,290
		506,898,096	411,947,673

26	**MARK-UP/RETURN/INTEREST EXPENSED**		
	On:		
a)	Deposits	223,982,633	167,503,733
b)	Borrowings	19,406,506	19,047,289
c)	Securities sold under repurchase agreements	123,136,221	88,504,922
d)	Subordinated debt	3,119,463	3,061,353
e)	Cost of foreign currency swaps against foreign currency deposits / borrowings	6,506,691	4,691,399
f)	Leased assets	3,503,522	2,657,661
g)	Reward points / customer loyalty	517,136	410,944
		380,172,172	285,877,301

		Note	2024	2023
27	**FEE & COMMISSION INCOME**		-------(Rupees in '000)-------	
	Branch banking customer fees		1,577,155	1,356,867
	Consumer finance related fees		640,716	602,773
	Card related fees (debit and credit cards)		3,206,294	2,842,730
	Credit related fees		773,192	631,917
	Investment banking fees		227,709	372,920
	Commission on trade		3,074,541	2,630,002
	Commission on guarantees		779,758	758,763
	Commission on cash management		69,969	85,340
	Commission on remittances including home remittances		2,585,729	1,564,144
	Commission on bancassurance		541,424	547,015
	Card acquiring business		1,029,498	1,561,391
	Wealth management fee		508,758	211,105
	Commission on Benazir Income Support Programme (BISP)		1,161,339	1,168,580
	Alternative Delivery Channel (ADC) settlement accounts		1,164,860	1,286,720
	Others		281,172	219,126
			17,622,114	15,839,393
28	**FOREIGN EXCHANGE INCOME**			
	Foreign exchange income		10,962,164	9,824,716
	Foreign exchange loss related to derivatives		(1,429,106)	(602,027)
			9,533,058	9,222,689
29	**GAIN ON SECURITIES**			
	Realised gain	29.1	9,885,677	671,772
	Unrealised gain - measured at FVPL	8.1	4,046,951	-
	Unrealised loss - held for trading	8.1	-	(377,898)
	Unrealised loss on trading liabilities - net		(32,087)	(13,724)
			13,900,541	280,150
29.1	**Realised gain / (loss) on:**			
	Federal government securities		8,554,898	(44,893)
	Shares		927,740	460,054
	Foreign securities		403,039	256,611
			9,885,677	671,772
29.2	**Net gain on financial assets / liabilities measured:**			
	At FVPL			
	Designated upon initial recognition		9,041,738	-
	Mandatorily measured at FVPL		2,902,399	-
			11,944,137	-
	Net gain on financial assets measured at FVOCI - Debt		1,956,404	-
			13,900,541	-
30	**OTHER INCOME**			
	Rent on property		26,685	27,686
	Gain on sale of property and equipment - net		109,587	144,975
	Gain on sale of non banking assets - net	13.1.2	27,800	-
	Profit on termination of leased contracts (Ijarah)		19	48,259
	Gain on termination of leases		63,731	112,863
	Unrealised gain on advances classified at FVPL		91,600	-
	Others		1,642	8
			321,064	333,791

		Note	2024	2023
31	**OPERATING EXPENSES**		-------(Rupees in '000)-------	
	Total compensation expense	31.1	39,568,246	28,712,970
	Property expense			
	Rates and taxes		433,240	225,024
	Utilities cost		3,870,322	2,755,810
	Security (including guards)		1,768,131	1,363,964
	Repair and maintenance (including janitorial charges)		2,070,648	1,371,863
	Depreciation on right-of-use assets	11	3,923,093	3,349,633
	Depreciation on non-banking assets acquired in satisfaction of claims	13.1.1	46,620	4,996
	Depreciation on owned assets	10.2	1,066,114	873,420
			13,178,168	9,944,710
	Information technology expenses			
	Software maintenance		3,135,993	2,695,079
	Hardware maintenance		946,458	966,114
	Depreciation	10.2	1,429,581	1,086,813
	Amortisation	12.1	374,884	326,796
	Network charges		745,371	641,655
	Consultancy and support services		192,506	198,635
			6,824,793	5,915,092
	Other operating expenses			
	Directors' fees and allowances	42.2	154,720	121,920
	Fees and allowances to Shariah Board	42.3	22,701	16,708
	Legal and professional charges		491,850	483,281
	Outsourced services costs	31.2	1,317,748	1,038,446
	Travelling and conveyance		1,636,503	1,349,808
	Clearing and custodian charges		204,215	161,128
	Depreciation	10.2	2,160,451	1,566,980
	Training and development		300,206	135,000
	Postage and courier charges		480,641	478,747
	Communication		3,137,468	1,846,234
	Stationery and printing		1,748,612	1,403,529
	Marketing, advertisement and publicity		3,867,160	3,671,553
	Donations	31.3	505,662	1,249,520
	Auditors' remuneration	31.4	208,411	152,782
	Brokerage and commission		1,194,417	996,032
	Entertainment		905,412	670,933
	Repairs and maintenance		967,798	882,720
	Insurance		1,960,035	1,542,439
	Cash handling charges		2,014,090	1,551,979
	CNIC verification		549,121	389,286
	Others		970,864	915,055
			24,798,085	20,624,080
			84,369,292	65,196,852

31.1	**Total compensation expense**			
	Managerial remuneration			
	i) Fixed		22,927,979	18,651,880
	ii) Variable:			
	a) Cash bonus / awards etc.		7,168,320	6,239,247
	b) Bonus and awards in shares etc.		722,230	362,250
	Charge for defined benefit plan	39.8.1	771,603	413,244
	Contribution to defined contribution plan	40	878,699	730,931
	Medical		2,058,191	1,295,643
	Conveyance		1,565,966	523,234
	Staff compensated absences	41.1	416,359	172,625
	Staff life insurance		199,245	200,591
	Staff welfare		66,489	100,608
	Club subscription		9,182	3,723
	Others		-	30
	Sub-total		36,784,263	28,694,006
	Sign-on bonus	31.1.1	39,499	18,964
	Staff loans - notional cost	31.1.2	2,744,484	-
	Grand total		39,568,246	28,712,970

		2024	2023
		------- No of persons --------	
31.1.1	Sign-on bonus	17	12

31.1.2 This refers to unwinding of notional deferred cost on subsidised staff loans fair valuation under IFRS 9.

31.2 The cost of outsourced activities included in other operating expenses is Rs. 1,179.814 million (2023: Rs. 860.632 million). This pertains to payment to companies incorporated in Pakistan.

31.3	**Donations**	**2024**	**2023**
		-------(Rupees in '000)-------	
	Shaukat Khanum Memorial Cancer Hospital and Research Centre	33,000	33,000
	Institute of Business Administration	14,338	-
	WWF - Pakistan	14,000	3,600
	The Dawood Foundation	11,898	-
	Karachi Vocational Training Centre	7,800	-
	Zindagi Trust	7,420	7,420
	Habib University Foundation	6,400	6,400
	Development in Literacy	6,000	-
	Cancer Foundation Hospital	5,378	-
	Alamgir Welfare Trust International	4,500	4,500
	Special Olympics Pakistan	4,500	4,500
	Child Aid Association	4,500	-
	NOWPDP	4,000	4,000
	Durbeen	3,000	-
	Pakistan National Polio Plus Charitable Trust	2,778	-
	Protection and Help of Children Abuse and Neglect	2,500	2,500
	Behbud Association Karachi	2,500	-
	Marie Adelaide Leprosy Centre	2,500	-
	Karachi Down Syndrome Program	2,400	-
	The Society for the Rehabilitation of Special Children	2,000	-
	Dua Foundation	1,750	-
	Hope Uplift Foundation	1,000	-
	National Disability & Development Forum (NDF)	1,000	-
	Nice Welfare Society	1,000	-
	Family Educational Services	-	3,600
	Karwan-e-Hayat	-	3,000
	The i Care Foundation	-	2,000
	Make-a-Wish Foundation Pakistan	-	500
		146,162	75,020
	Donation paid for Flood Relief		
	The Citizen Foundation	177,000	59,000
	Child Life Foundation	50,000	50,000
	Karachi Relief Trust	26,500	150,000
	The Layton R. Benevolent Trust	25,000	25,000
	Taraqee Foundation	25,000	10,000
	Orange Tree Foundation	25,000	-
	Family Educational Services	24,000	-
	Alamgir Welfare Trust International	7,000	47,000
	Akhuwat	-	250,000
	Aga Khan Foundation	-	200,000
	Patients' Aid Foundation	-	150,000
	Shahid Afridi Foundation	-	50,000
	Sahil Welfare Association	-	35,000
	Al Mustafa Trust	-	33,500
	Green Crescent Trust	-	30,000
	Bait us Salam Welfare Trust	-	25,000
	Indus Hospital & Health Network	-	25,000
	Health And Nutrition Development Society	-	20,000
	Vital Pakistan Trust	-	15,000
		359,500	1,174,500
	Total Donations	505,662	1,249,520

31.3.1 None of the directors, sponsor shareholders, key management personnel or their spouses have any direct interest in the Donees, except Patients' Aid Foundation where spouse of CEO / President is the member of fund raising committee and Child Life Foundation where brother of a key management person is the CEO.

31.4 Auditors' remuneration

	2024			2023		
	Domestic	Overseas	Total	Domestic	Overseas	Total
	----------(Rupees in '000)----------			----------(Rupees in '000)----------		
Audit fee	26,773	41,604	68,377	17,653	40,055	57,708
Fee for other statutory certifications	10,476	16,231	26,707	7,003	6,436	13,439
Special certifications and sundry advisory services	74,596	1,008	75,604	39,512	21,028	60,540
Tax services	30,303	-	30,303	16,330	-	16,330
Out of pocket expenses	5,740	1,680	7,420	2,858	1,907	4,765
	147,888	60,523	208,411	83,356	69,426	152,782

32 WORKERS' WELFARE FUND

The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government through the Finance Act, 2008 for the levy of Workers' Welfare Fund (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. A legal advice was obtained by the Pakistan Banking Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive until the review petitions is decided. Accordingly, the amount charged for Workers' Welfare Fund since 2008 has not been reversed.

	Note	2024	2023
33 OTHER CHARGES		-------(Rupees in '000)-------	
Penalties imposed by the State Bank of Pakistan		222,567	279,412

34 CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE OFFS - NET

(Reversal of) / credit loss allowance against cash with treasury banks		(43,760)	36,044
(Reversal of) / credit loss allowance against balance with other banks		(665)	3,073
(Reversal of) / credit loss allowance against lending to financial institutions		(12,616)	149
Credit loss allowance / (reversal) against provision for diminution in value of investments	8.3	857,343	(710,238)
Credit loss allowance / provision against loans & advances	9.8	1,857,895	10,509,002
Credit loss allowance / provision against other assets	13.4.1	159,042	310,924
(Reversal of) credit loss allowance / provision against off-balance sheet obligations	20.1	(378,661)	11,647
(Reversal of) other credit loss allowance / provisions / write off - net		(27,280)	84,750
Recovery of written off / charged off bad debts		(583,659)	(779,160)
Deficit on revaluation of property and equipment		21,470	-
Reversal of deficit on revaluation of non-banking assets	13.1.1	-	(4,201)
		1,849,109	9,461,990

35 TAXATION

Charge / (reversal) :			
Current		42,431,786	42,012,764
Prior years		(2,338,687)	1,651,651
Deferred		4,683,905	(1,945,727)
	35.1	44,777,004	41,718,688

		2024	2023
35.1	**Relationship between tax expense and accounting profit**	**-------(Rupees in '000)-------**	
	Accounting profit before taxation	83,095,135	78,175,060
	Tax at the applicable rate of 54% (2023: 49%)	44,871,373	38,305,779
	Effect of:		
	- permanent differences	301,437	251,327
	- impact of change in tax rates	(526,558)	(540,125)
	- prior year windfall tax	-	3,600,000
	- others	130,752	101,707
	Tax expense for the year	44,777,004	41,718,688

35.2 a) The income tax assessments of the Bank have been finalized upto and including tax year 2024. In respect of tax years 2008, 2014, 2017, 2019 and 2021 to 2024, the tax authority has raised certain issues including default in payment of WWF, allocation of expenses to dividend and capital gains, dividend income from mutual funds not being taken under income from business and disallowance of leasehold improvements resulting in a tax demand of Rs. 1,217.274 million (December 31, 2023: Rs. 1,248.398 million). The Bank has filed an appeal which is pending before the Tribunal. The management is confident that the matter will be decided in favour of the Bank and consequently has not made any provision in this respect.

b) The Bank had received orders from a provincial tax authority for the periods from July 2011 to December 2020 wherein tax authority demanded sales tax on banking services and penalty amounting to Rs. 763.312 million (excluding default surcharge) by disallowing certain exemptions of sales tax on banking services and alleged for short payment of sales tax. The appeals against these orders are pending before Commissioner Appeals and Appellate Tribunal. The Bank has not made any provision against these orders and the management is of the view that these matters will be settled in the Bank's favour through appellate process.

c) The Bank had received an order from a tax authority wherein Sales tax and penalty amounting to Rs. 5.191 million (excluding default surcharge) was demanded allegedly for non-payment of sales tax on certain transactions relating to accounting year 2016 and an appeal against this order is pending before Commissioner Appeals. Another order received for the same accounting year wherein sales tax and further tax amounting to Rs. 8.601 million (excluding default surcharge and penalty) was demanded allegedly for non-payment of sales tax on certain transactions is redemanded in appeal effect order. This matter is pending before Commissioner Appeals and Appellate Tribunal. In the current year, a similar order for the accounting years 2017 and 2018 is issued with tax demand of Rs. 11.536 million (excluding default surcharge) which is pending before Commissioner Appeals. The Bank has not made any provision against these orders and the management is of the view that these matters will be favourably settled through an appellate process.

Certain other addbacks made by the tax authorities for various assessment years, appeals against which are pending with the Commissioner of Inland Revenue (Appeals), Appellate Tribunal Inland Revenue (ATIR), the High Court of Sindh and the Supreme Court of Pakistan.

		2024	2023
36	**BASIC AND DILUTED EARNINGS PER SHARE**	**-------(Rupees in '000)-------**	
	Profit for the year	38,318,131	36,456,372
		--(Number of shares in '000)--	
	Weighted average number of ordinary shares	1,577,165	1,577,165
		----------Rupees----------	
	Basic and diluted earnings per share	24.30	23.12

36.1 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.

		Note	2024	2023
37	**CASH AND CASH EQUIVALENTS**		**-------(Rupees in '000)-------**	
	Cash and balance with treasury banks	5	227,839,984	202,728,262
	Balance with other banks	6	18,475,498	16,620,891
	Call / clean money lendings	37.2	1,392,764	32,018,705
	Overdrawn nostro accounts	15	(15,736,314)	(3,467,939)
	Less: Expected credit loss		(21,895)	-
			231,950,037	247,899,919

37.1 Reconciliation of debt arising from financing activities

	2024			
	Liability			Equity
	(Rupees in '000)			
	Subordinated debt	Lease liabilities against right-of-use assets	Dividend Payable	Share Capital
Balances as at January 01, 2024	14,000,000	22,894,533	6,166,682	15,771,651
Changes from financing cash flows				
Payment of leased liability	-	(6,108,213)	-	-
Dividend paid	-	-	(23,207,789)	-
	-	(6,108,213)	(23,207,789)	-
Other changes				
Additions / renewals / amendments / (terminations) - net	-	9,245,802	-	-
Finance charges on leased assets	-	3,503,522	-	-
Exchange rate adjustment	-	(53,706)	-	-
Final cash dividend for the year ended December 31, 2023 - 50%	-	-	7,885,826	-
Interim cash dividend for the quarter ended March 31, 2024 - 20%	-	-	3,154,330	-
Interim cash dividend for the half year ended June 30, 2024 - 20%	-	-	3,154,330	-
Interim cash dividend for the nine months period ended September 30, 2024 - 20%	-	-	3,154,330	-
	-	12,695,618	17,348,816	-
Balances as at December 31, 2024	14,000,000	29,481,938	307,709	15,771,651

	2023			
	Liability			Equity
	(Rupees in '000)			
Reconciliation of debt arising from financing activities	Subordinated debt	Lease liabilities against right-of-use assets	Dividend Payable	Share Capital
Balances as at January 01, 2023	14,000,000	17,495,747	4,767,210	15,771,651
Changes from financing cash flows				
Issuance of sub-ordinated debt	-	-	-	-
Payment of leased liability	-	(5,054,441)	-	-
Own shares purchased during the year	-	-	-	-
Dividend paid	-	-	(7,274,936)	-
	-	(5,054,441)	(7,274,936)	-
Other changes				
Additions / renewals / amendments / (terminations) - net	-	7,724,656	-	-
Finance charges on leased assets	-	2,657,661	-	-
Exchange rate adjustment	-	70,910	-	-
Final cash dividend for the year ended December 31, 2022 - 25%	-	-	3,942,913	-
Interim cash dividend for the half year ended June 30, 2023 - 30%	-	-	4,731,495	-
	-	10,453,227	8,674,408	-
Balances as at December 31, 2023	14,000,000	22,894,533	6,166,682	15,771,651

37.2 This represents call / clean money lendings having maturities upto three months.

38 STAFF STRENGTH

	2024			2023		
	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Number of employees)					
Permanent	16,120	214	16,334	14,453	209	14,662
On the Bank's contract	12	54	66	16	60	76
The Bank's own staff strength at the end of the year	16,132	268	16,400	14,469	269	14,738

38.1 In addition to the above, 106 (2023: 106) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding, tea and janitorial services etc. Outsourced staff includes 105 (2023: 105) working in Pakistan and 01 (2023: 01) working at a overseas branch.

39 DEFINED BENEFIT PLAN

39.1 General description

The Bank operates an approved funded gratuity scheme which cover all regular permanent employees. The liability of the Bank in respect of the plan is determined based on an actuarial valuation carried out using the Projected Unit Credit Method. The actuarial valuation of the defined benefit plan is carried out every year and the latest valuation was carried out as at December 31, 2024. The significant assumptions are detailed below:

39.2 Number of Employees under the scheme

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

	2024	2023
	----------(Number)----------	
- Gratuity fund	16,120	14,453

39.3 Principal actuarial assumptions

The disclosures made below are based on the information included in the actuarial valuation report of the Bank as of December 31, 2024:

	2024	2023
	-------(Per annum)-------	
Withdrawal rates	Low	Low
Mortality rates	SLIC 2001 - 2005	SLIC 2001 - 2005
Valuation discount rate (p.a)	12.25%	14.75%
Salary increase rate (p.a) - Short term (5 years)	14.75%	14.00%
Salary increase rate (p.a) - Long term	13.60%	14.00%
Expected rate of return on plan assets (p.a)	12.25%	14.75%
Normal retirement age	65 Years	65 Years
Duration	14 Years 4 months	14 Years 4 months

39.4 Reconciliation of receivable from defined benefit plans

	Note	2024	2023
		-------(Rupees in '000)-------	
Present value of obligation	39.5	6,525,280	4,282,553
Fair value of plan assets	39.6	(7,857,270)	(4,723,138)
Receivable	39.7	(1,331,990)	(440,585)

39.5 Movement in defined benefit obligations

Obligations at the beginning of the year	4,282,553	2,891,871
Current service cost	886,056	573,199
Interest cost	609,380	394,525
Past service cost	-	(104,744)
Benefits paid by the Bank	(302,893)	(246,078)
Re-measurement loss	1,050,184	773,780
Obligations at the end of the year	6,525,280	4,282,553

39.6 Movement in fair value of plan assets

Fair value at the beginning of the year	4,723,138	3,045,578
Interest income on plan assets	723,833	449,736
Contribution by the Bank - net	671,297	467,002
Benefits paid	(302,893)	(246,078)
Re-measurement gain 39.8.2	2,041,895	1,006,900
Fair value at the end of the year 39.9	7,857,270	4,723,138

		Note	2024	2023
39.7	**Movement in receivable under defined benefit plan**		-------(Rupees in '000)-------	
	Opening balance		(440,585)	(153,707)
	Charge for the year		771,603	413,244
	Contribution by the Bank - net		(671,297)	(467,002)
	Re-measurement gain recognised in OCI during the year	39.8.2	(991,711)	(233,120)
	Closing balance		(1,331,990)	(440,585)
39.8	**Charge for defined benefit plans**			
39.8.1	**Cost recognised in profit and loss**			
	Current service cost	39.5	886,056	573,199
	Past service cost		-	(104,744)
	Net interest on defined benefit asset / liability	39.5 & 39.6	(114,453)	(55,211)
			771,603	413,244
39.8.2	**Re-measurements recognised in OCI during the year**			
	(Gain) / loss on obligation			
	- Demographic assumptions		(23,553)	-
	- Financial assumptions		1,080,715	569,483
	- Experience adjustment		(6,978)	204,297
	Return on plan assets other than interest income		(2,041,895)	(1,006,900)
	Total re-measurements recognised in OCI		(991,711)	(233,120)
39.9	**Components of plan assets**			
	Cash and cash equivalents - net		2,044,959	1,126,635
	Non-government debt securities		991,677	952,365
	Ordinary shares		3,720,156	2,165,664
	Units of mutual funds		1,100,478	478,474
			7,857,270	4,723,138

39.9.1 Investments in term finance certificates are subject to credit risk and interest rate risks, while equity securities and mutual funds are subject to price risk. Cash and cash equivalents include balances maintained with the Bank which are subject to credit risk. These risks are regularly monitored by the Trustees of the gratuity fund.

39.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption are summarised below:

Particulars	2024	
	PV of Defined Benefit Obligation	Change
	-------(Rupees in '000)-------	
1% increase in discount rate	5,670,018	(855,262)
1% decrease in discount rate	7,564,158	1,038,878
1 % increase in expected rate of salary increase	7,581,970	1,056,690
1 % decrease in expected rate of salary increase	5,641,746	(883,534)
10% increase in withdrawal rate	6,512,492	(12,788)
10% decrease in withdrawal rate	6,538,361	13,081
1 year Mortality age set back	6,528,397	3,117
1 year Mortality age set forward	6,522,194	(3,086)

		2025 (Rupees in '000)
39.11	**Expected contributions to be paid to the fund in the next financial year**	961,901
39.12	**Expected charge for the next financial year**	961,901

39.13 Maturity profile **2024**

The undiscounted expected payments maturity is tabulated below:

Particulars	Undiscounted Payments (Rs. in '000)
Year 1	166,414
Year 2	146,059
Year 3	198,712
Year 4	247,873
Year 5	357,015
Year 6 to year 10	2,320,292
Year 11 and above	66,149,312
	69,585,677

39.14 Funding policy

The Bank's policy for funding the staff retirement benefit scheme is given in note 4.11 (a).

39.15 Risks associated with defined benefit plans

Asset volatility:

The risk arises due to the inclusion of the risky assets in the gratuity fund portfolio, inflation and interest rate volatility.

Changes in bond yields:

The risk arises when bond yield is lower than the expected return on the plan assets (duration based PIB discount rate).

Inflation risks:

The risk arises if gratuity benefits are linked to inflation and the inflation is higher than expected, which results in higher liabilities.

Life expectancy / withdrawal risk:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

Longevity risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases in salary are higher than expectation and impacts the liability accordingly.

40 DEFINED CONTRIBUTION PLAN

The Bank operates an approved provident fund scheme for all its permanent employees to which the Bank contribute 8.33% of basic salary in equal monthly contributions. However, employees have the option, to have their provident fund contribution deducted at 8.33%, 10% or 12% of their monthly basic salary.

During the year, the Bank contributed Rs. 878.699 million (2023: Rs. 730.931 million) to the fund.

41 OTHER EMPLOYEE BENEFIT

41.1 Compensated absences

The Bank operates compensated absences scheme in which employees can carry forward unutilised leaves up to maximum of 45 days.

41.2 Benefit scheme for overseas branches

The Bank operates retirement benefit schemes for its employees at overseas branches in compliance with the local labour laws of the respective countries where the branches operate.

42 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

42.1 Total compensation expense

2024								
Sr. No.	Items	Chairman	Directors		Members Shariah Board *	President / CEO	Key Executives	Other MRTs / MRCs
			Executives (other than CEO)	Non-Executive				
		----------(Rupees in '000)----------						
1	Fees and allowances etc.	4,800	-	149,920	22,701	-	-	-
2	Managerial remuneration							
	i) Fixed	-	-	-	5,617	98,110	427,671	1,614,590
	ii) Total variable							
	a) Cash bonus ** / awards ***	-	-	-	2,406	163,613	365,811	780,075
	b) Bonus and awards in shares	-	-	-	-	36,654	105,288	149,138
3	Charge for defined benefit plan	-	-	-	-	6,894	24,151	90,476
4	Contribution to defined contribution plan	-	-	-	265	6,894	24,151	80,566
5	Rent & house maintenance	-	-	-	1,271	49,451	115,971	432,825
6	Utilities	-	-	-	291	12,589	26,540	89,637
7	Medical	-	-	-	27	690	2,452	8,157
8	Conveyance	-	-	-	-	-	-	710
9	Others	-	-	-	509	-	-	1,464
	Total	4,800	-	149,920	33,087	374,895	1,092,035	3,247,638
	Number of Persons	1	-	7	5	1	15	167

2023								
Sr. No.	Items	Chairman	Directors		Members Shariah Board *	President / CEO	Key Executives	Other MRTs / MRCs
			Executives (other than CEO)	Non-Executive				
		----------(Rupees in '000)----------						
1	Fees and allowances etc.	-	-	121,920	16,708	-	-	-
2	Managerial remuneration							
	i) Fixed	-	-	-	4,592	81,210	328,987	1,270,420
	ii) Total variable							
	a) Cash bonus / awards**	-	-	-	1,207	125,000	250,877	542,840
	b) Bonus and awards in shares	-	-	-	-	15,489	46,622	58,904
3	Charge for defined benefit plan	-	-	-	-	6,048	19,193	89,830
4	Contribution to defined contribution plan	-	-	-	189	6,048	19,193	66,842
5	Rent & house maintenance	-	-	-	908	42,912	92,164	377,022
6	Utilities	-	-	-	227	11,309	23,041	82,977
7	Medical	-	-	-	-	-	-	685
8	Conveyance	-	-	-	-	-	-	196
9	Others	-	-	-	189	-	-	-
	Total	-	-	121,920	24,020	288,016	780,077	2,489,716
	Number of Persons	1	-	6	5	1	16	176

The Chief Executive and certain Executives have been provided with car(s), household equipment and fuel.

A certain portion of variable compensation of the CEO, Key Executives, MRTs/MRCs shall be subject to mandatory deferrals for a defined period of three years, whereas remaining portion of the bonus shall be paid upfront to the MRTs / MRCs. The deferred bonus shall vest proportionately over the deferral period following the year of variable remuneration award.

In case of malus and where accountability has been determined in accordance with the conduct & accountability framework of the Bank, the entire or certain portion of the deferred remuneration shall be withheld and not paid to the MRT / MRC on its becoming due.

The deferred portion is managed internally within the Bank. The Bank provides for the return on deferred portion at rate of return earned on government securities over the time horizon for deferral.

The total movement of deferred bonus during the year December 31, 2024 for the President / Chief Executive Officer (CEO), Key Executives and Other Material Risk Takers (MRTs) / Material Risk Controller (MRCs) is as follows:

	2024	2023
	----(Rupees in '000)----	
Opening balance	240,841	199,982
Add: deferred during the year	440,574	140,374
Less: paid / vested during the year	(111,894)	(99,515)
Closing balance	569,521	240,841

* This includes salaries and allowance of a resident member of Shariah Board who is an employee of the Bank.
**This includes sign-on bonus amounting to Rs. 30.000 million to 5 MRTs / MRCs in year 2024 (2023: Rs. 7.000 million to 2 MRTs / MRCs).
*** The CEO during the year was also awarded an ex-gratia amounting to Rs. 1,057 million as Chairman's award for excellence.

42.2 Remuneration paid to directors for participation in board and board committees meetings

Sr. No.	Name of Director	2024								
		Meeting fees paid for board and board committee meetings								
		Board meetings	Board Audit Committee	Board Human Resources, Remuneration & Nomination Committee	Board Information Technology Committee	Board Risk Management Committee	Board Strategy & Finance Committee	Board Crises Manage-ment Committee	Board Real Estate Committee	Total amount paid
		(Rupees in '000)								
1	H.H. Sheikh Nahayan Mabarak Al Nahayan	4,800	-	-	-	-	-	-	-	4,800
2	Mr. Abdullah Nasser Hawaileel Al Mansoori	2,400	-	-	-	-	-	-	-	2,400
3	Mr. Abdulla Khalil Al Mutawa	4,800	4,800	2,400	3,200	4,000	7,680	960	9,600	37,440
4	Mr. Khalid Mana Saeed Al Otaiba	5,600	4,800	2,400	3,200	4,800	6,400	800	8,000	36,000
5	Dr. Gyorgy Tamas Ladics	4,800	-	1,600	3,840	-	6,400	800	-	17,440
6	Mr. Khalid Qurashi	5,600	5,760	2,400	800	4,000	6,400	800	2,400	28,160
7	Dr. Ayesha Khan	5,600	4,800	2,560	-	1,600	6,400	800	-	21,760
8	Mr. Efstratios G. Arapoglou *	1,600	1,600	1,920	800	-	800	-	-	6,720
	Total	35,200	21,760	13,280	11,840	14,400	34,080	4,160	20,000	154,720

* Director elected / appointed during the year.

Sr. No.	Name of Director	2023								
		Meeting fees paid for board and board committee meetings								
		Board meetings	Board Audit Committee	Board Human Resources, Remuneration & Nomination Committee	Board Information Technology Committee	Board Risk Management Committee	Board Strategy & Finance Committee	Board Crises Manage-ment Committee	Board Real Estate Committee	Total amount paid
		(Rupees in '000)								
1	H.H. Sheikh Nahayan Mabarak Al Nahayan	-	-	-	-	-	-	-	-	-
2	Mr. Abdullah Nasser Hawaileel Al Mansoori	3,200	-	-	-	-	-	-	-	3,200
3	Mr. Abdulla Khalil Al Mutawa	4,000	4,800	3,200	3,200	4,000	6,720	-	4,800	30,720
4	Mr. Khalid Mana Saeed Al Otaiba	4,000	4,800	3,200	3,200	4,800	5,600	-	4,960	30,560
5	Dr. Gyorgy Tamas Ladics	4,000	-	3,200	3,840	-	5,600	-	-	16,640
6	Mr. Khalid Qurashi	4,000	5,760	3,200	-	4,000	5,600	-	-	22,560
7	Dr. Ayesha Khan	4,000	4,800	3,840	-	-	5,600	-	-	18,240
	Total	23,200	20,160	16,640	10,240	12,800	29,120	-	9,760	121,920

42.3 Remuneration paid to Shariah Board Members

Sr. No.	Items	2024				2023			
		Chairman	Non-Resident Member	Resident Member	Total	Chairman	Non-Resident Member	Resident Member	Total
		(Rupees in '000)							
1	Fees / remuneration and allowances	12,239	10,462	-	22,701	8,974	7,734	-	16,708
2	Managerial remuneration - fixed	-	-	5,617	5,617	-	-	4,592	4,592
3	Rent & house maintenance	-	-	1,271	1,271	-	-	908	908
4	Utilities	-	-	291	291	-	-	227	227
5	Others	-	-	3,207	3,207	-	-	1,585	1,585
	Total	12,239	10,462	10,386	33,087	8,974	7,734	7,312	24,020
	Total Number of Persons	1	3	1	5	1	3	1	5

43 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted securities other than those classified as amortised cost / held to maturity, is based on quoted market price. Quoted debt securities classified as amortised cost / held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, 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 a 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 these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

43.1 Fair value of financial instruments

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

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

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

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

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

On balance sheet financial instruments	2024			
	Level 1	Level 2	Level 3	Total
	----------(Rupees in '000)----------			
Financial assets - measured at fair value				
Investments				
- Federal government securities	67,225,943	1,504,321,374	-	1,571,547,317
- Shares - listed companies	18,503,420	-	-	18,503,420
- Shares - unlisted companies	-	-	2,333,188	2,333,188
- Preference shares - unlisted companies	-	-	500,000	500,000
- REIT Fund - listed	1,514,982	-	-	1,514,982
- Non-government debt securities	14,991,550	4,473,526	-	19,465,076
- Foreign government securities	-	62,233,161	-	62,233,161
- Foreign equity securities	257,181	-	-	257,181
- Foreign non-government debt securities	-	25,193,470	8,315,048	33,508,518
Financial assets - disclosed but not measured at fair value				
Investments - amortised cost	-	279,284,570	-	279,284,570
Financial assets - measured at fair value				
Advances				
- Loans, cash credits, running finances, etc.	-	-	1,413,735	1,413,735
Off-balance sheet financial instruments - measured at fair value				
- Forward purchase of foreign exchange	-	1,288,538	-	1,288,538
- Forward sale of foreign exchange	-	(1,090,874)	-	(1,090,874)
- Forward purchase of government securities	-	(12,708)	-	(12,708)
- Forward sale government securities	-	(451,343)	-	(451,343)
- Derivatives purchases	-	2,172,667	-	2,172,667
- Derivatives sales	-	887,052	-	887,052

On balance sheet financial instruments	2023			
	Level 1	Level 2	Level 3	Total
	----------(Rupees in '000)----------			
Financial assets - measured at fair value				
Investments				
- Federal government securities	-	1,802,801,728	-	1,802,801,728
- Shares - listed companies	4,264,378	-	-	4,264,378
- Non-government debt securities	14,940,600	4,429,831	-	19,370,431
- Foreign government securities	-	43,176,169	-	43,176,169
- Foreign equity securities	284,596	-	-	284,596
- Foreign non-government debt securities	-	23,032,819	5,514,371	28,547,190
Financial assets - disclosed but not measured at fair value				
Investments - held to maturity securities	-	154,796,433	-	154,796,433
Off-balance sheet financial instruments - measured at fair value				
- Forward purchase of foreign exchange	-	2,606,750	-	2,606,750
- Forward sale of foreign exchange	-	(2,779,042)	-	(2,779,042)
- Forward purchase of government securities	-	(27,210)	-	(27,210)
- Forward sale government securities transactions	-	(17,514)	-	(17,514)
- Derivatives purchases	-	3,371,331	-	3,371,331
- Derivatives sales	-	707,484	-	707,484

43.2 The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer, occurred. There were no transfers between levels 1 and 2 during the current year.

43.3 Valuation techniques used in determination of fair values:

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds, GoP Sukuks, GoP Euro Bonds, Overseas Government Sukuks, Overseas Bonds, Term Finance Certificates, and other than Government Sukuks, forward foreign exchange contracts, forward government securities contracts, cross currency swap and interest rate swaps.

(c) Financial instruments in level 3

Financial instruments included in level 3 comprise of unlisted ordinary shares, unlisted preference shares, redeemable participating certificates and advances measured at fair value through profit and loss. Valuation techniques are mentioned in the table below.

The fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

43.3.1 Fair value of non-financial assets

Certain categories of property and equipment (land and buildings) and non banking assets acquired in satisfaction of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 10 and 13. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of the State Bank of Pakistan.

43.3.2 Valuation techniques

Item	Valuation approach and input used
Market Treasury Bills (MTB) / Pakistan Investment Bonds (PIB), and GoP Sukuks (GIS) including their forward contracts	The fair value of MTBs and PIBs are derived using PKRV rates. Floating rate PIBs are revalued using PKFRV rates. The fair value of GoP sukuk listed on Pakistan Stock Exchange has been determined through closing rates of Pakistan Stock Exchange. The fair value of other GIS are revalued using PKISRV rates.
Overseas Sukuks, Overseas and GoP Euro Bonds	The fair value of overseas government sukuks, and overseas bonds are determined on the basis of price available on Bloomberg.
Debt Securities (TFCs and Sukuk other than Government)	Investment in sukuks, debt securities (comprising term finance certificates, bonds 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.
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - unlisted	The fair value of investments in certain unlisted equity securities are valued on the basis of dividend discount model.
Preference shares - unlisted	The fair value of investment in unlisted preference shares are valued at offer quoted price.
Redeemable participating certificates	The fair value of investment in redeemable participating certificates are valued at net asset value.
Advances	The fair value of advances are valued on the basis of cashflow discount model.
Forward foreign exchange contracts	The valuation has been determined by interpolating the FX revaluation rates announced by the SBP.
Derivative instruments	Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Property and equipment and non banking assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical, comparable or similar properties. 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 unconsolidated financial statements.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of investment and advances, (The valuation techniques are stated above):

Description	Fair value as at December 31, 2024	Unobservable inputs*	Discount Rate	Relationship of unobservable inputs to fair value
	---(Rupees in '000)---			
Ordinary shares - unlisted	2,333,188	Discount rate	17.2%	Increase / (decrease) in discount rate by 1% with all other variables held constant, would (decrease) / increase the fair value by Rs. 90.457 million and Rs. 97.873 million respectively.
Preference shares - unlisted	500,000	Offered quote	Not applicable	Not applicable
Redeemable participating certificates	8,315,048	Net asset value	Not applicable	Not applicable
Advances	1,413,735	Discount rate	30.0%	Increase / (decrease) in discount rate by 1% with all other variables held constant, would (decrease) / increase the fair value by Rs. 14.903 million and Rs. 15.134 million respectively.

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

The following table shows reconciliation of investment and advances fair value movement:

	2024	
	Investments	Advances
	------(Rupees in '000)------	
Opening balance	6,283,601	1,200,000
Impact of adoption of IFRS 9	2,271,824	122,135
Balance as at January 01 after adopting IFRS 9	8,555,425	1,322,135
Remeasurement recognised in OCI or profit and loss / adjustment	2,592,811	91,600
Closing balance	11,148,236	1,413,735

44 SEGMENT INFORMATION

44.1 Segment details with respect to business activities

	2024								
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Others*	Elimination	Total
Unconsolidated statement of profit and loss account	(Rupees in '000)								
Net mark-up / return/ profit	(107,897,146)	21,570,537	34,076,685	171,107,714	(14,967)	8,568,660	(685,559)	-	126,725,924
Inter segment revenue - net	195,782,873	(5,271,321)	(3,471,478)	(184,219,250)	9,177,145	341,915	45,493	(12,385,377)	-
Non mark-up / return / interest income	8,692,756	6,883,934	2,727,841	20,357,784	1,345,630	3,857,987	640,066	-	44,505,998
Total income	96,578,483	23,183,150	33,333,048	7,246,248	10,507,808	12,768,562	-	(12,385,377)	171,231,922
Segment direct expenses	31,304,470	3,745,141	13,267,673	1,028,260	4,284,959	3,713,532	28,943,643	-	86,287,678
Inter segment expense allocation	18,586,826	2,120,999	5,672,890	723,868	2,415,254	769,293	(28,943,643)	(1,345,487)	-
Total expenses	49,891,296	5,866,140	18,940,563	1,752,128	6,700,213	4,482,825	-	(1,345,487)	86,287,678
Credit loss allowance / provision / (reversals)	1,364,721	2,925,115	(57,063)	(8,407)	16,028	308,620	(2,699,905)	-	1,849,109
Profit / (loss) before tax	45,322,466	14,391,895	14,449,548	5,502,527	3,791,567	7,977,117	2,699,905	(11,039,890)	83,095,135

	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Others*	Elimination	Total
Unconsolidated statement of financial position	(Rupees in '000)								
Cash and bank balances	109,749,938	17,976,222	41,944,162	-	775,190	66,937,500	-	8,910,575	246,293,587
Investments	-	5,492,251	242,118,099	1,617,562,126	-	123,313,534	2,746,444	-	1,991,232,454
Inter segment lending - net	988,532,481	-	-	-	10,562,483	-	83,946,238	(1,083,041,202)	-
Lendings to financial institutions	-	-	43,283,519	97,393,884	-	7,103,006	-	(46,782,086)	100,998,323
Advances - performing	242,468,773	634,142,272	165,966,972	-	59,194	56,323,050	12,650,639	(5,571,000)	1,106,039,900
- non-performing	1,140,010	1,072,573	917,894	-	1,966	67,755	106,117	29,939	3,336,254
Others	24,516,991	39,838,680	53,364,017	42,082,631	2,095,622	2,843,261	100,201,974	(2,637,573)	262,305,603
Total assets	1,366,408,193	698,521,998	547,594,663	1,757,038,641	13,494,455	256,588,106	199,651,412	(1,129,091,347)	3,710,206,121
Borrowings	18,008,205	66,732,348	35,770,158	1,037,179,587	-	28,681,197	-	(44,485,753)	1,141,885,742
Subordinated debt	-	-	-	-	-	-	14,000,000	-	14,000,000
Deposits and other accounts	1,277,413,227	262,957,681	398,788,680	-	12,936,578	185,193,870	2,800	(380,214)	2,136,912,622
Inter segment borrowing - net	-	330,688,006	30,376,465	689,991,745	-	31,961,837	-	(1,083,018,053)	-
Others	70,986,761	38,143,963	76,483,156	18,960,678	557,877	9,902,659	25,467,580	(1,207,327)	239,295,347
Total liabilities	1,366,408,193	698,521,998	541,418,459	1,746,132,010	13,494,455	255,739,563	39,470,380	(1,129,091,347)	3,532,093,711
Net assets	-	-	6,176,204	10,906,631	-	848,543	160,181,032	-	178,112,410
Equity									178,112,410
Contingencies and commitments	137,249,361	230,283,930	79,773,852	391,608,905	718	54,966,306	4,284,623	-	898,167,695

The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.

* Others include head office related activities.

	2023								
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Others*	Elimination	Total
	(Rupees in '000)								
Unconsolidated statement of profit and loss account									
Net mark-up / return / profit	(73,546,184)	15,006,727	26,825,045	153,382,874	5,579	7,334,876	(2,938,545)	-	126,070,372
Inter segment revenue - net	151,307,607	3,688,895	(782,277)	(155,344,030)	7,644,757	515,729	2,520,086	(9,550,767)	-
Non mark-up / return / interest income	8,321,648	4,094,945	2,087,865	11,268,823	1,441,359	1,124,650	418,459	-	28,757,749
Total income	86,083,071	22,790,567	28,130,633	9,307,667	9,091,695	8,975,255	-	(9,550,767)	154,828,121
Segment direct expenses	24,509,797	4,354,142	9,678,031	959,880	3,324,433	3,424,167	20,940,621	-	67,191,071
Inter segment expense allocation	13,665,682	1,552,339	4,075,065	499,771	1,768,606	478,948	(20,940,621)	(1,099,790)	-
Total expenses	38,175,479	5,906,481	13,753,096	1,459,651	5,093,039	3,903,115	-	(1,099,790)	67,191,071
Credit loss allowance / provision / (reversals)	5,552,846	2,757,880	96,717	(769,666)	45,664	(451)	1,779,000	-	9,461,990
Profit / (loss) before tax	42,354,746	14,126,206	14,280,820	8,617,682	3,952,992	5,072,591	(1,779,000)	(8,450,977)	78,175,060

	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Others*	Elimination	Total
	(Rupees in '000)								
Unconsolidated statement of financial position									
Cash and bank balances	107,505,103	20,666,132	33,920,116	-	801,318	56,947,383	-	(529,816)	219,310,236
Investments	-	3,609,787	214,732,021	1,743,435,218	-	104,537,703	947,971	-	2,067,262,700
Inter segment lending - net	973,612,195	87,039,833	-	-	11,390,718	-	124,249,350	(1,196,292,096)	-
Lendings to financial institutions	-	-	32,832,027	94,864,225	-	13,960,199	-	(22,102,342)	119,554,109
Advances - performing	207,915,194	299,248,029	161,980,731	-	80,881	44,106,831	16,460,775	-	729,792,441
- non-performing	2,955,353	1,449,384	589,393	-	8,333	177,923	78,683	-	5,259,069
Others	21,680,353	30,738,634	41,414,392	62,367,729	1,333,206	9,780,632	37,423,219	107	204,738,272
Total assets	1,313,668,198	442,751,799	485,468,680	1,900,667,172	13,614,456	229,510,671	179,159,998	(1,218,924,147)	3,345,916,827
Borrowings	23,956,020	88,567,733	40,501,991	747,762,555	-	31,762,975	-	(23,007,821)	909,543,453
Subordinated debt	-	-	-	-	-	-	14,000,000	-	14,000,000
Deposits and other accounts	1,243,732,370	305,616,623	365,397,636	-	13,355,298	157,205,824	-	(310,621)	2,084,997,130
Inter segment borrowing - net	-	-	22,614,166	1,144,470,847	-	29,207,083	-	(1,196,292,096)	-
Others	45,979,808	48,567,443	53,942,917	9,462,016	259,158	12,072,324	28,483,354	686,391	199,453,411
Total liabilities	1,313,668,198	442,751,799	482,456,710	1,901,695,418	13,614,456	230,248,206	42,483,354	(1,218,924,147)	3,207,993,994
Net assets	-	-	3,011,970	(1,028,246)	-	(737,535)	136,676,644	-	137,922,833
Equity									137,922,833
Contingencies and commitments	127,717,077	220,203,714	66,758,549	447,453,464	8	61,147,942	5,313,913	-	928,594,667

The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.

* Others include head office related activities.

44.2 Segment details with respect to geographical locations

GEOGRAPHICAL SEGMENT ANALYSIS

	2024					
	Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total
	(Rupees in '000)					
Unconsolidated statement of profit and loss account						
Net mark-up / return/ profit	118,157,264	4,045,095	3,578,984	944,581	-	126,725,924
Inter segment revenue - net	(324,975)	556,841	(224,724)	9,798	(16,940)	-
Non mark-up / return / interest income	40,648,011	2,931,072	921,912	5,003	-	44,505,998
Total income	158,480,300	7,533,008	4,276,172	959,382	(16,940)	171,231,922
Segment direct expenses	82,574,146	1,321,061	1,801,817	590,654	-	86,287,678
Inter segment expense allocation	(769,293)	287,252	367,953	114,088	-	-
Total expenses	81,804,853	1,608,313	2,169,770	704,742	-	86,287,678
Credit loss allowance / provision / (reversals)	1,540,489	100,367	(5,805)	214,058	-	1,849,109
Profit / (loss) before tax	75,134,958	5,824,328	2,112,207	40,582	(16,940)	83,095,135

	Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total
	(Rupees in '000)					
Unconsolidated statement of financial position						
Cash & bank balances	170,445,512	48,389,609	6,375,307	12,172,584	8,910,575	246,293,587
Investments	1,867,918,920	84,153,241	27,248,234	11,912,059	-	1,991,232,454
Inter segment lendings - net	31,984,986	-	-	-	(31,984,986)	-
Lendings to financial institutions	140,677,403	1,392,639	5,710,367	-	(46,782,086)	100,998,323
Advances - performing	1,055,287,850	20,258,316	36,064,734	-	(5,571,000)	1,106,039,900
- non-performing	3,238,560	-	67,755	-	29,939	3,336,254
Others	262,099,915	(68,625)	1,196,679	1,715,207	(2,637,573)	262,305,603
Total assets	3,531,653,146	154,125,180	76,663,076	25,799,850	(78,035,131)	3,710,206,121
Borrowings	1,157,690,298	25,153,364	3,527,833	-	(44,485,753)	1,141,885,742
Subordinated debt	14,000,000	-	-	-	-	14,000,000
Deposits and other accounts	1,952,098,966	111,830,117	55,148,867	18,214,886	(380,214)	2,136,912,622
Inter segment borrowing - net	-	11,537,236	14,626,037	5,798,564	(31,961,837)	-
Others	230,600,015	5,663,358	3,417,977	821,324	(1,207,327)	239,295,347
Total liabilities	3,354,389,279	154,184,075	76,720,714	24,834,774	(78,035,131)	3,532,093,711
Net assets	177,263,867	(58,895)	(57,638)	965,076	-	178,112,410
Equity						178,112,410
Contingencies and commitments	843,199,389	50,841,551	3,398,029	728,726	-	898,167,695

	2023					
	Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total
	(Rupees in '000)					
Unconsolidated statement of profit and loss account						
Net mark-up / return/ profit	118,735,496	3,545,622	2,659,583	1,129,671	-	126,070,372
Inter segment revenue - net	(450,298)	321,200	42,296	152,233	(65,431)	-
Non mark-up / return / interest income	27,633,099	600,573	834,858	(310,781)	-	28,757,749
Total income	145,918,297	4,467,395	3,536,737	971,123	(65,431)	154,828,121
Segment direct expenses	63,766,904	1,119,334	1,736,173	568,660	-	67,191,071
Inter segment expense allocation	(478,948)	206,372	191,996	80,580	-	-
Total expenses	63,287,956	1,325,706	1,928,169	649,240	-	67,191,071
Credit loss allowance / provision / (reversals)	9,462,441	(56,449)	(118,006)	174,004	-	9,461,990
Profit / (loss) before tax	73,167,900	3,198,138	1,726,574	147,879	(65,431)	78,175,060

	2023					
	Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total
	(Rupees in '000)					
Unconsolidated statement of financial position						
Cash and bank balances	162,892,669	36,544,091	5,067,845	15,335,447	(529,816)	219,310,236
Investments	1,962,724,997	70,253,061	20,546,627	13,738,015	-	2,067,262,700
Inter segment lendings - net	29,207,083	-	-	-	(29,207,083)	-
Lendings to financial institutions	127,696,252	5,496,054	8,464,145	-	(22,102,342)	119,554,109
Advances - performing	685,685,610	4,371,015	39,735,816	-	-	729,792,441
- non-performing	5,081,146	-	177,923	-	-	5,259,069
Others	194,957,533	6,534,521	1,513,904	1,732,207	107	204,738,272
Total assets	3,168,245,290	123,198,742	75,506,260	30,805,669	(51,839,134)	3,345,916,827
Borrowings	900,788,299	31,722,558	40,417	-	(23,007,821)	909,543,453
Subordinated debt	14,000,000	-	-	-	-	14,000,000
Deposits and other accounts	1,928,101,927	77,608,972	55,747,264	23,849,588	(310,621)	2,084,997,130
Inter segment borrowing - net	-	7,810,660	15,692,690	5,703,733	(29,207,083)	-
Others	186,694,696	6,849,207	4,025,889	1,197,228	686,391	199,453,411
Total liabilities	3,029,584,922	123,991,397	75,506,260	30,750,549	(51,839,134)	3,207,993,994
Net assets	138,660,368	(792,655)	-	55,120	-	137,922,833
Equity						137,922,833
Contingencies and commitments	867,446,725	54,522,269	5,888,268	737,405	-	928,594,667

45 TRUST ACTIVITIES

The Bank undertakes trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Bank and, are therefore, not included as such in these unconsolidated financial statements. Assets held under trust in Investor Portfolio Securities Accounts (IPS) accounts are shown in the table below:

Category	Number of IPS Accounts	2024			
		Securities held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Ijarah Sukuks	
		(Rupees in '000)			
Asset management companies / mutual funds	103	291,767,045	29,723,400	127,000	321,617,445
Corporates	131	111,457,680	89,986,900	-	201,444,580
Individuals	5,729	10,537,545	972,615	980,300	12,490,460
Insurance companies	14	1,896,070	90,035,500	-	91,931,570
NGO / charitable organisation	13	7,976,635	9,351,500	-	17,328,135
Pension & employee funds	84	37,791,160	26,077,000	500,000	64,368,160
Others	286	3,447,605	-	-	3,447,605
	6,360	464,873,740	246,146,915	1,607,300	712,627,955

Category	Number of IPS Accounts	2023			
		Securities held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Ijarah Sukuks	
		(Rupees in '000)			
Asset management companies / mutual funds	99	85,312,425	48,054,950	325,000	133,692,375
Corporates	125	74,646,785	13,909,300	75,000	88,631,085
Individuals	3,390	6,664,280	781,365	927,000	8,372,645
Insurance companies	16	2,347,250	88,037,000	695,000	91,079,250
NGO / charitable organisation	15	9,018,285	5,295,300	-	14,313,585
Pension & employee funds	88	42,772,275	27,054,000	500,000	70,326,275
Others	132	-	-	-	-
	3,865	220,761,300	183,131,915	2,522,000	406,415,215

46 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its subsidiary, associates, joint ventures, employee benefit plans, its directors, key management personnel and other related parties.

The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	As at December 31, 2024					As at December 31, 2023				
	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)					(Rupees in '000)				
Lendings to financial institutions										
Opening balance	-	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	-	-	-	-	6,332,364
Repaid during the year	-	-	-	-	-	-	-	-	-	(6,332,364)
Closing balance	-	-	-	-	-	-	-	-	-	-
Investments										
Opening balance	-	-	305,217	1,177,606	1,802,909	-	-	305,217	1,177,606	1,552,048
Investment made during the year	-	-	2,200,000	-	511,863	-	-	-	-	683,255
Investment redeemed / disposed off during the year	-	-	-	-	(331,613)	-	-	-	-	(504,303)
Revaluation of investment during the year	-	-	-	-	2,190,383	-	-	-	-	71,909
Transfer in / (out) - net	-	-	-	-	(1,250,354)	-	-	-	-	-
Closing balance	-	-	2,505,217	1,177,606	2,923,188	-	-	305,217	1,177,606	1,802,909
Credit loss allowance / provision for diminution in value of investments	-	-	1,505,217	-	-	-	-	305,217	-	-
Advances										
Opening balance	14,918	935,186	-	-	1,925,526	18,062	672,608	-	-	2,367,924
Addition during the year	1,715	232,432	16,288,652	-	43,510,218	911	604,716	-	-	90,959,543
Repaid during the year	(5,408)	(194,161)	(16,288,652)	-	(44,383,312)	(4,055)	(314,643)	-	-	(90,662,727)
Transfer in / (out) - net	-	(1,988)	-	-	-	-	(27,495)	-	-	-
Write off	-	-	-	-	-	-	-	-	-	(739,214)
Closing balance	11,225	971,469	-	-	1,052,432	14,918	935,186	-	-	1,925,526
Credit loss allowance held against advances	34	3,690	-	-	1,524	-	-	-	-	-

	As at December 31, 2024					As at December 31, 2023				
	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)					(Rupees in '000)				
Other assets										
Interest / mark-up accrued	4,593	81,687	-	-	22,681	2,791	59,977	-	-	90,690
Receivable from staff retirement fund	-	-	-	-	1,331,990	-	-	-	-	440,585
Prepayment / rent receivable	-	-	3,139	-	-	-	-	-	4,617	-
Receivable against pre-incorporation expenses	-	-	-	-	-	-	-	17,014	-	-
Advance against shares	-	-	-	-	-	-	-	-	-	140,000
Borrowings										
Opening balance	-	-	-	-	2,605,576	-	-	-	-	2,180,207
Borrowings during the year	-	-	-	-	1,149,273	-	-	-	-	2,095,000
Settled during the year	-	-	-	-	(1,290,819)	-	-	-	-	(1,669,631)
Closing balance	-	-	-	-	2,464,030	-	-	-	-	2,605,576
Deposits and other accounts										
Opening balance	406,959	340,757	55,874	17,153,420	18,550,205	38,466	184,994	9,086	3,078,698	12,308,779
Received during the year	5,668,276	4,582,080	47,640,608	1,211,982,771	276,598,239	1,190,788	3,877,341	4,563,007	840,300,568	318,163,352
Withdrawn during the year	(5,889,395)	(4,524,294)	(46,888,557)	(1,169,109,527)	(278,997,497)	(822,295)	(3,686,772)	(4,516,219)	(826,225,846)	(311,950,193)
Transfer in / (out) - net	7	(5,900)	-	-	(3,617,598)	-	(34,806)	-	-	28,267
Closing balance	185,847	392,643	807,925	60,026,664	12,533,349	406,959	340,757	55,874	17,153,420	18,550,205
Subordinated debt										
Opening balance	-	-	-	-	300,000	-	-	-	-	300,000
Issued / purchased during the year	-	-	-	-	-	-	-	-	-	-
Redemption / sold during the year	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	(300,000)					
Closing balance	-	-	-	-	-	-	-	-	-	300,000
Other liabilities										
Interest / mark-up payable	226	248	-	-	126,062	737	1,045	-	-	132,609
Dividend payable	7	-	-	-	9	1,975,728	-	-	-	1,845,246
Payable to defined benefit plan	-	-	-	-	-	-	-	-	-	-
Others	-	-	2,657	2,532	32,800	-	-	956	-	54,868
Contingencies and commitments	-	-	-	-	576,500	-	-	1,000,000	-	1,573,620

	For the year ended December 31, 2024					For the year ended December 31, 2023				
	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)					(Rupees in '000)				
Income										
Mark-up / return / interest earned	1,860	30,927	51,037	-	255,207	1,804	26,530	-	-	342,444
Fee and commission income	94	832	-	507,099	6,953	9	267	-	200,974	13,080
Dividend income	-	-	-	434,993	648,370	-	-	-	298,495	249,043
Gain / (loss) on sale of securities	-	120	(327)	-	(11,676)	-	7	-	-	25,986
Rent on property	-	-	3,139	3,899	-	-	-	-	4,223	-
Gain on sale of property and equipment - net	1,152	220	-	11,525	-	-	101	-	5,588	-
Expense										
Mark-up / return / interest paid	24,495	29,217	135,464	757,955	2,509,104	13,215	28,611	1,020	981,133	2,149,669
Operating expenses										
Fee and remuneration	1,586,523	1,599,473	-	-	-	409,936	1,227,150	-	-	-
Clearing and custodian charges	-	-	-	-	109,686	-	-	-	-	-
Software maintenance	-	-	-	-	208,022	-	-	-	-	195,239
Communication cost	-	-	-	-	696,409	-	-	-	-	269,105
Donations	-	-	-	-	50,000	-	-	-	-	50,000
Brokerage and commission	-	-	13,699	-	-	-	-	16,296	-	-
Charge for defined benefit plan	-	-	-	-	771,603	-	-	-	-	413,244
Contribution to defined contribution plan	-	-	-	-	878,699	-	-	-	-	730,931
Training and subscription	-	-	-	-	694	-	-	-	-	8,737
Provision charge for diminution in value of investments	-	-	1,200,000	-	-	-	-	262,236	-	-
Reversal of credit loss allowance against loans & advances	(37)	(3,242)	-	-	(4,691)	-	-	-	-	-
Reversal of credit loss allowance against off-balance sheet obligations	-	-	-	-	(51)	-	-	-	-	-
Other information										
Dividend paid	6,055,313	19,156	-	13,954	5,944,564	1,159,554	11,062	-	10,136	2,209,369
Insurance premium paid	-	-	-	1,397,938	-	-	-	-	1,130,900	-
Insurance claims settled	-	-	-	891,123	-	-	-	-	701,346	-

47 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2024	2023
	-------(Rupees in '000)-------	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	15,771,651	15,771,651
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	143,542,085	110,321,098
Eligible Additional Tier 1 (ADT 1) Capital	13,550,000	13,550,000
Total eligible tier 1 capital	157,092,085	123,871,098
Eligible tier 2 capital	43,822,367	34,802,149
Total eligible capital (tier 1 + tier 2)	200,914,452	158,673,247
Risk weighted assets (RWAs):		
Credit risk	828,663,610	754,283,194
Market risk	47,806,075	18,194,850
Operational risk	242,467,238	175,157,500
Total	1,118,936,923	947,635,544
Common equity tier 1 capital adequacy ratio	12.83%	11.64%
Tier 1 capital adequacy ratio	14.04%	13.07%
Total capital adequacy ratio	17.96%	16.74%

In line with Basel III capital adequacy guidelines, the following capital requirements are applicable to the Bank:

Common Equity Tier 1 Capital Adequacy ratio	6.00%	6.00%
Tier 1 Capital Adequacy Ratio	7.50%	7.50%
Total Capital Adequacy Ratio	11.50%	11.50%

For Capital adequacy calculation, the Bank has adopted Standardised Approach for credit and market risk related exposures and Alternate Standardised Approach (ASA) for operational risk.

	2024	2023
	-------(Rupees in '000)-------	
Leverage Ratio (LR):		
Eligible tier-1 capital	157,092,085	123,871,098
Total exposures	4,071,667,095	3,536,686,713
Leverage ratio	3.86%	3.50%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	1,197,167,258	1,082,954,156
Total net cash outflow	626,056,805	488,388,254
Liquidity coverage ratio	191%	222%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	1,690,754,449	1,634,520,450
Total required stable funding	1,340,991,900	1,012,638,563
Net stable funding ratio	126%	161%

47.1 The full disclosures on the Capital Adequacy, Leverage Ratio & Liquidity Requirements as per the SBP instructions have been placed on the website. The link to the full disclosure is https://www.bankalfalah.com/financial-reports/.

48 RISK MANAGEMENT

The variety of business activities undertaken by the Bank require effective identification, measurement, monitoring, integration and management of different financial and non-financial risks that are constantly evolving as business activities change in response to concurrent internal and external developments. The Board Risk Management Committee (BRMC) is appointed and authorised by the Board of Directors (BOD) to assist in design, regularly evaluating and timely updating the risk management framework of the Bank. The Board has further authorised the management committees i.e. Central Management Committee (CMC), Central Credit Committee (CCC) and Digital Council to supervise risk management activities within their respective scopes. CMC has further established sub-committees such as Assets & Liabilities Committee (ALCO), Investment Committee (IC), Information Technology Steering Committee (ITSC), Control & Compliance Committee (C&CC), Process Improvement Committee (PIC) and Governance Committee for Overseas Operations etc.

The risk management framework endeavours to be a comprehensive and evolving guideline to cater to changing business dynamics. The framework includes:

- Clearly defined risk management policies, procedures, responsibilities and accountabilities;

- Well constituted organisational structure, in the form of separate risk management departments within the Credit and Risk Management Group, which ensure that individuals responsible for risk approval are independent from risk taking units i.e. Business Units; and

- Mechanism for ongoing review of policies and procedures and risk exposures.

The primary objective of this architecture is to inculcate risk management into the organisation flows to ensure that risks are accurately identified & assessed, properly documented, approved, and adequately monitored & managed in order to enhance long term earnings and to protect the interests of the Bank's depositors and shareholders.

The Bank's risk management framework has a well-defined organisational structure for effective management of credit risk, market risk, liquidity risk, operational risk, information security risk, trade pricing, environment and social risk. Further, there is an advanced focus on optimal utilisation of capital while ensuring compliance with capital requirements. The results of stress tests and internal capital adequacy assessment process and recovery plans are given due consideration in capital and business planning.

48.1 Credit Risk

Credit risk is the identification of probability that counterparty will cause a financial loss to the Bank due to its inability or unwillingness to meet its contractual obligation. This credit risk arises mainly from lending, hedging, settlement and other financial transactions. The credit risk management processes encompass identification, assessment, measurement, monitoring and control of the Bank's exposure to credit risk. The Bank's credit risk management philosophy is based on the Bank's overall business strategy / direction as established by the Board. The Bank is committed to the appropriate level of due diligence to ensure that credit risks have been properly analysed, fully disclosed to the approving authorities and appropriately quantified, also ensuring that the credit commitment is appropriately structured, priced (in line with market practices) and documented.

The Bank has built and maintained a sound loan portfolio in terms of well-defined credit policy approved by the Board of Directors (BOD). Its credit evaluation system comprises of well-designed credit appraisal, sanctioning and review procedures for prudence in lending activities and ensuring the high quality of asset portfolio. In order to have an effective and efficient risk assessment, and to closely align its functions with Business, Credit Division has separate units for Corporate banking, Islamic banking, Retail & SME banking (including Agricultural financing) and Overseas Operations & Financial Institutions. For Consumer & Digital products, loans are booked against defined eligibility criteria as per product programs / credit policy and these have a separate credit risk function.

The Bank manages its portfolio of loan assets with a view to limit concentrations in terms of risk quality, industry, maturity and large exposure. Portfolio analysis is also conducted on regular basis. This portfolio level oversight is maintained by the Credit & Risk Management Group.

For domestic operations, the Bank determines the amount for provisions / expected credit loss as per the IFRS 9 guidelines / Prudential Regulations issued by the SBP and the management best estimates. Provisions at overseas branches are held to meet the requirements of the regulatory authorities of the respective countries in which the overseas branches operates.

A sophisticated internal credit rating system is in place, which is capable of quantifying counter-party and transaction risk in accordance with the best practices. The risk rating system takes into consideration qualitative and quantitative factors of the counter-party, transaction structure & security and generates internal ratings at obligor and facility levels. Furthermore, this system has an integrated loan origination module, which is currently being used in Corporate Banking, Islamic Banking and Retail segments. The system is regularly reviewed for improvements as per the SBP's guidelines for Internal Credit Rating and Risk Management.

The risk rating system incorporates comprehensive obligor risk rating models for the Corporate, Commercial, Small & Medium Enterprises, Agricultural, and Project Finance portfolios. These models are designed using a diverse array of qualitative and quantitative variables, each assigned specific weights or scores. The aggregate score of these variables is mapped to determine the final obligor risk rating. Additionally, the scorecard-based models include a provision for management-level overrides, enabling the incorporation of any critical information or risk factors into the final assessment.

Furthermore, the Bank also validates Internal Ratings based on statistical tests for all portfolios. It covers both discrimination and calibration statistical tests as per best practices. The system is backed by secured database with backup support and is capable of generating MIS reports providing snapshot of the entire portfolio for strategizing and decision making. The system is enhanced to compute the ECL calculation for IFRS 9 and risk weighted assets for quarterly credit risk related Basel submissions.

A centralised Credit Administration Division (CAD) under Credit and Risk Management Group is working towards ensuring that terms of approval of credit sanctions and regulatory stipulations are complied with, all documentation including security documentation is regular and fully enforceable and all disbursements of approved facilities are made only after necessary authorisation by CAD.

Credit Policy and Portfolio Management under Credit and Risk Management Group keeps a watch on the quality of the credit portfolio in terms of borrowers' behaviour, identifies weakening accounts relationships and report them to the appropriate authorities with a view to address further deterioration.

To handle the specialised requirements of managing delinquent and problem accounts, the Bank has a separate client facing unit to negotiate repayment / settlement of the Bank's non-performing exposure and protect the interests of the Bank's depositors and stakeholders. The priority of the Special Asset Management Group (SAMG) is recovery of amounts and / or to structure an arrangement (such as rescheduling, restructuring, settlement or a combination of these) by which the interests of the Bank are protected. Where no other recourse is possible, SAMG may proceed with legal recourse so as to maximise the recovery of the Bank's assets. The Credit and Risk Management Group also monitors the NPL portfolio of the Bank and reports the same to CCC / BRMC.

48.1.1 Credit risk - general disclosures Basel specific

The Bank is using Standardised Approach (SA) of the SBP's Basel accord for the purpose of estimating credit risk weighted assets. Under SA, banks are allowed to take into consideration external rating(s) of counter-parties for the purpose of calculating risk weighted assets. A detailed procedural manual specifying processes for deriving Credit Risk Weighted Assets in accordance with the SBP Basel Standardised Approach is in place and firmly adhered to by the Bank.

48.1.2 Disclosures for portfolio subject to the standardised approach & supervisory risk weights

48.1.2.1 External ratings

The SBP Basel III guidelines require banks to use ratings assigned by specified External Credit Assessment Institutions (ECAIs) namely Pakistan Credit Rating Agency Limited (PACRA), VIS and Moody's, Fitch and Standard & Poor's.

The SBP through its letter number BSD/BAI-2/201/1200/2009 dated December 21, 2009 accorded approval to the Bank for use of ratings assigned by Credit Rating Agency of Bangladesh (CRAB) and Credit Rating Information and Services Limited (CRISL). The Bank uses these ECAIs to rate its exposures denominated in Bangladeshi currency on certain corporate exposures and banks incorporated in Bangladesh.

The Bank uses external ratings for the purpose of mapping risk weights as per the Basel III framework. Instances whereby an exposure is rated by two or more ratings agencies, mapping into different risk weights, instructions outlined in Regulatory guidelines on BASEL framework shall be adhered to for selection of applicable rating.

48.1.3 Disclosures with respect to credit risk mitigation for standardised approach

48.1.3.1 Credit risk mitigation policy

The Bank defines collateral as the assets or rights provided to the Bank by the borrower or a third party in order to secure a credit facility. The Bank would have the rights of secured creditor in respect of the assets / contracts offered as security for the obligations of the borrower / obligor.

48.1.3.2 Collateral valuation and management

As stipulated in the SBP Basel guidelines, the Bank uses the comprehensive approach for collateral valuation. Under this approach, the Bank reduces its credit exposure to a counterparty when calculating its capital requirements to the extent of risk mitigation provided by the eligible financial collateral as specified in the Basel guidelines. In line with Basel guidelines, the Bank makes adjustments in eligible collaterals for possible future fluctuations in the value of the collateral. These adjustments, also referred to as 'haircuts', to produce volatility adjusted amounts for collateral, are reduced from the exposure to compute the capital charge based on the applicable risk weights.

48.1.3.3 Types of collaterals

The Bank determines the appropriate collateral for each facility based on the type of product and counterparty. In case of corporate and SME financing, fixed assets are generally taken as security for long tenure loans and current assets for working capital finance usually backed by mortgage or hypothecation. For project finance, security of the assets of the borrowers and assignment of the underlying project contracts are generally obtained. Additional security such as pledge of shares, cash collateral, TDRs, SSC/DSCs, charge on receivables may also be obtained. Moreover, in order to cover the entire exposure personal guarantees of directors / borrowers are also obtained generally by the Bank. For retail products, the security to be taken is defined in the product policy for the respective products. Housing loans and automobile loans are secured by the property and automobile being financed respectively.

The Bank also offers products which are primarily based on collateral such as shares, specified securities and pledged commodities. These products are offered in line with the SBP prudential regulations and approved product policies which also deal with types of collateral, valuation and margining.

The decision on the type and quantum of collateral for each transaction is taken by the credit approving authority as per the credit approval authorisation approved by the CCC under its delegation powers. For facilities provided as per approved product policies (retail products, loan against shares etc.), collateral is taken in line with the policy.

48.1.3.4 Types of eligible financial collateral

For credit risk mitigation purposes (capital adequacy purposes), the Bank considers all types of financial collaterals that are eligible under the SBP Basel III accord. This includes cash / TDRs, gold, securities issued by Government of Pakistan such as T-Bills and PIBs, National Savings Certificates, certain debt securities rated by recognised credit rating agencies, mutual fund units where daily Net Asset Value (NAV) is available in public domain and guarantees from certain specified entities (Government of Pakistan, Banks etc.) under substitution effect of Basel.

48.1.3.5 Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz. industry, geography, and single/group borrower exposures. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single borrower, group borrowers and related parties. Moreover, in order to restrict the industry concentration risk, Bank's annual credit plan spells out the maximum allowable exposure that it can take on specific industry. Additionally, the Internal Rating System allows the Bank to monitor risk rating concentration of borrowers against different grades / scores ranging from 1 - 12 (1 being the best and 12 being loss category).

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

48.1.3.6 Methodologies and models used for the measurement of Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

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

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

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

Forward looking information

The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for Wholesale & Retail portfolio.

These economic variables and their associated impact on the PD vary by the portfolio.

The rating band / DPD bucket wise PDs are computed through migration analysis using alteast 5 years historical transition matrices of respective portfolio. Furthermore, a detailed regression analysis is carried out using Marco Economic variables (i.e. Average Inflation rate and GDP Growth rate were regressed against Bank's Internal Default Rates) in order to attain forward-looking PDs for each following year.

In addition to the base economic scenario, the Bank also uses other possible scenarios along with scenario weightings. The number of scenarios and their attributes are reassessed at each reporting date. The scenario weightings are determined by a combination of statistical analysis and expert credit judgment, taking account of the range of possible outcomes each chosen scenario is representative of.

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

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

- GDP growth
- Consumer price index

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), discounted at an approximation to the EIR, defined as follows:

Probability of Default (PD):

The Probability of default (PD) represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- For corporate, commercial, SME and agriculture loan portfolios (collectively referred to as the "Wholesale Portfolio"), the Bank has used a obligor risk rating (ORR) transition based approach to determine the segment wise PDs for each ORR.

- For auto loans, housing, personal installment loans and credit cards (collectively referred to as the "Retail Portfolio"), a days-past-due ("DPD") based migration approach has been used; and these PD's for wholesale & retail portfolio are then adjusted with forward looking information to arrive at point in time (PIT) PDs;

- For other financial assets (i.e. investments, lending to financial institutions, balances with other banks etc.), historical PDs were estimated on the basis of global default Rates taken from s&P rating-wise transition matrices. These annual default Rates were converted into forward-looking PDs using the vasicek model. the forecast global macro-economic variables were derived using historical regression between global macro-economic variables and Pakistan macro-economic variables.

Exposure at Default (EAD)

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

Loss Given Default (LGD):

LGD represents an estimate of the loss incurred on a facility in the event of default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive. It is expressed as a percentage of the EAD. Bank has estimated segment wise LGDs for Corporate/Commercial, SE, ME & Agri Portfolio as well as product wise LGDs for Auto Finance, Personal Loan, Home Finance and Credit Card portfolio. The LGDs are determined using workout approach, based on vintage recovery data for the defaulted portfolio; these recoveries are then discounted back to date of default, to factor in time value of money.

The Bank has converted the estimates for segment / product wise historical LGDs (Through the cycle LGDs) into forward looking point in time LGDs,through use of term structure of Point in time PDs.

48.1.3.7 ECL Principles, Grouping and Calculations

The ECL is determined by projecting the PD, LGD and EAD for each future repayment date and for each individual exposure. These three components are multiplied together, effectively calculating an ECL for each future repayment date, which is then discounted back to the reporting date and summed.

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

When estimating the ECLs, the Bank considers three scenarios (a base, best and a worst case). Each of these scenario's is based on different macro-economic forecasts and is associated with different set of PDs & LGD.

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

- History of legal certainty & enforceability
- History of recovery

The Bank's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs. Furthermore, The credit exposure (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

Impact on Regulatory Capital:

The introduction of IFRS 9 has resulted in reduction in regulatory capital of the Banks, which has reduced their lending capacity and ability to support their clients. In order to mitigate the impact of ECL models on capital, SBP has permitted Banks to opt for transitional arrangement for the ECL impact on regulatory capital from the application of ECL accounting. Annexure B of the 'Application Instructions' issued by SBP has detailed the transitional arrangement.

Key Ratios	With Transitional arrangement	Without Transitional arrangement
Total Capital to total RWA (CAR)	17.96%	17.69%
Leverage Ratio	3.86%	3.78%

48.1.3.8 ECL Modeling and staging criteria/ Significant increase in ECLs

Significant increase in credit risk (SICR): A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument compared to the risk of default expected at the time of initial recognition.

The Bank uses a number of qualitative and quantitative measures in assessing SICR including, inter alia, the deterioration of Obligor Risk Ratings (ORR), in line with Bank's internally approved grid outlining specific notches downgrade for each ORR / external rating, payments being past due by 60 days, and other qualitative factors (such as watchlisting or restructuring of account).

48.1.4 Loans and advances definitions and methodologies of categorisation, credit loss allowance stages and movements between stages

Backward Transition:

In line with Bank's IFRS 9 Policy and Regulatory guidelines, financial assets shall be reclassified out of Stage 3 if they fulfill the criteria outlined in the Prudential Regulations (PR) issued by the State Bank of Pakistan (SBP). Similarly, financial assets classified under Stage 2 shall be reclassified to Stage 1 if the conditions that led to a significant increase in credit risk (SICR) no longer exist. However, a minimum period of three months from the initial downgrade is mandatory before any facility can be moved back to Stage 1 from Stage 2.

For a facility to transition from Stage 3 to Stage 2, it must meet the declassification requirements specified in the relevant Prudential Regulations. An exposure cannot be directly upgraded from Stage 3 to Stage 1; instead, it must first transition to Stage 2 and subsequently complete a cooling-off period of three months before being reclassified to Stage 1.

48.1.5 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Credit loss allowance / provision held					
					Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Specific
	2024	2023	2024	2023	2024	2024	2024	2023	2023	2023
	(Rupees in '000)									
Public Sector	11,982,500	4,027,280	-	-	486	-	-	-	-	-
Private Sector	89,016,702	115,527,272	-	-	393	-	-	443	-	-
	100,999,202	119,554,552	-	-	879	-	-	443	-	-

48.1.6 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Credit loss allowance / provision held					
					Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Specific
	2024	2023	2024	2023	2024	2024	2024	2023	2023	2023
	(Rupees in '000)									
Textile	201,628	211,285	201,628	211,285	-	-	201,628	-	-	211,285
Chemical and Pharmaceuticals	27,126	149,107	27,126	149,107	-	-	27,126	-	-	149,107
Electronics and electrical appliances	1,785	1,785	1,785	1,785	132	-	1,785	-	-	1,785
Engineering	846,035	703,913	-	-	-	-	-	255	-	-
Power (electricity), Gas, Water, Sanitary	2,231,203	1,124,734	-	-	471	-	-	243	-	-
Transport, Storage and Communication	-	-	-	-	-	-	-	-	-	-
Financial	24,043,784	23,201,242	83,768	373,688	6,987	2,145,627	83,768	7,053	2,355,129	373,688
Others (see note 48.1.6.1)	78,661,614	81,306,274	-	-	77,750	-	-	109,012	-	-
	106,013,175	106,698,340	314,307	735,865	85,340	2,145,627	314,307	116,563	2,355,129	735,865

Credit risk by public / private sector

	Gross investments		Non-performing investments		Credit loss allowance / provision held					
					Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Specific
	2024	2023	2024	2023	2024	2024	2024	2023	2023	2023
	(Rupees in '000)									
Public Sector	78,661,614	81,306,274	-	-	77,750	2,145,627	-	109,012	2,355,129	-
Private Sector	27,351,561	25,392,066	314,307	735,865	7,590	-	314,307	7,551	-	735,865
	106,013,175	106,698,340	314,307	735,865	85,340	2,145,627	314,307	116,563	2,355,129	735,865

48.1.6.1 This includes Pakistan Euro Bonds and foreign government securities.

48.1.7 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Credit loss allowance / provision held							
					Stage 1	Stage 2	Stage 3	General	Specific	Stage 1	General	Specific
	2024	2023	2024	2023	2024	2024	2024	2024	2024	2023	2023	2023
	(Rupees in'000)											
Agriculture, forestry, hunting and fishing	270,007,590	42,245,315	2,058,728	2,195,786	139,192	44,792	1,800,611	-	-	-	-	1,763,083
Automobile and transportation equipment	10,786,305	13,111,601	1,329,115	585,652	15,383	33,685	1,274,884	-	-	-	-	442,455
Cement	8,537,975	14,660,856	-	-	11,912	9,399	-	-	-	-	-	-
Chemical and pharmaceuticals	38,373,631	31,604,793	542,177	565,324	61,454	23,313	539,064	-	-	-	-	314,324
Construction	19,448,646	16,086,433	2,862,541	2,131,976	54,580	54,185	2,861,912	-	-	-	-	1,244,649
Electronics and electrical appliances	17,072,367	13,129,926	1,329,680	1,383,771	7,258	15,012	1,326,398	-	-	-	-	1,220,711
Exports / imports	2,669,426	3,376,008	215,646	424,851	3,837	9,173	194,502	-	-	-	-	405,666
Financial	85,551,503	16,338,942	629,971	672,979	75,917	1,649	629,971	-	-	23,788	-	672,979
Food & allied products	84,424,442	70,858,865	6,358,528	4,922,137	128,255	102,209	6,329,001	-	-	-	-	3,907,695
Footwear and leather garments	3,992,209	3,469,613	74,748	85,591	5,152	265	74,502	-	-	-	-	83,597
Glass and ceramics	903,446	325,393	-	42,563	1,964	1,199	-	-	-	-	-	42,563
Individuals	130,231,529	123,971,563	2,648,592	1,663,462	1,156,608	466,669	1,669,210	-	-	451	1,689,833	976,298
Insurance	517,652	646,757	-	-	-	380	-	-	-	-	-	-
Metal & allied industries	29,062,770	32,955,827	5,455,436	3,018,184	17,934	23,001	5,444,587	-	-	-	-	2,127,622
Mining and quarrying	4,751,764	5,179,359	13,116	15,579	1,432	292	10,088	-	-	-	-	6,275
Oil and allied	43,158,591	33,122,647	6,143,132	4,280,774	5,151	3,651	5,143,887	-	-	-	-	4,280,774
Paper and board	9,690,665	8,935,585	-	2,710	15,910	29,984	-	-	-	-	-	2,710
Plastic and allied industries	6,588,177	5,416,600	145,200	203,241	13,219	28,207	141,329	-	-	-	-	185,675
Power (electricity), gas, water, sanitary	64,395,584	55,067,488	1,732,762	1,823,960	87,497	141,137	1,732,762	-	-	1,394	-	1,823,960
Services	18,474,211	15,387,756	1,489,295	1,156,410	40,233	46,766	1,457,291	-	-	-	-	863,705
Sugar	20,456,948	16,493,548	434,517	471,497	20,211	10,513	434,517	-	-	-	-	471,497
Technology and related services	177,720	118,811	4,949	3,363	523	1,596	2,832	-	-	-	-	841
Textile	184,360,367	175,602,739	5,561,642	7,556,916	186,497	139,668	4,944,846	-	-	-	-	7,525,101
Transport, storage and communication	41,054,494	27,500,328	9,680	31,871	54,936	143,449	3,358	-	-	-	-	25,391
Wholesale & retail trade	45,321,391	34,445,196	2,205,335	3,208,838	103,169	36,205	2,050,217	-	-	-	-	2,992,687
Others	16,248,573	17,235,028	1,115,167	1,185,304	24,730	21,684	370,244	4,237,082	587,690	37	8,146,294	993,412
	1,156,257,976	777,286,977	42,359,957	37,632,739	2,232,954	1,388,083	38,436,013	4,237,082	587,690	25,670	9,836,127	32,373,670

Credit risk by industry sector

	Gross advances		Non-performing advances		Credit loss allowance /provision held							
					Stage 1	Stage 2	Stage 3	General	Specific	Stage 1	General	Specific
	2024	2023	2024	2023	2024	2024	2024	2024	2024	2023	2023	2023
	(Rupees in'000)											
Public sector	293,763,995	63,785,213	252,552	259,965	26,982	47,628	201,852	-	-	-	-	202,265
Private sector	862,493,981	713,501,764	42,107,405	37,372,774	2,205,972	1,340,455	38,234,161	4,237,082	587,690	25,670	9,836,127	32,171,405
	1,156,257,976	777,286,977	42,359,957	37,632,739	2,232,954	1,388,083	38,436,013	4,237,082	587,690	25,670	9,836,127	32,373,670

		2024	2023
		-------(Rupees in '000)-------	
48.1.8	**Contingencies and Commitments**		
	Credit risk by industry sector		
	Agriculture, forestry, hunting and fishing	2,521,658	1,848,473
	Automobile and transportation equipment	24,901,209	19,602,523
	Cement	1,435,118	3,068,456
	Chemical and pharmaceuticals	28,717,183	30,308,191
	Construction	49,152,061	44,745,753
	Electronics and electrical appliances	8,537,620	11,792,799
	Exports / imports	645,335	720,820
	Financial	406,394,509	477,551,996
	Food & allied products	26,330,807	25,554,148
	Footwear and leather garments	1,274,443	802,011
	Glass and ceramics	1,012,427	1,388,762
	Individuals	5,517,879	6,001,242
	Insurance	901,691	974,534
	Metal & allied industries	18,893,027	16,725,353
	Mining and quarrying	7,186,882	1,821,151
	Oil and allied	72,371,816	74,238,814
	Paper and board	3,704,026	4,851,180
	Plastic and allied industries	3,720,775	3,300,225
	Power (electricity), gas, water, sanitary	48,541,082	51,013,812
	Services	4,336,041	5,989,950
	Sugar	4,118,531	1,347,784
	Technology and related services	3,640,895	2,653,385
	Textile	76,462,818	53,815,517
	Transport, storage and communication	12,127,967	12,492,880
	Wholesale and retail trade	41,853,930	29,919,837
	Others	43,867,965	46,065,071
		898,167,695	928,594,667
	Credit risk by public / private sector		
	Public / Government	75,628,540	61,573,645
	Private	822,539,155	867,021,022
		898,167,695	928,594,667

48.1.9 Concentration of Advances

The Bank's top 10 exposures on the basis of total funded and non-funded exposures aggregated to Rs. 468,501.847 million (2023: Rs. 157,762.230 million) are as following:

	2024	2023
	-------(Rupees in '000)-------	
Funded	381,239,490	61,314,267
Non Funded	87,262,357	96,447,963
Total Exposure	468,501,847	157,762,230

The sanctioned limits against these top 10 exposures aggregated to Rs. 608,466.300 million (2023: Rs. 263,838.992 million).

None of the top 10 exposures are classified.

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

48.1.10 Advances - province / region-wise disbursement & utilisation

Province/Region	2024						
	Disbursements Total	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	2,513,709,219	2,473,196,030	22,611,100	821,849	21,607	17,048,793	9,840
Sindh	2,267,413,093	18,676,583	2,247,412,632	906,383	367,735	49,760	-
KPK including FATA	28,354,738	261,032	-	27,313,263	-	780,443	-
Balochistan	8,701,243	4,000	18,226	-	8,679,017	-	-
Islamabad	267,859,146	94,001,091	10,220,253	28,450,651	-	135,187,151	-
AJK including Gilgit-Baltistan	2,182,801	2,197	-	-	6,564	-	2,174,040
Total	5,088,220,240	2,586,140,933	2,280,262,211	57,492,146	9,074,923	153,066,147	2,183,880

Province/Region	2023						
	Disbursements Total	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	1,953,021,686	1,906,355,593	28,438,675	670,214	9,846	17,432,385	114,973
Sindh	2,366,198,001	24,146,765	2,330,427,282	583,804	40,159	10,995,947	4,044
KPK including FATA	26,152,414	57	-	26,152,357	-	-	-
Balochistan	5,964,281	-	2,223	-	5,962,058	-	-
Islamabad	284,745,769	129,403,030	2,987,588	30,478,187	2,519	121,874,445	-
AJK including Gilgit-Baltistan	1,099,420	1,343	1,000	-	8,868	-	1,088,209
Total	4,637,181,571	2,059,906,788	2,361,856,768	57,884,562	6,023,450	150,302,777	1,207,226

48.2 Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to movements in market prices. It results from changes in interest rates, exchange rates and equity prices as well as from changes in the correlations between them. To manage and control market risk, a comprehensive Board approved Market & Liquidity Risk Management Policy, is in place. The policy outlines a well-defined risk control structure, responsibilities of relevant stakeholders with respect to market risk management and methods to measure and control market risk at a portfolio level. These controls include limits on exposure to individual market risk variables as well as limits on concentrations of tenors. This structure is reviewed, adjusted and approved periodically.

Under the BoD approved policy, the Bank's Asset and Liability Committee (ALCO) and Investment Committee (IC) are primarily responsible for the oversight of market risk, supported by Market & Liquidity Risk Department of Risk Management Division (RMD). Furthermore, the Bank carries out risk assessment via diversified tools including Value at Risk (VaR), PVBP (Price Value per Basis Point) and Duration on a regular basis. The Bank also ascertains the impact of market risk on relevant portfolios through stress testing and the Internal Capital Adequacy Assessment processes.

48.3 Foreign exchange risk

Foreign exchange (FX) risk arises from fluctuation in the value of financial instruments due to changes in foreign exchange rates. The Bank's FX Risk is largely mitigated by taking a matched funding positions.

The Bank manages FX risk by setting and monitoring through approved currency wise net open position limits and Foreign Exchange Exposure Limit (FEEL). Foreign exchange risk is controlled and monitored through limits approved by ALCO, within the overall FEEL limit advised by the SBP.

The analysis below represents the concentration of the Bank's foreign currency risk for on and off balance sheet financial exposure:

	2024				2023			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items / bought / (sold)	Net foreign currency exposure	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items / bought / sold	Net foreign currency exposure
	(Rupees in '000)				(Rupees in '000)			
United States Dollar	159,214,920	177,508,595	17,763,697	(529,978)	134,406,696	170,337,516	36,143,329	212,509
Great Britain Pound Sterling	4,120,253	10,516,911	6,421,132	24,474	3,821,446	9,724,464	5,966,219	63,201
Euro	5,349,381	8,683,527	3,396,000	61,854	5,213,422	9,399,107	4,354,620	168,935
Japanese Yen	7,082	261,585	312,095	57,592	15,181	877	-	14,304
Other currencies	152,560,240	151,799,596	(222,958)	537,686	111,498,770	111,236,817	94,049	356,002
	321,251,876	348,770,214	27,669,966	151,628	254,955,515	300,698,781	46,558,217	814,951

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% adverse movement in foreign exchange rates on				
- Profit and loss account	-	(1,516)	-	(8,150)
- Other comprehensive income	(302,624)	-	(309,098)	-

48.3.1 Balance sheet assets split by trading and banking books

	2024			2023		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	227,823,979	-	227,823,979	202,692,402	-	202,692,402
Balances with other banks	18,469,608	-	18,469,608	16,617,834	-	16,617,834
Lendings to financial institutions	100,998,323	-	100,998,323	119,554,109	-	119,554,109
Investments	1,701,569,894	289,662,560	1,991,232,454	1,787,595,085	279,667,615	2,067,262,700
Advances	1,109,376,154	-	1,109,376,154	735,051,510	-	735,051,510
Property and equipment	63,543,484	-	63,543,484	41,816,110	-	41,816,110
Right-of-use assets	25,290,607	-	25,290,607	19,951,571	-	19,951,571
Intangible assets	1,543,109	-	1,543,109	1,369,899	-	1,369,899
Deferred tax assets	-	-	-	6,008,159	-	6,008,159
Other assets	169,752,813	2,175,590	171,928,403	132,278,299	3,314,234	135,592,533
	3,418,367,971	291,838,150	3,710,206,121	3,062,934,978	282,981,849	3,345,916,827

48.3.2 Equity position risk

Equity position risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in the prices of individual stocks or market indices. The Bank's equity investments are classified as fair value through other comprehensive income (FVOCI) / available for sale (AFS) and fair value through profit and loss (FVPL) / held for trading (HFT) investments. The objective of classifying investments as FVPL / HFT is to take advantage of short term capital gains, while the FVOCI / AFS portfolio is maintained with a medium term view of capital gains and dividend income. The Bank's Investment Committee is primarily responsible for the oversight of the equity investment risk. The Bank has an active and regular monitoring mechanism for utilisation against approved portfolio limits, scrip wise limits, sector limits, loss triggers and timely escalation of Management Action Trigger Levels (MAT).

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% adverse movement in equity prices on				
- Profit and loss account	-	(176,606)	-	(11,422)
- Other comprehensive income	(761,424)	-	(201,777)	-

48.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Interest Rate Risk is the adverse impact on the bank's shareholder's equity due to changes in the interest rates. It may be further elaborated as changes in the present value of the asset, liabilities and commitments due to changes in interest rates, including changes in the shape of yield curves The Bank is exposed to interest rate risk primarily as a result of mismatches in the amounts of assets, liabilities and off-balance sheet interest sensitive instruments within a certain range of maturity or re-pricing (whichever is earlier). The Bank has formulated a separate Interest Rate Risk Management (IRRM) framework which establishes aggregate and tenor-wise balance sheet level PVBP (Price Value per basis points) limits to manage interest rate risk within the Board approved risk appetite. Treasury and Capital Markets Group is primarily responsible for management of interest rate risk on a daily basis, and the Asset and Liability Committee (ALCO) oversees the interest rate risk at Bank level. Market Risk Department of Risk Management Division independently monitors, analyses and reports various limits including management action point limits and re-pricing of the assets and liabilities on a regular basis.

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% increase in interest rates on				
- Profit and loss account	(2,565,507)	(4,655,830)	838,340	(1,873,290)
- Other comprehensive income	(16,800,492)	-	(10,346,287)	-

48.4.1 Mismatch of Interest Rate Sensitive Assets and Liabilities

	2024											
	Effective yield / interest rate	Total	Exposed to Yield/ Interest Risk									Non-interest bearing financial instruments
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
On-balance sheet financial instruments	(Rupees in '000)											
Assets												
Cash and balances with treasury banks	0.00%	227,823,979	12,652,659	-	-	-	-	-	-	-	-	215,171,320
Balances with other banks	3.38%	18,469,608	31,982	-	-	-	-	-	-	-	-	18,437,626
Lending to financial institutions	15.19%	100,998,323	95,601,099	399,924	4,997,300	-	-	-	-	-	-	-
Investments	18.35%	1,991,232,454	180,967,039	288,254,941	730,065,802	165,681,067	157,240,131	127,222,674	174,592,781	132,559,486	-	34,648,533
Advances	17.00%	1,109,376,154	611,169,970	136,366,580	155,184,943	52,303,953	16,094,965	19,215,964	29,849,145	66,260,011	19,748,383	3,182,240
Other assets	-	155,157,087	-	-	-	-	-	-	-	-	-	155,157,087
		3,603,057,605	900,422,749	425,021,445	890,248,045	217,985,020	173,335,096	146,438,638	204,441,926	198,819,497	19,748,383	426,596,806
Liabilities												
Bills payable	-	41,768,326	-	-	-	-	-	-	-	-	-	41,768,326
Borrowings	16.35%	1,141,885,742	972,124,538	9,103,713	37,275,251	57,210,197	4,261,703	3,319,377	13,447,077	44,957,913	185,973	-
Deposits and other accounts	11.18%	2,136,912,622	1,063,302,498	109,136,439	54,656,520	36,128,705	988,608	1,336,147	6,025,141	-	-	865,338,564
Lease liabilities	14.40%	29,481,938	88,205	309,529	490,286	1,157,796	2,396,519	2,694,199	5,954,747	14,026,334	2,364,323	-
Subordinated debt	22.28%	14,000,000	-	7,000,000	7,000,000	-	-	-	-	-	-	-
Other liabilities	-	94,179,295	-	-	-	-	-	-	-	-	-	94,179,295
		3,458,227,923	2,035,515,241	125,549,681	99,422,057	94,496,698	7,646,830	7,349,723	25,426,965	58,984,247	2,550,296	1,001,286,185
On-balance sheet gap		144,829,682	(1,135,092,492)	299,471,764	790,825,988	123,488,322	165,688,266	139,088,915	179,014,961	139,835,250	17,198,087	(574,689,379)
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions		402,528,699	-	-	-	-	-	-	-	-	-	402,528,699

	2024											
	Effective yield / interest rate	Total	Exposed to Yield/ Interest Risk									Non-interest bearing financial instruments
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
		(Rupees in '000)										
Commitments in respect of:												
- Forward exchange contracts - purchase		144,906,210	82,323,609	47,360,862	14,967,644	254,095	-	-	-	-	-	-
- Forward exchange contracts - sale		(122,031,856)	(79,019,016)	(21,826,844)	(13,829,134)	(7,356,862)	-	-	-	-	-	-
- Forward security - purchase		55,393,978	5,461,630	25,217,982	-	-	-	-	11,215,131	13,499,235	-	-
- Forward security - sale		(94,135,406)	-	(24,529,560)	-	(5,407,620)	(4,212,576)	(1,884,925)	(3,754,454)	(54,346,271)	-	-
- Interest Rate Swaps - purchase		23,054,358	13,834,353	9,220,005	-	-	-	-	-	-	-	-
- Interest Rate Swaps - Sale		(23,054,358)	-	(584,955)	(580,164)	-	(2,808,564)	(4,596,075)	(7,799,400)	(6,685,200)	-	-
- Cross Currency Swaps - Purchase		10,412,144	-	10,412,144	-	-	-	-	-	-	-	-
- Cross Currency Swaps - Sale		(10,412,144)	-	-	-	(227,144)	-	-	-	(10,185,000)	-	-
Off-balance sheet gap		386,661,625	22,600,576	45,269,634	558,346	(12,737,531)	(7,021,140)	(6,481,000)	(338,723)	(57,717,236)	-	402,528,699
Total Yield/Interest Risk Sensitivity Gap			(1,112,491,916)	344,741,398	791,384,334	110,750,791	158,667,126	132,607,915	178,676,238	82,118,014	17,198,087	(172,160,680)
Cumulative Yield/Interest Risk Sensitivity Gap			(1,112,491,916)	(767,750,518)	23,633,816	134,384,607	293,051,733	425,659,648	604,335,886	686,453,900	703,651,987	531,491,307

	2023											
	Effective yield / interest rate	Total	Exposed to Yield/ Interest risk									Non-interest bearing financial instruments
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.25%	202,692,402	13,922,762	-	-	-	-	-	-	-	-	188,769,640
Balances with other banks	0.60%	16,617,834	34,503	-	-	-	-	-	-	-	-	16,583,331
Lending to financial institutions	16.50%	119,554,109	119,554,109	-	-	-	-	-	-	-	-	-
Investments	18.96%	2,067,262,700	331,561,798	484,177,739	675,557,953	226,168,506	78,688,167	110,344,862	87,916,510	59,475,219	7,671	13,364,275
Advances	16.64%	735,051,510	335,696,679	125,538,911	84,491,849	34,929,808	10,604,343	14,047,333	31,784,487	83,567,661	9,131,370	5,259,069
Other assets	-	124,985,949	-	-	-	-	-	-	-	-	-	124,985,949
		3,266,164,504	800,769,851	609,716,650	760,049,802	261,098,314	89,292,510	124,392,195	119,700,997	143,042,880	9,139,041	348,962,264
Liabilities												
Bills payable	-	26,004,538	-	-	-	-	-	-	-	-	-	26,004,538
Borrowings	15.65%	909,543,453	717,549,421	40,785,871	14,488,021	245,708	46,335,220	5,916,921	13,967,794	70,054,570	199,927	-
Deposits and other accounts	10.28%	2,084,997,130	872,515,992	106,689,827	63,873,584	190,365,008	839,901	776,267	31,124	-	-	849,905,427
Lease liabilities	13.39%	22,894,533	136,780	182,402	623,964	905,496	2,118,426	2,195,823	4,826,476	10,013,470	1,891,696	-
Subordinated debt	21.87%	14,000,000	-	7,000,000	7,000,000	-	-	-	-	-	-	-
Other liabilities		86,776,313	-	-	-	-	-	-	-	-	-	86,776,313
		3,144,215,967	1,590,202,193	154,658,100	85,985,569	191,516,212	49,293,547	8,889,011	18,825,394	80,068,040	2,091,623	962,686,278
On-balance sheet gap		121,948,537	(789,432,342)	455,058,550	674,064,233	69,582,102	39,998,963	115,503,184	100,875,603	62,974,840	7,047,418	(613,724,014)

	2023										
	Effective yield / interest rate	Total	Exposed to Yield/ Interest Risk								Non-interest bearing financial instruments
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
		(Rupees in '000)									
Off-balance sheet financial instruments											
Documentary credits and short-term trade-related transactions		369,828,072	-	-	-	-	-	-	-	-	-	369,828,072
Commitments in respect of:												
- Forward exchange contracts - purchase		198,859,218	89,146,811	72,036,819	37,173,352	502,236	-	-	-	-	-	-
- Forward exchange contracts - sale		(151,805,082)	(86,073,414)	(42,076,834)	(23,654,834)	-	-	-	-	-	-	-
- Forward security - purchase		20,461,347	1,790,376	2,125,301	15,374,572	-	-	1,171,098	-	-	-	-
- Forward security - sale		(88,746,368)	(1,790,375)	(38,881,280)	(36,898,765)	(10,905,413)	-	(270,535)	-	-	-	-
- Interest Rate Swaps - purchase		39,466,304	25,063,222	14,403,082	-	-	-	-	-	-	-	-
- Interest Rate Swaps - Sale		(39,466,304)	-	-	(3,946,050)	(3,100,466)	(2,624,208)	(2,877,882)	(7,187,448)	(19,730,250)	-	-
- Cross Currency Swaps - Purchase		11,683,894		11,683,894	-	-	-	-	-	-	-	-
- Cross Currency Swaps - Sale		(11,683,894)	-	(11,683,894)	-	-	-	-	-	-	-	-
Off-balance sheet gap		348,597,187	28,136,620	7,607,088	(11,951,725)	(13,503,643)	(2,624,208)	(1,977,319)	(7,187,448)	(19,730,250)	-	369,828,072
Total Yield/Interest Risk Sensitivity Gap			(761,295,722)	462,665,638	662,112,508	56,078,459	37,374,755	113,525,865	93,688,155	43,244,590	7,047,418	(243,895,942)
Cumulative Yield/Interest Risk Sensitivity Gap			(761,295,722)	(298,630,084)	363,482,424	419,560,883	456,935,638	570,461,503	664,149,658	707,394,248	714,441,666	470,545,724

48.4.2 Reconciliation of Financial Assets and Liabilities exposed to yield / interest rate risk with total assets and liabilities

	2024	2023
	(Rupees in '000)	
Total financial assets as per note 48.4.1	3,603,057,605	3,266,164,504
Add: Non financial assets		
Property and equipment	63,543,484	41,816,110
Right-of-use assets	25,290,607	19,951,571
Intangibles	1,543,109	1,369,899
Deferred tax assets	-	6,008,159
Other assets	16,771,316	10,606,584
Total assets as per statement of financial position	3,710,206,121	3,345,916,827
Total financial liabilities as per note 48.4.1	3,458,227,923	3,144,215,967
Add: Non financial liabilities		
Deferred tax liabilities	16,515,641	-
Other liabilities	57,350,147	63,778,027
Total liabilities as per statement of financial position	3,532,093,711	3,207,993,994

48.5 Operational Risk

Basel defines Operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Operational Risk Management Framework, policy and Standards of the Bank duly approved by the Central Management Committee and the Board, cover the processes, structure and functions of operational risk management and provides guidelines to identify, assess, monitor, control and report operational risk in a consistent and transparent manner across the Bank.

48.5.1 Operational Risk Disclosures - Basel Specific

The Bank is among the first few banks in the industry to secure the SBP approval for adoption of Alternative Standardized Approach (ASA) under Basel guidelines for determining capital charge on operational risk in December 2013. The Bank started calculating its capital charge for operational risk using ASA from December 31, 2013.

The SBP approval stipulated a capital floor i.e. operational risk charge under ASA should not fall below as a certain percentage of operational risk capital charge calculated under Basic Indicator Approach for initial three years. These floors were 90% for 2013 and 2014, 80% for 2015 and 70% for 2016. However, removal of capital floor for calculation of capital charge under ASA was extended in line with international developments and consultations of the Basel Committee on Banking Supervision (BCBS).

Embedding a sustainable risk culture remains our core objective, which includes effective management of operational issues and emerging risks across the Bank and in our overseas operations via deployment of required resources, tools and continuous supervision. The new Operational Risk Framework, Policy and Standards, duly approved by the Board, have been rolled out along with new system platforms (Operational Risk System) for recording and tracking of risk events, including non-financial risks. The Bank is implementing a new process and risk based Risk & Control Self-Assessment (RCSA) mechanism to ensure effective assessment of controls and to manage operational risks within the organization. The Bank has also deployed the First Line Operational Risk teams to perform controls self-assessments and reviews, especially for the processes and activities, that may significantly impact the Bank's risk appetite. Furthermore, new and amended products, systems, activities and processes are subject to comprehensive operational risk assessments before implementation and launch.

48.5.2 Information Security Risk

Cyber risk is now amongst the top ranked risks that all organizations face and the Bank is cognizant of its significance and possible impacts. The Bank's Board IT Committee (BITC) and management level IT Steering Committee (ITSC) provide oversight of cyber security matters. The Bank has in place a well-defined Information Security Risk Management Policy / Framework, duly approved by the Board of Directors. The framework is supplemented with comprehensive Information Security Risk Management procedures approved by the executive management The framework is directly aligned with regulatory advisories and international standards, as well as best practices.

A dedicated Information Security Division within the Credit & Risk Management Group is responsible for managing information security risks to the Bank's information assets. This division ensures compliance with established information security standards and baselines, continuously monitors cyber threats, and investigates security incidents through a purpose-built Security Operations Centre, which operates 24/7/365 days.

Through periodic Cyber Security Risk Assessments, the Bank has implemented a multi-layered Cybersecurity Action Plan that addresses all key domains of information security. Identified threats and vulnerabilities are appropriately mitigated and revalidated. Additionally, the Bank regularly conducts Cyber Risk awareness campaigns for both staff and customers, and has established clear standards for the Acceptable Use of Information and Technology Resources.

48.5.3 Environmental Risk

The Bank has integrated sustainable finance approach in its lending activities. In this regard, Green Banking Policy and Environmental & Social Management System (ESMS) have been put in place.

The ESMS Framework essentially requires that any relevant lending opportunity is to be reviewed and evaluated under:

- International Finance Corporation exclusion list;
- Applicable national laws on environment, health, safety and social issues; and
- International Finance Corporation performance standards.

This framework is an integral part of the credit approval process. All relevant credit proposals require Environmental & Social review prior to approval of the competent authority.

During 2022, the SBP has issued Environmental & Social Risk Management (ESRM) Implementation Manual, based on IFC performance standards, which is applicable to all banks in Pakistan. From November 20, 2023, our Bank has implemented the afore-mentioned SBP manual in letter and spirit.

48.5.4 Country Risk

Country risk refers to the possibility that economic and political conditions in a foreign country could adversely impact the Bank's exposure in that country. For the Bank, country risk arises as a result of the Bank's net investment in foreign operations, foreign currency lending, trade and treasury business with counterparties domiciled in other countries as well as investments and capital transactions. In order to manage the risk, Bank has in place a comprehensive country risk management framework. Under this framework, the transfer risk is measured using financial market and economic factors. Political risk is measured using a variety of indicia indicative of country's willingness to honour its foreign obligations. Based on this framework, risk limits are assigned to countries within the Board approved limits. The limits and their utilisation are monitored and managed at head office level and country risk exposures are reported to the relevant committees at a defined frequency.

48.6 Liquidity Risk

Liquidity is a financial institution's capacity to meet its obligations as they fall due without incurring losses. Liquidity risk is the risk to an institution's earnings, capital and reputation arising from its inability (real or perceived) to meet its contractual obligations in a timely manner without incurring unacceptable losses when they come due.

With reference to the SBP Basel III Liquidity Standards issued under BPRD circular # 08 dated June 23, 2016, the Bank calculates Liquidity Coverage Ratio (LCR) on a monthly basis. Based on the financial statements as at December 31, 2024, the Bank's LCR is 1.35 or 135% against the SBP minimum requirement of 100%, with Total Stock of High Quality Liquid Assets (HQLA) of Rs. 1,002,124.577 million and Net Cash Outflows of Rs. 741,767.855 million.

Moreover, under the same circular the Banks are expected to calculate Net Stable Funding Ratio (NSFR) on quarterly basis. Based on December 31, 2024 numbers the Bank's NSFR is 1.26 or 126% against SBP minimum requirement of 100%, with Total Available Stable Funding of Rs. 1,690,754.449 million and Total Required Stable Funding of Rs. 1,340,991.900 million.

The Bank manages and controls liquidity risk through a detailed risk management framework, which includes BoD approved policy, the management level procedural document and Asset & Liability Committee (ALCO) level guidelines. Under this framework, various liquidity metrics are implemented and monitored on a regular basis.

The Board approves the Bank's overall liquidity risk appetite and broad liquidity risk strategy through Annual Business Plan. The Bank's ALCO is primarily responsible for the implementation of Board's strategy through oversight of the asset liability function including liquidity management. Treasury front office manages the Bank's liquidity on day to day basis and is the Bank's first line of defence against liquidity risk. Under Risk Management Division, Liquidity Risk Management Department is responsible for independent monitoring of the overall liquidity risk in line with regulatory requirements and bank's own risk appetite.

The Bank's overall funding strategy is based on the principles of diversification and stability. The Bank has a diverse funding base, which includes stable funding in the form of equity, sub-ordinated loans, retail and small business deposits and non-stable funding in form of large volume depositors. The Bank has in place internally approved limits to monitor and manage risk emanating from volatile funding concentration. Moreover, the Bank is fully compliant with Basel III LCR and NSFR, which ensure sufficient stock of high quality liquidity assets in relation to its liability profile.

Stress testing is used in an attempt to highlight the vulnerability of the Bank's balance sheet to hypothetical stress events and scenarios. Based on the scenarios, liquidity risk factors are given major shocks and their resulting impact on the balance sheet is calculated. The Bank carries out the stress testing based on SBP stress tests and internal defined scenarios to gauge the potential impacts of different liquidity stress scenarios and share the results with the senior management, the BoD and the regulator.

At the Bank, Contingency Funding Plan (CFP), are in place for all jurisdictions to address liquidity issues in times of stress / crises situations. The Treasury division prepares the CFPs for all operations on annual basis for identifying the stress scenarios and the funding plan for such scenarios along with early warning indicators. These plans are reviewed by the Risk Management Division and are approved by the ALCO annually.

Main drivers of LCR results are High Quality Liquid Assets (HQLA) and Net Cash Outflow. HQLA is defined by the liquidity quality of the Bank's assets and net cash outflow is mainly determined through volatility of the Bank's liability profile. The table below showcases the composition of HQLA as of December 31, 2024.

HQLA*	Market Value	Weighted Amount
	-------(Rupees in '000)-------	
Level 1 Assets	990,177,457	990,177,457
Level 2A Assets	3,174,211	2,698,080
Level 2B Assets	17,572,037	9,249,041
	1,010,923,705	1,002,124,578

* These have been defined in detail in the SBP Circular No. 08, dated June 23, 2016.

48.6.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Bank

	2024													
	Total	Upto 1 Day	Over 1 to 7 Days	Over 7 to 14 Days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	227,823,979	227,823,979	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	18,469,608	18,469,608	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	100,998,323	-	8,385,187	18,336,152	68,879,760	399,924	-	4,997,300	-	-	-	-	-	-
Investments	1,991,232,454	156,980	5,125,382	1,313,971	5,328,333	8,994,136	28,777,441	75,238,204	150,231,135	116,974,460	473,299,812	142,640,067	559,711,577	423,440,956
Advances	1,109,376,154	380,551,042	9,657,172	34,471,524	34,905,883	40,804,494	73,316,029	125,650,551	16,362,850	95,321,483	27,687,440	44,620,864	71,520,320	154,506,502
Property and equipment	63,543,484	28,107	168,114	196,026	474,927	792,643	734,647	2,143,306	2,144,698	2,106,219	4,747,272	4,094,632	5,183,035	40,729,858
Right-of-use assets	25,290,607	330,040	-	-	15,734	689,322	31,467	977,641	79,515	1,856,079	3,584,898	3,289,097	5,542,610	8,894,204
Intangible assets	1,543,109	2,173	13,041	15,216	36,915	60,643	66,553	192,309	191,460	187,110	299,650	241,755	236,284	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	171,928,403	9,239,031	21,701,075	25,494,301	69,522,863	14,257,669	7,805,635	7,125,726	1,183,414	3,543,700	5,709,699	1,173,154	1,848,630	3,323,506
	3,710,206,121	636,600,960	45,049,971	79,827,190	179,164,415	65,998,831	110,731,772	216,325,037	170,193,072	219,989,051	515,328,771	196,059,569	644,042,456	630,895,026
Liabilities														
Bills payable	41,768,326	41,768,326	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,141,885,742	17,225,724	166,663,374	4,665,365	783,570,075	3,765,303	5,338,410	37,275,251	49,794,857	7,415,340	4,261,703	3,319,377	13,447,077	45,143,886
Deposits and other accounts	2,136,912,622	1,698,881,059	67,698,581	50,162,601	88,703,151	58,323,916	58,672,456	59,599,147	20,740,551	25,745,688	1,010,684	1,337,247	6,037,541	-
Lease liabilities	29,481,938	73,429	-	-	14,776	282,570	26,959	490,286	35,251	1,122,545	2,396,519	2,694,199	5,954,747	16,390,657
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	-	-	-	-	14,000,000
Deferred tax liabilities	16,515,641	-	-	-	-	-	-	-	-	16,515,641	-	-	-	-
Other liabilities	151,529,442	2,540,490	17,143,387	19,813,346	38,600,528	15,159,024	5,726,984	10,291,339	5,797,221	13,207,372	1,678,719	110,683	9,221,366	12,238,983
	3,532,093,711	1,760,489,028	251,505,342	74,641,312	910,888,530	77,530,813	69,764,809	107,656,023	76,367,880	64,006,586	9,347,625	7,461,506	34,660,731	87,773,526
Net assets	178,112,410	(1,123,888,068)	(206,455,371)	5,185,878	(731,724,115)	(11,531,982)	40,966,963	108,669,014	93,825,192	155,982,465	505,981,146	188,598,063	609,381,725	543,121,500

Share capital	15,771,651
Reserves	43,466,925
Surplus on revaluation of assets	33,778,787
Unappropriated profit	85,095,047
	178,112,410

	2023													
	Total	Upto 1 Day	Over 1 to 7 Days	Over 7 to 14 Days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	202,692,402	202,692,402	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	16,617,834	16,617,834	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	119,554,109	2,644,802	111,818,663	4,833,824	256,820	-	-	-	-	-	-	-	-	-
Investments	2,067,262,700	7,630	45,767	2,252,369	7,900,008	20,136,990	173,811,008	155,827,112	63,535,491	307,665,378	212,387,878	457,538,612	376,723,110	289,431,347
Advances	735,051,510	169,015,757	27,427,295	5,042,851	56,702,819	32,381,286	70,510,436	42,883,812	10,964,995	4,180,421	35,196,474	38,056,017	70,160,858	172,528,489
Property and equipment	41,816,110	503,225	245,030	285,821	654,342	865,529	883,805	1,607,548	1,583,839	1,531,000	3,244,104	2,654,805	3,306,542	24,450,520
Right-of-use assets	19,951,571	338,364	-	-	17,809	282,118	280,012	824,039	808,887	791,376	2,968,713	2,614,408	4,462,250	6,563,595
Intangible assets	1,369,899	2,160	12,943	15,099	36,162	63,524	64,235	189,571	185,832	181,574	250,657	182,011	186,131	-
Deferred tax assets	6,008,159	-	-	-	-	-	-	-	-	6,008,159	-	-	-	-
Other assets	135,592,533	4,243,002	19,656,887	23,229,168	58,759,706	6,680,662	8,449,561	3,626,438	2,451,455	2,249,562	2,734,892	877,800	1,316,700	1,316,700
	3,345,916,827	396,065,176	159,206,585	35,659,132	124,327,666	60,410,109	253,999,057	204,958,520	79,530,499	322,607,470	256,782,718	501,923,653	456,155,591	494,290,651
Liabilities														
Bills payable	26,004,538	26,004,538	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	909,543,453	5,902,920	14,783,562	562,421,636	134,441,303	8,631,161	32,154,710	14,488,021	97,400	148,308	46,335,220	5,916,921	13,967,794	70,254,497
Deposits and other accounts	2,084,997,130	1,520,199,166	78,939,699	19,451,339	57,534,396	74,883,308	69,339,081	66,901,002	50,797,416	145,266,806	847,451	798,342	39,124	-
Lease liabilities	22,894,533	119,624	-	-	-	48,078	134,324	623,964	517,599	387,897	2,118,426	2,195,823	4,852,363	11,896,435
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	-	-	-	-	14,000,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	150,554,340	3,702,785	17,068,089	20,208,903	44,781,471	7,178,983	5,880,195	6,345,261	27,037,073	3,061,763	1,924,280	1,484,756	11,880,781	-
	3,207,993,994	1,555,929,033	110,791,350	602,081,878	236,757,170	90,741,530	107,508,310	88,358,248	78,449,488	148,864,774	51,225,377	10,395,842	30,740,062	96,150,932
Net assets	137,922,833	(1,159,863,857)	48,415,235	(566,422,746)	(112,429,504)	(30,331,421)	146,490,747	116,600,272	1,081,011	173,742,696	205,557,341	491,527,811	425,415,529	398,139,719

Share capital	15,771,651
Reserves	41,401,130
Surplus on revaluation of assets	11,268,364
Unappropriated profit	69,481,688
	137,922,833

Current and saving deposits have been classified under maturity upto one day as these do not have any contractual maturity. Further, the Bank, on the basis of behavioural pattern, estimates these deposits are a core part of its liquid resources with long term maturity profile reflected in note 48.6.1, and will not fall below the current year's level.

48.6.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

	2024									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	227,823,979	141,712,138	6,117,146	5,404,441	10,323,918	20,399,175	3,133,513	6,266,760	15,666,767	18,800,121
Balances with other banks	18,469,608	18,469,608	-	-	-	-	-	-	-	-
Lending to financial institutions	100,998,323	95,601,099	399,924	4,997,300	-	-	-	-	-	-
Investments	1,991,232,454	11,924,666	37,771,577	75,238,204	267,205,595	473,299,812	142,640,067	559,711,577	420,113,350	3,327,606
Advances	1,109,376,154	454,579,863	114,138,780	125,717,456	111,945,206	25,280,994	48,025,472	98,270,233	98,718,466	32,699,684
Property and equipment	63,543,484	867,174	1,527,290	2,143,306	4,250,917	4,747,272	4,094,632	5,183,035	6,106,746	34,623,112
Right-of-use assets	25,290,607	345,774	720,789	977,641	1,935,594	3,584,898	3,289,097	5,542,610	8,022,577	871,627
Intangible assets	1,543,109	67,345	127,196	192,309	378,570	299,650	241,755	236,284	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	171,928,403	125,957,270	22,063,304	7,125,726	4,727,114	5,709,699	1,173,154	1,848,630	3,323,506	-
	3,710,206,121	849,524,937	182,866,006	221,796,383	400,766,914	533,321,500	202,597,690	677,059,129	551,951,412	90,322,150
Liabilities										
Bills payable	41,768,326	41,768,326	-	-	-	-	-	-	-	-
Borrowings	1,141,885,742	972,124,538	9,103,713	37,275,251	57,210,197	4,261,703	3,319,377	13,447,077	44,957,913	185,973
Deposits and other accounts	2,136,912,622	242,911,023	183,812,446	159,823,258	246,934,460	413,043,138	64,409,641	132,182,328	315,361,967	378,434,361
Lease liabilities	29,481,938	88,205	309,529	490,286	1,157,796	2,396,519	2,694,199	5,954,747	14,026,334	2,364,323
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	14,000,000
Deferred tax liabilities	16,515,641	-	-	-	16,515,641	-	-	-	-	-
Other liabilities	151,529,442	78,097,751	20,886,008	10,291,339	19,004,593	1,678,719	110,683	9,221,366	12,238,983	-
	3,532,093,711	1,334,989,843	214,111,696	207,880,134	340,822,687	421,380,079	70,533,900	160,805,518	386,585,197	394,984,657
Net assets	178,112,410	(485,464,906)	(31,245,690)	13,916,249	59,944,227	111,941,421	132,063,790	516,253,611	165,366,215	(304,662,507)
Share capital	15,771,651									
Reserves	43,466,925									
Surplus on revaluation of assets	33,778,787									
Unappropriated profit	85,095,047									
	178,112,410									

	2023									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	202,692,402	114,534,487	9,546,660	7,324,282	17,563,379	17,274,692	2,638,067	5,203,217	13,003,463	15,604,155
Balances with other banks	16,617,834	16,617,834	-	-	-	-	-	-	-	-
Lending to financial institutions	119,554,109	119,554,109	-	-	-	-	-	-	-	-
Investments	2,067,262,700	10,205,774	193,947,998	155,827,112	371,200,869	212,387,878	457,538,612	376,723,110	286,896,071	2,535,276
Advances	735,051,510	199,630,872	118,844,344	71,481,447	37,994,791	26,443,560	37,982,245	70,277,427	143,071,356	29,325,468
Property and equipment	41,816,110	1,688,418	1,749,334	1,607,548	3,114,839	3,244,104	2,654,805	3,306,542	3,782,987	20,667,533
Right-of-use assets	19,951,571	356,173	562,130	824,039	1,600,263	2,968,713	2,614,408	4,462,250	5,900,401	663,194
Intangible assets	1,369,899	66,364	127,759	189,571	367,406	250,657	182,011	186,131	-	-
Deferred tax assets	6,008,159	-	-	-	6,008,159	-	-	-	-	-
Other assets	135,592,533	105,888,763	15,130,223	3,626,438	4,701,017	2,734,892	877,800	1,316,700	1,316,700	-
	3,345,916,827	568,542,794	339,908,448	240,880,437	442,550,723	265,304,496	504,487,948	461,475,377	453,970,978	68,795,626
Liabilities										
Bills payable	26,004,538	26,004,538	-	-	-	-	-	-	-	-
Borrowings	909,543,453	717,549,421	40,785,871	14,488,021	245,708	46,335,220	5,916,921	13,967,794	70,054,570	199,927
Deposits and other accounts	2,084,997,130	201,890,450	203,922,468	156,451,118	375,164,456	368,997,931	56,350,717	111,143,873	277,761,871	333,314,246
Lease liabilities	22,894,533	119,624	182,402	623,964	905,496	2,118,426	2,195,823	4,852,363	10,004,739	1,891,696
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	14,000,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	150,554,340	85,761,248	13,059,178	6,345,261	30,098,836	1,924,280	1,484,756	11,880,781	-	-
	3,207,993,994	1,031,325,281	257,949,919	177,908,364	406,414,496	419,375,857	65,948,217	141,844,811	357,821,180	349,405,869
Net assets	137,922,833	(462,782,487)	81,958,529	62,972,073	36,136,227	(154,071,361)	438,539,731	319,630,566	96,149,798	(280,610,243)

Share capital	15,771,651
Reserves	41,401,130
Surplus on revaluation of assets	11,268,364
Unappropriated profit	69,481,688
	137,922,833

In line with the SBP BSD Circular Letter No. 03 of 2011 on "Maturity and Interest Rate Sensitivity Gap Reporting" the Bank conducted a behavioural study of non-maturity deposits (non-contractual deposits) and performed regression analysis to determine deposit withdrawal pattern on Current and Savings Accounts (CASA). Regression analysis is used to investigate the relationship between time, the amount of deposits and deposits withdrawals in order to arrive at an estimated deposits withdrawals pattern. This methodology is in line with the industry best practices and regulatory guidance.

48.7 Derivative Risk

The Bank deals in derivative instruments including Interest Rate Swaps and Cross Currency Swaps for hedging and market making purposes within Bank's risk appetite. Interest rate swaps are primarily conducted to hedge interest rate risk present in the Bank's foreign currency bond portfolio.

Additionally, to facilitate client business enabling them to hedge long term foreign currency exposure, bank offers solutions through Cross Currency Swaps subject to approval from the State Bank of Pakistan. The counterparty risk associated in the cross currency swaps is approved by the relevant Credit Approval Authority.

Market & Liquidity Risk Department under the Risk Management Division performs hedge effectiveness testing of foreign currency bonds portfolio against interest rate swaps on a periodic basis. For Cross Currency Swaps, Market & Liquidity Risk Department monitors the revaluation and counterparty exposures on regular basis. The results are then shared with the concerned stakeholders and strategies are devised/revisited in coordination with Treasury to align the outcomes with established risk parameters.

48.8 Trade Pricing Risk

Trade Pricing Risk – TPRD established under the umbrella of Risk Management Division – RMD is responsible to ascertain commodity price of trade transactions to curb under / over invoicing on best effort basis through various reliable sources such as internet search, custom valuation ruling, newspaper, goods declaration, Bloomberg etc.

The unit has been established as required by the SBP framework for managing risk of Trade Based Money Laundering and Terrorist Financing.

49 AFGHANISTAN OPERATIONS

Bank Alfalah maintains a two-branch presence in Afghanistan. The Board and the management of the Bank continue to closely monitor the evolving situation in Afghanistan which has been hampered due to the country's frozen reserves and uncertainty regarding international recognition which prevent normal flows in and out of Afghanistan. The Bank has taken impairment against net assets where there is an indication that carrying amount may be higher than its recoverable amount. The Bank remains focused on maintaining its control standards i.e. both onshore and through Head Office oversight.

50 BANGLADESH OPERATIONS

During the year, a non-binding indicative offer was received from Bank Asia Limited, Dhaka, Bangladesh ("Bank Asia") to acquire the Bank's Bangladesh Operations (assets and liabilities). In this regard, the Bank has been granted an in-principle approval by the State Bank of Pakistan to facilitate conduct of due diligence exercise by Bank Asia.

Further, non-binding offer was also received from Hatton National Bank of Sri Lanka ("HNB") to acquire the Bank's Bangladesh Operations (assets and liabilities). In this regard regulatory approvals to commence due diligence exercise are in process.

51 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on January 30, 2025 has announced final cash dividend of Rs. 2.50 per share i.e. 25% (2023: Rs. 5 per share i.e. 50%). This appropriation will be approved in the forthcoming Annual General Meeting. The unconsolidated financial statements for the year ended December 31, 2024 do not include the effect of this appropriation which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2025. The Board had earlier declared and paid cumulatively an interim cash dividend of Rs. 6.0 (2023: interim cash dividend: Rs. 3.0) per share.

52 DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on January 30, 2025 by the Board of Directors of the Bank.

53 GENERAL

53.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated financial statements, wherever necessary to facilitate comparison.

The effects of reclassification, rearrangement, restatement in the comparative information presented in these unconsolidated financial statements due to adoption of revised forms for the preparation of financial statements as mentioned in note 2.2 are as follows:

Description of item	Nature	(Rupees in '000)	From	To
Right-of-use assets	Asset	19,951,571	Property and equipment	Right-of-use assets
Lease liabilities against right-of-use-assets	Liability	22,894,533	Other liabilities	Lease liabilities
IBFT charges	Expense	54,304	Commission on remittances including home remittances	Communication
Agent commission	Expense	497,285	Commission on Benazir Income Support Programme (BISP)	Brokerage and commission
Verification cost	Expense	142,237	Commission on Benazir Income Support Programme (BISP)	CNIC verification
Optional issuer fee	Income	854,192	Foreign exchange income	Card related fees (debit and credit cards)
Conversion fee	Expense	347,921	Foreign exchange income	Card related fees (debit and credit cards)
Conversion fee	Expense	174,142	Foreign exchange income	Card acquiring business

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

ANNEXURE - I

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED DECEMBER 31,2024

(Rupees in '000)

S.No.	Name and Address of the borrower	Name of Individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at January 01, 2024				Principal written-off	Interest / Mark-up written-off / waived	Other financial relief provided	Total (9+10+11)	Product Name
				Principal	Interest / Mark-up	Others than Interest / Markup	Total (5+6+7)					
1	2	3	4	5	6	7	8	9	10	11	12	13
1	M.H.Oil Mills Pvt Ltd Address: E-32, Site, Karachi.	1.Arshad Hai CNIC:42101-5007544-9 2.Abdul Hai CNIC:42101-6938667-5 3.Asim Hai CNIC:42101-8957508-9	1.Abdul Hai 2.Muhammad Umer 3.Abdul Hai	-	133,690	29,343	163,033	-	133,690	29,343	163,033	Term Finance
2	Data Ali Traders Address: Suit No 7, 1st Floor Nigar Centre, Patiala Ground, Link Meclod Road, Lahore .	Muhammad Ahmed Sheikh CNIC:35202-4693946-9	Hafiz M Yamin	55,741	14,419	68,025	138,185	-	14,160	56,806	70,966	CF-Hypo
3	Unique Enterprises Address: 167/A-1, Adamjee Road, Rawalpindi.	Aslam Pervez CNIC:37405-2894906-1	Abdul Rasheed	35,924	-	-	35,924	-	13,574	27,339	40,913	Ijarah
4	Needle Nit Hosiery Address: Satiana Road, House No.28-A Faisalabad.	Shaikh Muhammad Amin CNIC:33100-7922276-7	Shaikh Muhammad Din	3,000	231	169	3,400	-	-	11,278	11,278	Local Murabaha
5	Karmanwala Cotton Ginners & Oil Mills Address: Haroonabad Road, Daharanwala, Teshil Chishtian District Bahawalnagar.	1.Muhammad Arshad CNIC:31102-7379271-5 2.Muhammad Asghar CNIC:31102-2103022-5	1.Muhammad Ali 2.Muhammad Ali	14,002	2,132	9,039	25,173	-	1,416	8,757	10,173	CF-Hypo & CF-Pledge
6	Joint Trading Company Address: House-774, 1St Floor,Satmasjid Road,Dhanmondi, Dhaka.	Iskander Mirza Ratan (NID: 2833615954)	Shah E Alam	-	7,499	-	7,499	-	6,843	3,175	10,018	Current Finance
7	City Steel UAE Mills Pvt.Ltd Address: 17 Km, Sheikhupura Road, Lahore.	1.Muhammad Shoaib Arshad CNIC:35202-2304493-3 2.Muhammad Asad CNIC:35202-2352972-7	Muhammad Arshad	97,769	9,665	-	107,434	-	8,908	102,910	111,818	Salam & Import Murabha
8	Trans World International Address: A-1 Sardar Carpet Centre, Shoba Chowk, Peshawar.	Mazhar Ul Haq CNIC:17301-1494522-1	Abdul Haq	-	194	10,606	10,800	-	-	8,800	8,800	CF-Hypo
9	Habib Oil Mills Address: Chonawala Road, Hasilpur.	Muhammad Arslan Farooq CNIC:31203-9390168-9	Muhammad Farooq	10,213	954	3,521	14,688	-	954	3,521	4,475	CF-Hypo & Corporate Credit Card
10	Mashhood Elahi Khan Address: 47-48 Aabpara Housing Society, Lahore.	Mashhod Elahi Khan CNIC:35202-2539358-1	Mehmood Elahi Khan	-	-	11,197	11,197	-	-	4,197	4,197	Current Finance
11	Ch.Sohrab Centre Address: House No.06/B,Shami Road Civil Line, Sheikhupura.	Waqas Mansoor CNIC:35404-1546036-9	Mansoor Qadir	3,473	-	4,421	7,894	-	-	3,644	3,644	Current Finance
12	Saleem Ashraf Ara Machine Address: House No.114, Lane No.1, Canal Cantt, View Phase Ii, Multan Cantt, Tehsil & District Multan.	Ch.Saleem Ashraf CNIC:32303-7275575-1	Muhammad Ashraf	4,947	183	3,882	9,012	-	-	3,512	3,512	Alfalah Karobar Finance (AKF)
13	M.Imran And Brothers Address: Sagwan Road, Gillewal, Tehsil & District Lodhran	Muhammad Shakeel CNIC:36203-5173696-9	Muhammad Sharif	10,139	707	2,965	13,811	-	657	2,830	3,487	Letter of Gurantee & CF-Hypo
14	American Lycetuff Address: 1-B, Samanbad Near Khizra Masjid,Lahore.	1.Mr.Nadeem Kiani CNIC:35202-8913674-3 2.Mrs.Zeeshan Zia Raja CNIC:35202-2018761-8	1.Raja Aurangzeb Khan 2.Tanveer Ahmad Rajput	1,047	-	1,550	2,597	-	-	3,278	3,278	CF-Hypo
15	Bhangu Commission Shop Address: Butt Street,Rasoolpura, Khalid Road, Mian Street, Sheikhupura.	Allaha Ditta Bhangow CNIC:35404-4527514-9	Inyat Ali	1,982	308	2,903	5,193	-	308	2,385	2,693	Current Finance
16	Malik Brothers Address: General Bus Stand, Bahawalnagar.	Malik Kashif Zaheer CNIC:31101-1655553-1	Malik Zaheer Ahmad	3,483	429	1,539	5,451	-	334	1,418	1,752	Alfalah Karobar Finance (AKF)
17	Ghulam Sarwar Commission Shop Address: Near Station Road,Mehrabpur,Taluka Kandiaro,District Naushahero Feroze,Sindh	Ghulam Sarwar Watto CNIC:45302-5285184-5	Nazeer Watto	5,998	76	-	6,074	-	-	1,677	1,677	Current Finance
18	Unite Manufacturer Address: A-23, Akram Park, Shadbagh, Lahore.	Syed Azhar Ali CNIC:35202-8673104-5	Syed Akhtar Ali	249	78	2,132	2,459	-	-	1,670	1,670	Murabaha
19	Choudhary Marbles Industry Address: House Number.151, Street No.6, Main Street, Khalilabad Colony, Depalpur.	Zahoor Ahmad CNIC:35301-3928104-7	Imam Ali	2,491	-	1,720	4,211	-	-	1,611	1,611	CF-Hypo

ANNEXURE - I

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED DECEMBER 31,2024

(Rupees in '000)

S.No.	Name and Address of the borrower	Name of Individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at January 01, 2024				Principal written-off	Interest / Mark-up written-off / waived	Other financial relief provided	Total (9+10+11)	Product Name
				Principal	Interest / Mark-up	Others than Interest / Markup	Total (5+6+7)					
1	2	3	4	5	6	7	8	9	10	11	12	13
20	Bengal Trade Ways Ltd Address: Landmark Building,10Th Floor, 12-14, Gulshan North.	Abu Zafer Mohammed Saifuddin CNIC: Not available	Mohammad Abul Mansur	-	2,124	-	2,124	-	1,595	-	1,595	Current Finance
21	Rushan Store Address: 77 Y, Housing Colony, Sheikhupura.	Abdul Rasheed Zahid CNIC:35404-7953512-1	Abdul Latif Sheikh	2,469	387	1,465	4,321	-	387	1,180	1,567	CF-Hypo
22	Naveed Ahmed Sheikh Address: House No.11/205, Block H-E, Mouza Gohawa, Tehsil Cantt, District Lahore.	Naveed Ahmed Sheikh CNIC:35201-1671481-5	Sheikh Maqbool Ahmed	2,672	-	2,362	5,034	-	-	1,534	1,534	House Finance
23	Sajjad And Co Address: Ghalla Mandi Railway Road,Dinga Tehsil Kharian Distt Gujrat.	Sajjad Ahmed CNIC:34202-5952830-5	Faiz Ahmed	1,099	181	1,671	2,951	-	-	1,400	1,400	CF-Hypo
24	Owaisia Corporation Address: National Highway,Chowk Wallana, Klp Road, Sadiqabad.	Jam Ahmad Yar CNIC:31304-2957181-9	Haji Sajan	4,260	1,315	-	5,575	-	-	1,375	1,375	Tijarah
25	Omer Enterprises Address: Shop No.1201-H, Akbari Mandi, Lahore.	Umer Farooq Chaudhry CNIC:34101-2505788-7	Farooq Tauseef	250	-	2,382	2,632	-	-	1,328	1,328	Current Finance
26	Ch.Iftikhar Ud Din & Sons Address: Shop No 28-B, Grain Market, Arifwala.	Ahmad Iftikhar CNIC:36401-3582563-5	Ch.Iftikhar Ud Din	8,499	1,416	690	10,605	-	415	690	1,105	Alfalah Karobar Finance (AKF)
27	Asghar Model Farm Address: Ghala Mandi, Rahim Yar Khan.	Asghar Ali CNIC:31303-1510338-1	Haji Muhammad Ramzan	1,848	67	1,726	3,641	-	-	991	991	CF-Hypo
28	Azhar Aslam Address: 12/E, Model Town,Near Bank Square Market,Lahore	Azhar Aslam CNIC:35202-0202060-1	Mian Muhammad Aslam	1,451	280	-	1,731	251	630	-	881	Credit Card
29	Imran Oil Mills Address: Mailsi Road Dunyapur, Mouza Dunyarpur Sharqi, District Lodhran.	1.Muhammad Khalid Tabassum CNIC:36302-8953437-9 2.Mst.Hasina Begum CNIC:36201-6745202-8	1.Rehmat Ullah 2.Abdul Sattar	1,996	-	1,101	3,097	-	-	868	868	CF-Hypo
30	Waleed Shahid Address: Street No 43 Block No 58 2 A Sector G 7 4 Islamabad	Waleed Shahid CNIC:61101-8895551-3	Raja Shahid Ahmed	864	30	-	894	197	663	-	860	Personal Loan
31	New Imran Oil Mills Address: Lodhran Road Dunyapur District Lodhran	Abdul Sattar Asim CNIC:36201-5661464-6	Barkat Ali	1,791	-	1,110	2,901	-	-	838	838	CF-Hypo
32	Asif Fabrics Address: Super Market, Depalpur.	Muhammad Asif Shahzad CNIC:35301-2668361-3	Ghulam Rasool	1,666	-	1,291	2,957	-	-	827	827	CF-Hypo
33	Sheikh Azhar Ali Address: House No 450/3, Block-A, Phase V D.H.A., Street No 20 Lahore	Sheikh Azhar Ali CNIC:35202-2565463-7	Sheikh Muhammad Asad	1,717	328	-	2,045	317	506	-	823	Credit Card
34	Abdul Majeed Corporation Address: Grain Market, Chichawatni.	Abdul Majeed CNIC:36501-0278664-1	Nazar Hussain	-	-	806	806	-	-	806	806	Alfalah Karobar Finance (AKF)
35	Muhammad Saqib Iqbal Address: House No.85-B, Sukh Chain Garden, Multan Road, Lahore.	Muhammad Saqib Iqbal CNIC:35202-2554809-1	Muhammad Iqbal	1,924	329	858	3,111	-	-	738	738	House Finance
36	Muzammil Rashid Address: House No.151-D, Phase-Ii, Measuring 10 Marla, Situted At Nespak Co-Operative Housing Society, Lahore.	Muzammil Rashid CNIC:35202-2915661-7	Abdul Rashid	272	502	277	1,051	-	452	277	729	House Finance
37	Faisal Oil Traders Address:Jhang Road, Muzaffargarh.	Ghulam Murtaza CNIC:32304-1544293-5	Ghulam Muhammad	725	53	829	1,607	-	-	708	708	CF-Hypo
38	Waseem Ahmed Abbasi Address: Flat No 207 1St Flr Jewel Centre Raja Ghazanfar Ali Road Saddar Karachi	Waseem Ahmed Abbasi CNIC:42101-2850312-5	Rahim Ahmed Abbasi	756	44	-	800	73	593	-	666	Personal Loan
39	Assam Traders Address: Shop No 32, Market No 318, Taj Mahal Market Nirankari Bazar, Rawalpindi.	Tauseef Ahmed CNIC:37405-3075153-7	Qadeer Ahmed	4,000	-	965	4,965	-	-	654	654	Alfalah Karobar Finance (AKF)
40	Muhammad Tariq Address: Street No.2, Block No.10 Khanewal	Muhammad Tariq CNIC:36103-7372707-9	Abdul Latif	785	108	-	893	157	495	-	652	Personal Loan
41	Ch Khuram Khalid Address: House Number O-1055 Mohal A Hari Pura Ghazi Road Rawalpindi	Ch Khuram Khalid CNIC:37405-4000943-5	Ch Khalid Subhani	706	23	-	729	117	513	-	630	Personal Loan
42	Hussain Muhammad Asad Ullah Address: Allama Iqbal Town Lahore Lahore 54000 Lahore	Hussain Muhammad Asad Ullah CNIC:35202-8455693-5	Ch Ihsan Ullah	649	37	-	686	112	516	-	628	Personal Loan
43	Usman Iqbal Address: 514 A Eden City Phase 8 DHA Lahore	Usman Iqbal CNIC:35202-2833043-1	Muhammad Iqbal	745	61	-	806	157	459	-	616	Personal Loan
44	Chaudhry Abdul Sattar Karyana Merchant Address: Plot No 25, Block-X, Low Income Housing Scheme, Vehari Bazar, Tehsil Burewala, District Vehari.	Ch Abdul Sattar CNIC:36601-0243218-3 Maqsood Alam CNIC:36601-9441149-5	Ch Muhammad Hanif	4,495	331	612	5,438	-	-	613	613	Alfalah Karobar Finance (AKF)
45	Saddam Hussain Address: House Number 488/80-B Gali Number 2 Bodla Road Mohala Shaheen Abad Multan	Saddam Hussain CNIC:36602-1400086-7	Muhammad Mukhtiar Qurashi	694	24	-	718	140	458	-	598	Personal Loan
46	Abdur Rehman Address: House No 76 Moh Anyamad City Qila Gujran Wasu Road Mandi Bahddin Moh Anyamad City Anyamad City Qila Gujran Wasu Road Mandi Bhauddin	Abdur Rehman CNIC:42201-9777830-3	Muhammad Anwar	1,505	362	-	1,867	205	364	-	569	Personal Loan
47	Muhammad Adil Address: St No 5 Muh Model Colony Waltom Road Lahore	Muhammad Adil CNIC:35201-9317112-5	Muhammad Saleem	715	49	-	764	77	478	-	555	Personal Loan
48	Nadir Hafeez Khan Address: House No 390, Block B 2, Mohallah Wapda Town, Near Main Block B 2, Lahore	Adir Hafeez Khan CNIC:34101-2330335-9	Abdul Aziz	663	22	-	685	74	469	-	543	Personal Loan
49	Virda Gul Address: Punjab University Housing Society House No02,Block D, Lahore	Virda Gul CNIC:31101-5523702-4	Muhammad Hassan	857	89	-	946	194	333	-	527	Personal Loan
50	Muneeb Gulzar Address: Muzaffarabad Ajk	Muneeb Gulzar CNIC:82203-7119250-3	Gulzar	732	76	-	808	172	343	-	515	Personal Loan
				301,263	**178,803**	**171,157**	**651,223**	**2,243**	**190,513**	**292,978**	**485,734**	

ANNEXURE - II

ISLAMIC BANKING BUSINESS (DOMESTIC)

The Bank operates 423 Islamic banking branches (2023: 348 branches) and 4 sub branches (2023: 6 sub branch) as at December 31, 2024.

STATEMENT OF FINANCIAL POSITION	Note	2024	2023
		--------(Rupees in '000)--------	
ASSETS			
Cash and balances with treasury banks		37,669,937	32,341,423
Balances with other banks		4,274,225	1,578,693
Due from financial institutions	1	43,283,519	32,832,027
Investments	2	242,118,099	214,732,021
Islamic financing and related assets - net	3	166,884,866	162,570,124
Property and equipment		13,455,659	9,419,759
Right-of-use assets		10,805,081	7,693,170
Intangible assets		36,315	39,602
Deferred tax assets		-	-
Other assets		29,066,962	24,261,861
Total assets		547,594,663	485,468,680
LIABILITIES			
Bills payable		9,532,140	4,847,290
Due to financial institutions		35,770,158	40,501,991
Deposits and other accounts	4	398,788,680	365,397,636
Lease liabilities		12,456,340	8,931,856
Deferred tax liabilities		4,080,920	1,291,105
Other liabilities		50,413,756	38,872,666
Total Liabilities		511,041,994	459,842,544
NET ASSETS		36,552,669	25,626,136
REPRESENTED BY			
Islamic banking fund		3,950,000	3,950,000
Surplus on revaluation of assets		6,176,202	3,011,969
Unappropriated/ unremitted profit	6	26,426,467	18,664,167
		36,552,669	25,626,136
CONTINGENCIES AND COMMITMENTS	7		

PROFIT AND LOSS ACCOUNT		2024	2023
		--------(Rupees in '000)--------	
Profit / return earned on Islamic financing and related assets, investments and placements	8	78,539,364	59,527,284
Profit / return expensed on deposits and other dues expensed	9	44,462,679	32,702,239
Net profit / return		34,076,685	26,825,045
Fee and commission income		2,151,563	1,568,038
Foreign exchange income		576,883	461,601
Loss on securities		(17,236)	(24,484)
Net gains on derecognition of financial assets measured at amortised cost		-	-
Other income		16,631	82,710
Total other income		2,727,841	2,087,865
Total income		36,804,526	28,912,910
OTHER EXPENSES			
Operating expenses		18,564,029	13,424,078
Workers' welfare fund		365,735	307,410
Other charges		10,799	21,608
Total other expenses		18,940,563	13,753,096
Profit before credit loss allowance / provisions		17,863,963	15,159,814
Credit loss allowance / provisions and write offs - net		(57,063)	96,717
PROFIT BEFORE TAXATION		17,921,026	15,063,097
Taxation		9,745,771	7,734,120
PROFIT AFTER TAXATION		8,175,255	7,328,977

1 Due from Financial Institutions

	2024			2023		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----------(Rupees in '000)----------					
Musharaka Placements	-	-	-	24,400,000	-	24,400,000
Bai Muajjal Receivables	43,283,744	-	43,283,744	8,432,027	-	8,432,027
	43,283,744	-	43,283,744	32,832,027	-	32,832,027
Less: Credit loss allowance						
Stage 1	(225)	-	(225)	-	-	-
	43,283,519	-	43,283,519	32,832,027	-	32,832,027

2 Investments

	2024				2023			
	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value
By segment & type:	----------(Rupees in '000)----------							
Debt Instruments:								
Classified / Measured at amortised cost								
Federal Government Securities								
Ijarah Sukuk	11,571,369	-	-	11,571,369	-	-	-	-
Non Government Debt Securities								
Sukuk - Unlisted	3,509,611	(56,421)	-	3,453,190	-	-	-	-
	15,080,980	(56,421)	-	15,024,559	-	-	-	-
Classified / Measured at FVOCI								
Federal Government Securities								
Ijarah Sukuk	202,848,571	-	5,765,368	208,613,939	-	-	-	-
Non Government Debt Securities								
Sukuk - Unlisted	15,487,734	-	140,246	15,627,980	-	-	-	-
	218,336,305	-	5,905,614	224,241,919	-	-	-	-
Classified / Measured at FVPL								
Federal Government Securities								
Ijarah Sukuk	-	-	-	-	-	-	-	-
Naya Pakistan Certificates	2,651,621	-	-	2,651,621	-	-	-	-
	2,651,621	-	-	2,651,621	-	-	-	-
Instruments mandatorily classified / measured at FVPL								
Non Government Debt Securities								
Sukuk - Unlisted	200,000	-	-	200,000	-	-	-	-
	200,000	-	-	200,000	-	-	-	-
Held-for-trading securities:								
Federal Government Securities								
Ijarah Sukuk	-	-	-	-	3,022,557	-	(4,857)	3,017,700
Available for sale securities:								
Federal Government Securities								
Ijarah Sukuk	-	-	-	-	182,501,466	-	1,054,823	183,556,289
Naya Pakistan Certificates	-	-	-	-	5,687,184	-	-	5,687,184
Non Government Debt Securities								
Sukuk - Unlisted	-	-	-	-	16,133,675	-	66,970	16,200,645
	-	-	-	-	204,322,325	-	1,121,793	205,444,118
Held to maturity securities:								
Federal Government Securities								
Ijarah Sukuk	-	-	-	-	3,000,000	-	-	3,000,000
Non Government Debt Securities								
Sukuk - Unlisted	-	-	-	-	3,339,720	(69,517)	-	3,270,203
	-	-	-	-	6,339,720	(69,517)	-	6,270,203
Total Investments	236,268,906	(56,421)	5,905,614	242,118,099	213,684,602	(69,517)	1,116,936	214,732,021

2.1 Particulars of credit loss allowance	2024				2023		
	Expected Credit Loss			Total	Specific	General	Total
	Stage 1	Stage 2	Stage 3				
	----------(Rupees in '000)----------						
Sukuk - Unlisted	50	-	56,371	56,421	69,517	-	69,517

3 Islamic financing and related assets	Note	2024	2023
		--------(Rupees in '000)--------	
Classified at amortised cost			
Ijarah	3.1	18,999,774	18,280,711
Murabaha	3.2	3,381,416	3,660,271
Musharaka		33,759,137	15,364,383
Diminishing musharaka		22,632,822	22,300,051
Salam		1,144,902	1,016,849
Bai muajjal financing		-	24,999,488
Musawama financing		3,920,834	4,610,248
Tijarah financing		5,144,193	5,009,036
Islamic staff financing		4,584,066	5,009,281
SBP islamic export refinance		36,718	102,965
SBP refinance scheme for wages & salaries		-	1,846
Islamic long term finance facility plant & machinery		4,583,214	3,414,902
Islamic refinance renewable energy		2,398,333	87,218
Islamic temporary economic refinance facility (ITERF)		7,021,800	10,351,896
Naya Pakistan home financing		3,115,734	3,336,697
Islamic refinance facility for combating COVID		919,253	765,491
Refinance facility under bills discounting		17,192,728	15,244,583
Advances against islamic assets		27,919,555	21,054,922
Inventory related to islamic financing		14,483,301	10,947,999
Other Islamic modes		812,375	1,415,530
Gross Islamic financing and related assets		172,050,155	166,974,367
Less: Credit loss allowance / provision against Islamic financings			
- Stage 1		(297,387)	-
- Stage 2		(97,574)	-
- Stage 3		(4,770,328)	-
- Specific		-	(4,282,632)
- General		-	(121,611)
		(5,165,289)	(4,404,243)
Islamic financing and related assets - net of provision		166,884,866	162,570,124

3.1 Ijarah

	2024							
	Cost			Depreciation				Book Value as at Dec 31, 2024
	As at Jan 01, 2024	Additions / (deletions)	As at Dec 31, 2024	As at Jan 01, 2024	Charge for the year	Depreciation on disposal	As at Dec 31, 2024	
	----------(Rupees in '000)----------							
Plant & Machinery*	9,428	(8,911)	517	(116)	116	-	-	517
Vehicles	28,499,906	846,216	29,346,122	(10,228,507)	(4,283,697)	4,165,339	(10,346,865)	18,999,257
Total	28,509,334	837,305	29,346,639	(10,228,623)	(4,283,581)	4,165,339	(10,346,865)	18,999,774

	2023							
	Cost			Depreciation				Book Value as at Dec 31, 2023
	As at Jan 01, 2023	Additions / (deletions)	As at Dec 31, 2023	As at Jan 01, 2023	Charge for the year	Depreciation on disposal	As at Dec 31, 2023	
	----------(Rupees in '000)----------							
Plant & Machinery	9,428	-	9,428	(116)	-	-	(116)	9,312
Vehicles	31,275,611	(2,775,705)	28,499,906	(9,442,470)	(5,634,867)	4,848,830	(10,228,507)	18,271,399
Total	31,285,039	(2,775,705)	28,509,334	(9,442,586)	(5,634,867)	4,848,830	(10,228,623)	18,280,711

* This represent the residual value.

3.1.1 Future Ijarah payments receivable

	2024				2023			
	Not later than 1 year	Later than 1 year& less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year& less than 5 years	Over Five years	Total
	(Rupees in '000)							
Ijarah rental receivables	3,989,952	15,009,822	-	18,999,774	3,838,949	14,441,762	-	18,280,711

		Note	2024	2023
			(Rupees in '000)	
3.2	**Murabaha**			
	Murabaha financing	3.2.1	3,381,416	3,660,271
	Inventory for Murabaha	3.2.3	264,023	26,752
	Advances for Murabaha		772,670	565,903
			4,418,109	4,252,926
3.2.1	Murabaha receivable - gross	3.2.2	3,652,126	4,249,825
	Less: Deferred murabaha income	3.2.4	(192)	(192)
	Profit receivable shown in other assets		(270,518)	(589,362)
	Murabaha financings		3,381,416	3,660,271
3.2.2	The movement in Murabaha financing (gross) during the year is as follows:			
	Opening balance		4,249,825	4,854,003
	(Purchases) / sales during the year - net		(597,699)	(604,178)
	Closing balance		3,652,126	4,249,825
3.2.3	Murabaha sale price		8,361,010	17,712,898
	Murabaha purchase price		(8,096,987)	(17,686,146)
			264,023	26,752
3.2.4	Deferred murabaha income			
	Opening balance		192	652
	Less: Recognised during the year		-	(460)
	Closing balance		192	192

4 Deposits

	2024			2023		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	(Rupees in '000)					
Customers						
- Current deposits	160,930,379	9,107,965	170,038,344	135,927,618	8,790,080	144,717,698
- Savings deposits	102,440,702	4,374,103	106,814,805	74,515,796	3,755,980	78,271,776
- Term deposits	65,010,578	443,177	65,453,755	53,925,971	240,809	54,166,780
- Other deposits	2,518,243	1,814,136	4,332,379	3,716,029	1,648,389	5,364,418
	330,899,902	15,739,381	346,639,283	268,085,414	14,435,258	282,520,672
Financial Institutions						
- Current deposits	1,852,268	152	1,852,420	2,073,541	-	2,073,541
- Savings deposits	2,161,977	-	2,161,977	23,978,423	-	23,978,423
- Term deposits	48,135,000	-	48,135,000	56,825,000	-	56,825,000
	52,149,245	152	52,149,397	82,876,964	-	82,876,964
	383,049,147	15,739,533	398,788,680	350,962,378	14,435,258	365,397,636

		2024	2023
		--------(Rupees in '000)--------	
4.1	**Composition of deposits**		
	- Individuals	217,265,369	164,561,589
	- Government / Public Sector Entities	24,604,412	22,730,717
	- Banking Companies	482	440
	- Non-Banking Financial Institutions	52,148,915	82,876,524
	- Private Sector / Others	104,769,502	95,228,366
		398,788,680	365,397,636

4.2 Current deposits include remunerative current deposits of Rs. 26,618.402 million (2023: Rs. 20,788.733 million).

4.3 Deposits include eligible deposits of Rs. 260,365.497 million (2023: Rs. 201,772.011 million) protected under Depositors Protection Mechanism introduced by the State Bank of Pakistan.

		Note	2024	2023
			--------(Rupees in '000)--------	
5	**Charity Payable**			
	Opening Balance		84,300	52,561
	Additions during the period			
	Received from customers on account of delayed payment		84,159	80,405
	Other non-shariah compliant income		-	1,539
	Profit on charity saving account		8,839	4,755
			92,998	86,699
	Payments / utilization during the period			
	Education		(10,407)	(19,985)
	Health		(20,100)	(22,745)
	Others		(14,625)	(12,230)
		5.1	(45,132)	(54,960)
	Closing balance		132,166	84,300

5.1 Charity paid during the year are as follows:

Sundas Foundation	10,000	3,500
Karachi Relief Trust	8,007	-
Dar us Shifa Foundation	7,350	-
Alamgir Welfare Trust International	5,325	5,500
Sahil Welfare Association	5,000	5,500
Autism Society of Pakistan	3,000	-
Afzaal Memorial Thalassemia Foundation (AMTF)	2,750	1,500
Momina & Duraid Foundation	2,000	8,000
Parent Voice Association	1,700	-
Patients' Aid Foundation	-	9,940
Institute of Business Administration, Karachi (IBA)	-	5,485
Al Mustafa Welfare Society	-	3,930
Indus Hospital & Health Network	-	3,875
Akbar Kare Institute	-	3,000
Al Mehrab Tibbi Imdad	-	2,000
Dawood Global Foundation	-	1,730
Al-Furqan Welfare Organization	-	1,000
	45,132	54,960

5.1.1 None of the directors, sponsor shareholders, key management personnel or their spouses have any direct interest in the Donees, except Patients' Aid Foundation where spouse of CEO / President is the member of fund raising committee.

		2024	2023
		--------(Rupees in '000)--------	
6	**Islamic Banking Business Unappropriated Profit**		
	Opening balance	18,664,167	11,333,811
	Impact of adopting IFRS 9	(414,335)	-
	Balance at January 01 on adopting IFRS 9	18,249,832	11,333,811
	Add: Islamic Banking profit before taxation for the period	17,921,026	15,063,097
	Less: Taxation	(9,745,771)	(7,734,120)
	Add: Transfer from surplus on revaluation of assets to unappropriated profit - net	1,380	1,379
	Closing balance	26,426,467	18,664,167
7	**Contingencies and Commitments**		
	-Guarantees	6,089,005	5,351,787
	-Commitments	73,684,847	61,406,762
		79,773,852	66,758,549
8	**Profit/Return earned on Islamic financing and related assets, investments and placements**		
	Profit earned on:		
	- Islamic financing and related assets	25,949,206	24,922,225
	- Investments	44,829,906	32,930,666
	- Placements	7,760,252	1,674,393
		78,539,364	59,527,284
9	**Profit on deposits and other dues expensed**		
	Deposits and other accounts	38,991,678	26,872,957
	Due to financial institutions	3,663,293	2,977,567
	Securities sold under repurchase agreements	-	1,510,703
	Cost of foreign currency swaps against foreign currency deposits / borrowings	372,828	259,657
	Finance charges on lease liability	1,387,672	1,046,254
	Reward points / customer loyalty	47,208	35,101
		44,462,679	32,702,239

DISCLOSURES PLS POOL MANAGEMENT- ISLAMIC BANKING GROUP (IBG)

A-II.2 1. The pools, their key features and risk and reward characteristics.

The profit and loss sharing between the Rabbul Maal (depositor) and Mudarib (Bank - IBG) is based upon the underlying principles of Mudaraba, where the Bank also contributes its equity to general pool of funds, and becomes the capital provider.

Currently IBG is managing following pools:

1) General Pool for LCY Depositors
2) FCY Pool for Foreign Currency (USD, GBP, EURO, AED, SAR and CAD) depositors
3) FIs Pool for Treasury Purposes
4) IERS Pool for Islamic Export Refinance Scheme facilities
5) Special pool
6) PMRC Musharikah Pool

All the Mudaraba based remunerative deposits shall be considered as an investment from Rabbul Maal in the pool, along with IBG's own share of equity, which is also commingled in the pool. The applications of these funds are on Islamic financing and related assets, investments, and placements for generating profits to be shared among the depositors as per the weightage system.

The IERS pool is maintained as per the guideline under the SBP IERS Scheme.

The assets, liabilities, equities, income and expenses are segregated for each of the pool. No pool investment is intermingled with each other. All pools are usually exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved in pool.

2. Avenues/sectors where Mudaraba based deposits have been deployed.	**2024**	**2023**
	--------(Rupees in '000)--------	
Agriculture, Forestry, Hunting and Fishing	726,781	25,878,771
Automobile and transportation equipment	3,860,359	5,182,673
Cement	1,009,611	2,905,481
Chemical and Pharmaceuticals	11,133,965	8,182,123
Construction	2,511,288	2,295,131
Electronics and electrical appliances	5,334,659	1,902,371
Food & Allied Products	10,179,543	7,660,952
Footwear and Leather garments	1,390,032	874,338
Glass and Ceramics	358,052	55,349
Individuals	34,367,473	33,101,861
Metal & Allied industries	3,457,419	3,704,807
Mining and Quarrying	454,714	505,600
Oil and Allied	2,175,309	3,666,662
Paper and Board	806,473	391,103
Plastic and Allied Industries	5,302,071	5,170,406
Power (electricity), Gas, Water, Sanitary	11,004,109	4,532,146
Services	3,061,744	2,745,698
Sugar	1,955,464	1,256,366
Technology and Related services	16,531	31,528
Textile	56,828,136	44,435,263
Transport, Storage and Communication	7,563,322	7,468,667
Wholesale and Retail Trade	6,017,248	3,628,696
Others	2,535,852	1,398,375
Total gross islamic financing and related assets	172,050,155	166,974,367
Total gross investments (cost)	236,268,906	213,684,602
Total islamic placements	43,283,519	32,832,027
Total invested funds	451,602,580	413,490,996

3. The major components of Profit distribution and charging of the expenses.

Profit is distributed among the Mudaraba deposits on the basis of underlying principles of weightage mechanism which are announced before the beginning of the relevant period. Only direct attributable expenses such as depreciation on ijarah assets, brokerage, CIB Charges, bad debts write off on advances and loss on sale of investments etc are charged to the pool. Expenses of pool(s) do not include general and specific provisioning created against non-performing financings,credit loss allowance under IFRS-9 and diminution in the value of investments as under prudential regulations and other SBP directives.

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

Remunerative Depositors' Pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio		Mudarib share	Profit rate return distributed to remunerative deposits (Savings and fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
		%	Mudarib Share / Fee	Rabbul Maal Share	(Rupees in '000)	%	%	(Rupees in '000)
General Pool								
PKR Pool	Monthly	15.90%	50.00%	50.00%	12,320,284	10.80%	11.68%	1,444,117
USD Pool	Monthly	6.60%	88.89%	11.11%	224,811	1.64%	30.26%	54,923
GBP Pool	Monthly	10.37%	88.89%	11.11%	45,972	1.28%	3.33%	900
EUR Pool	Monthly	8.49%	88.89%	11.11%	29,119	0.90%	3.78%	436
AED Pool	Monthly	3.38%	88.89%	11.11%	1,294	0.29%	2.04%	10
SAR Pool	Monthly	4.36%	88.89%	11.11%	1,074	0.25%	0.00%	-
CAD Pool	Monthly	8.47%	88.89%	11.11%	881	0.23%	0.00%	-
Special Pool								
Special Pool (Saving & TDRs)	Monthly	19.89%	8.75%	91.25%	2,450,482	19.44%	38.56%	1,081,898

SBP Refinance Borrowing Pool	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio		Mudarib share	Profit rate return distributed to remunerative deposits (Savings and fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
		%	Bank Share	SBP Share	(Rupees in '000)	%	%	(Rupees in '000)
Islamic Export Refinance (IERS/BD) Pool	Monthly	17.85%	85.59%	14.41%	4,935,038	Nil	0.00%	-

ANNEXURE - III
DISPOSAL OF PROPERTY AND EQUIPMENT TO RELATED PARTIES

Particulars of assets		Cost	Net book value	Sale price	Mode of disposal	Particular of purchaser
		--------(Rupees in '000)--------				
Leasehold improvements						
Leasehold improvements	Civil Works	6,766	1,387	2,156	Insurance claim	Alfalah Insurance Company Limited
Leasehold improvements	Electrical	1,345	-	242	Insurance claim	Alfalah Insurance Company Limited
		8,111	**1,387**	**2,398**		
Furniture & Fixtures						
Furniture & fixtures	Door	647	-	116	Insurance claim	Alfalah Insurance Company Limited
Furniture & fixtures	Chairs	387	128	65	Insurance claim	Alfalah Insurance Company Limited
Furniture & fixtures	Table	345	-	58	Insurance claim	Alfalah Insurance Company Limited
Furniture & fixtures	Cabinet	299	-	55	Insurance claim	Alfalah Insurance Company Limited
Furniture & fixtures	Counter	268	-	48	Insurance claim	Alfalah Insurance Company Limited
Furniture & fixtures	Office Decor	158	-	28	Insurance claim	Alfalah Insurance Company Limited
Furniture & fixtures	Wooden Bench	97	63	16	Insurance claim	Alfalah Insurance Company Limited
Furniture & fixtures	Boxes	44	-	9	Insurance claim	Alfalah Insurance Company Limited
Furniture & fixtures	Fiber Glass Tank	15	-	3	Insurance claim	Alfalah Insurance Company Limited
		2,260	**191**	**398**		
Office equipment						
Office equipment	Television	14,424	10,197	10,714	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Generators	6,214	193	2,284	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Air Conditioners	4,686	1,428	2,492	Insurance claim	Alfalah Insurance Company Limited
Office equipment	ATM	3,337	1,495	1,964	Insurance claim	Alfalah Insurance Company Limited
Office equipment	UPS	2,048	712	671	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Sign board	1,624	30	687	Insurance claim	Alfalah Insurance Company Limited
Office equipment	CCTV	1,182	51	189	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Cash Sorting Machine	609	-	152	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Queue Management System	552	12	118	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Appliances	167	27	27	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Note Counting/Binding Machines	154	-	27	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Fire Alarm System	153	4	28	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Access Control System	122	-	22	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Phone set	64	2	37	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Chevron Logo	50	-	9	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Fire Extinguisher	35	-	5	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Weapon Detector	10	-	2	Insurance claim	Alfalah Insurance Company Limited
		35,431	**14,151**	**19,428**		
Computer equipment						
Computer equipment	Laptop	22,715	4,848	8,022	Insurance claim	Alfalah Insurance Company Limited
Computer equipment	Computer	6,802	2,972	3,909	Insurance claim	Alfalah Insurance Company Limited
Computer equipment	Printer	939	421	601	Insurance claim	Alfalah Insurance Company Limited
Computer equipment	Scanner	478	80	282	Insurance claim	Alfalah Insurance Company Limited
Computer equipment	Monitor	248	121	66	Insurance claim	Alfalah Insurance Company Limited
Computer equipment	Router/Switch	208	-	37	Insurance claim	Alfalah Insurance Company Limited
Computer equipment	Biometric Device	41	-	7	Insurance claim	Alfalah Insurance Company Limited
Computer equipment	Tablet	30	-	29	Insurance claim	Alfalah Insurance Company Limited
Computer equipment	Laptop	102	-	10	As per policy	Fakhar Ahmad
Computer equipment	Laptop	275	-	27	As per policy	Syed Muhammad Asif
Computer equipment	Laptop	486	-	49	As per policy	Mohib Hasan Khan
Computer equipment	Laptop	335	-	34	As per policy	Khawaja Muhammad Ahmad
Computer equipment	Laptop	770	-	77	As per policy	Pervez Shahbaz Khan
Computer equipment	IPAD	232	-	23	As per policy	Khawaja Muhammad Ahmad
		33,661	**8,442**	**13,173**		
Vehicles						
Vehicles	Car	909	-	500	Insurance claim	Alfalah Insurance Company Limited
Vehicles	Motorcycle	245	216	235	Insurance claim	Alfalah Insurance Company Limited
Vehicles	Car	11,518	-	1,152	As per policy	Atif Aslam Bajwa
		12,672	**216**	**1,887**		
		92,135	**24,387**	**37,284**		

Independent Auditor's Report

To the members of Bank Alfalah Limited

Opinion

We have audited the annexed consolidated financial statements of Bank Alfalah Limited (the Holding Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	**Credit loss allowance against advances:** (Refer notes 4.3 and 9 to the consolidated financial statements)	
	The Group records credit loss allowance against advances in Pakistan operations in accordance with the requirements of IFRS 9 as applicable in Pakistan and as per the instructions of the State Bank of Pakistan (SBP). Under IFRS 9, the Group assesses on a forward-looking basis the Expected Credit Losses ('ECL') associated with the advances. A lifetime ECL is recorded on advances in which there have been a Significant Increase in Credit Risk (SICR) from the date of initial recognition and on advances which are credit impaired as on the reporting date. A 12 months ECL is recorded for advances which do not meet the criteria for SICR or "credit impaired" as at the reporting date. To assess whether there is a significant increase in the credit risk, the Group compares the risk of a default occurring on the advances as at the reporting date with the risk of default as at the date of initial recognition. Both lifetime and 12 months ECL are calculated at facility level. The allowance is increased by provisions charged to the consolidated statement of profit and loss account and is decreased by charge-offs, net of recoveries. The Group records charge for Stage 3 based on the higher of provision under the Prudential Regulations or ECL under IFRS 9, as per the instructions of the SBP. This assessment is conducted at the facility level for corporate, commercial, and SME loan portfolios, and at a segment level for the retail portfolio. If one facility of a counterparty becomes 90+ days past due (DPD) or is otherwise defined as impaired under the Prudential Regulations, all other facilities of that counterparty are classified as Stage 3. The measurement of ECL involves evaluating a range of possible outcomes, considering the time value of money, and incorporating reasonable and supportable information available at the reporting date about past events, current conditions, and forecasts of future economic conditions. The net provision made / reversed during the year is charged to the consolidated statement of profit and loss account and accumulated provision is netted-off against advances. Provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries. The Group has recognised a net credit loss allowance / provision against advances amounting to Rs. 1,861.171 million in the consolidated statement of profit and loss account in the current year. As at December 31, 2024, the Group holds a credit loss allowance / provision of Rs. 46,886.368 million against advances.	Our audit procedures to verify credit loss allowance against domestic advances included, amongst others, the following: We obtained and updated our understanding of management's assessment of credit loss allowance in respect of advances including the Group's internal rating model, accounting policy, model methodology including any key changes made during the year. We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Group to identify loss events and for determining the extent of provisioning required against advances. The testing of controls included testing of: • controls over correct classification of advances; • controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; • controls over accurate computation and recording of provisions; and • controls over the governance and approval process related to provisions, including continuous reassessment by the management. We selected a sample of advances accounts and performed the following substantive procedures: • assessed the reasonableness and accuracy of the data used for ECL computation based on accounting records and information system of the Group as well as the related external sources used for this purpose; • checked repayments of advances / mark-up installments and tested classification of advances based on the number of days overdue; • tested the staging of advances as per the criteria of SICR and in accordance with IFRS 9; • evaluated the management's assessment for classification of a borrower's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management; • assessed the ECL model used by the management to calculate expected credit loss against advances balances of the Group for appropriateness of the assumptions used and the methodology applied. We also tested the mathematical accuracy of the model; • assessed the reasonableness of the forward-looking assumptions used by the management in calculation of ECL; and • assessed the relevant disclosures made in the consolidated financial statements to determine whether these are complied with the accounting and reporting standards as applicable in Pakistan.

S.No.	Key Audit Matter	How the matter was addressed in our audit
	The determination of credit loss allowance / provision against advances based on the above criteria remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of advances relative to the overall consolidated financial statements of the Group, we considered this area as a key audit matter.	We issued instructions to auditors of those overseas branches which were selected for audit, highlighting 'Credit loss allowance against advances' as a significant risk. The auditors of those branches performed audit procedures to check compliance with regulatory requirements and reported the results thereof to us. We, as auditors of the Group, evaluated the work performed by the component auditors and the results thereof.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

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

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

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

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh.**

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: February 26, 2025
UDIN: AR202410061bqeQZj4R3

Consolidated Statement of Financial Position

As at December 31, 2024

	Note	2024	2023
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	5	227,868,901	202,692,503
Balances with other banks	6	19,713,246	16,990,085
Lendings to financial institutions	7	100,998,323	119,554,109
Investments	8	1,996,182,261	2,072,156,767
Advances	9	1,109,376,542	735,061,827
Property and equipment	10	63,673,849	41,854,091
Right-of-use assets	11	25,365,699	19,966,957
Intangible assets	12	1,559,640	1,380,144
Deferred tax assets	19	-	3,619,475
Other assets	13	172,317,236	136,391,839
Total assets		3,717,055,697	3,349,667,797
LIABILITIES			
Bills payable	14	41,768,326	26,004,538
Borrowings	15	1,142,200,709	910,216,032
Deposits and other accounts	16	2,136,104,698	2,084,941,257
Lease liabilities	17	29,555,307	22,899,808
Subordinated debt	18	14,000,000	14,000,000
Deferred tax liabilities	19	19,459,032	-
Other liabilities	20	152,580,928	151,982,924
Total liabilities		3,535,669,000	3,210,044,559
NET ASSETS		181,386,697	139,623,238
REPRESENTED BY			
Share capital	21	15,771,651	15,771,651
Reserves		43,466,925	41,401,130
Surplus on revaluation of assets	22	33,820,479	11,272,770
Unappropriated profit		88,305,939	71,472,352
Total equity attributable to the equity holders of the Holding Company		181,364,994	139,917,903
Non-controlling interest	23	21,703	(294,665)
		181,386,697	139,623,238
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 54 and annexures I to III form an integral part of these consolidated financial statements.

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

Consolidated Statement of Profit and Loss Account

For the year ended December 31, 2024

	Note	2024	2023
		------(Rupees in '000)------	
Mark-up / return / interest earned	26	507,120,276	412,005,030
Mark-up / return / interest expensed	27	380,338,339	286,053,140
Net mark-up / return / interest income		126,781,937	125,951,890
NON MARK-UP / RETURN / INTEREST INCOME			
Fee and commission income	28	17,959,812	16,454,744
Dividend income		1,328,035	1,022,878
Foreign exchange income	29	9,545,077	9,222,689
Income from derivatives		1,368,096	1,760,669
Gain on securities	30	14,021,158	295,743
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-
Share of profit from associates		1,232,883	1,690,573
Other income	31	320,195	333,846
Total non-mark-up / interest income		45,775,256	30,781,142
Total income		172,557,193	156,733,032
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	32	85,119,044	65,676,322
Workers' welfare fund	33	1,697,014	1,714,807
Other charges	34	222,567	279,412
Total non-mark-up / interest expenses		87,038,625	67,670,541
Profit before credit loss allowance / provisions		85,518,568	89,062,491
Credit loss allowance / provisions and write offs - net	35	271,228	10,324,754
Other income / expense items		-	-
PROFIT BEFORE TAXATION		85,247,340	78,737,737
Taxation	36	45,384,044	42,651,377
PROFIT AFTER TAXATION		39,863,296	36,086,360
Profit / (loss) attributable to:			
Equity holders of the Holding Company		39,853,621	36,511,459
Non-controlling interest		9,675	(425,099)
		39,863,296	36,086,360
		----------Rupees----------	
Basic and diluted earnings per share	37	25.27	23.15

The annexed notes 1 to 54 and annexures I to III form an integral part of these consolidated financial statements.

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

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2024

	2024	2023
	-------(Rupees in '000)-------	
Profit after taxation for the year	39,863,296	36,086,360
Other comprehensive income / (loss)		
Items that may be reclassified to the statement of profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branches	(1,766,018)	3,472,292
Movement in surplus on revaluation of investments in debt securities classified at FVOCI / available for sale - net of tax	8,963,304	6,633,530
Gain on sale of debt securities carried at FVOCI reclassified to profit and loss - net of tax	939,074	-
Movement in share of surplus on revaluation of investments of associates - net of tax	36,376	16,028
	8,172,736	10,121,850
Items that will not be reclassified to the statement of profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations - net of tax	461,376	125,914
Share of remeasurement loss on defined benefit obligations of associates - net of tax	(456)	(1,380)
Movement in surplus on revaluation of equity securities classified at FVOCI / available for sale - net of tax	2,030,719	4,538
Movement in surplus on revaluation of property and equipment - net of tax	5,609,282	(107,226)
Movement in surplus on revaluation of non-banking assets - net of tax	236,629	4,221
	8,337,550	26,067
Total comprehensive income	56,373,582	46,234,277
Total comprehensive income / (loss) attributable to:		
Equity holders of the Holding Company	56,363,853	46,656,742
Non-controlling interest	9,729	(422,465)
	56,373,582	46,234,277

The annexed notes 1 to 54 and annexures I to III form an integral part of these consolidated financial statements.

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

Consolidated Statement of Changes in Equity

For the year ended December 31, 2024

	Share capital	Capital reserves		Statutory reserve	Surplus/(deficit) on revaluation of			Unappro-priated profit	Sub-total	Non controlling interest	Total
		Share premium	Exchange translation reserve		Invest-ments	Property and equipment	Non banking assets				
	(Rupees in '000)										
Opening balance as at January 01, 2023	15,771,651	4,731,049	10,719,682	18,832,470	(7,556,496)	12,321,092	82,505	47,033,616	101,935,569	127,800	102,063,369
Profit after taxation	-	-	-	-	-	-	-	36,511,459	36,511,459	(425,099)	36,086,360
Other comprehensive income / (loss) - net of tax											
Effect of translation of net investment in foreign branches	-	-	3,472,292	-	-	-	-	-	3,472,292	-	3,472,292
Movement in share of (deficit) on revaluation of investments of associates - net of tax	-	-	-	-	16,028	-	-	-	16,028	-	16,028
Movement in surplus on revaluation of investments - net of tax	-	-	-	-	6,638,068	-	-	-	6,638,068	-	6,638,068
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	121,900	121,900	2,634	124,534
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(107,226)	-	-	(107,226)	-	(107,226)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	4,221	-	4,221	-	4,221
Total other comprehensive income / (loss) - net of tax	-	-	3,472,292	-	6,654,096	(107,226)	4,221	121,900	10,145,283	2,634	10,147,917
Transfer to statutory reserve	-	-	-	3,645,637	-	-	-	(3,645,637)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(125,422)	-	125,422	-	-	-
Transactions with owners, recorded directly in equity											
Final cash dividend for the year ended December 31, 2022 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)	-	(3,942,913)
Interim cash dividend for the half year ended June 30, 2023 - 30%	-	-	-	-	-	-	-	(4,731,495)	(4,731,495)	-	(4,731,495)
Balance as at December 31, 2023	15,771,651	4,731,049	14,191,974	22,478,107	(902,400)	12,088,444	86,726	71,472,352	139,917,903	(294,665)	139,623,238
Impact of adoption of IFRS 9 - net of tax (note 4.1.2)	-	-	-	-	5,002,695	-	-	(2,250,700)	2,751,995	-	2,751,995
Balance as at January 01, 2024	15,771,651	4,731,049	14,191,974	22,478,107	4,100,295	12,088,444	86,726	69,221,652	142,669,898	(294,665)	142,375,233
Profit after taxation	-	-	-	-	-	-	-	39,853,621	39,853,621	9,675	39,863,296
Other comprehensive income / (loss) - net of tax											
Effect of translation of net investment in foreign branches	-	-	(1,766,018)	-	-	-	-	-	(1,766,018)	-	(1,766,018)
Movement in surplus on revaluation of investments in debt securities - net of tax	-	-	-	-	8,963,304	-	-	-	8,963,304	-	8,963,304
Gain on sale of debt securities carried at FVOCI reclassified to profit and loss - net of tax	-	-	-	-	939,074	-	-	-	939,074	-	939,074
Movement in surplus on revaluation of equity securities - net of tax	-	-	-	-	2,030,719	-	-	-	2,030,719	-	2,030,719
Movement in share of surplus on revaluation of investments of associates - net of tax	-	-	-	-	36,376	-	-	-	36,376	-	36,376
Movement in surplus on revaluation of investments - net of tax	-	-	-	-	-	-	-	-	-	-	-
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	460,866	460,866	54	460,920
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	5,609,282	-	-	5,609,282	-	5,609,282
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	236,629	-	236,629	-	236,629
Total other comprehensive (loss) / income - net of tax	-	-	(1,766,018)	-	11,969,473	5,609,282	236,629	460,866	16,510,232	54	16,510,286
Transfer to statutory reserve	-	-	-	3,831,813	-	-	-	(3,831,813)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(144,681)	(8,640)	153,321	-	-	-
Gain on disposal of equity investments at FVOCI transferred to profit - net of tax	-	-	-	-	(117,049)	-	-	117,049	-	-	-
Transactions with owners, recorded directly in equity											
Adjustment of non-controlling interest	-	-	-	-	-	-	-	(311,627)	(311,627)	311,627	-
Right issuance cost - subsidiary	-	-	-	-	-	-	-	(8,314)	(8,314)	(4,988)	(13,302)
Final cash dividend for the year ended December 31, 2023 - 50%	-	-	-	-	-	-	-	(7,885,826)	(7,885,826)	-	(7,885,826)
Interim cash dividend for the quarter ended March 31, 2024 - 20%	-	-	-	-	-	-	-	(3,154,330)	(3,154,330)	-	(3,154,330)
Interim cash dividend for the half year ended June 30, 2024 - 20%	-	-	-	-	-	-	-	(3,154,330)	(3,154,330)	-	(3,154,330)
Interim cash dividend for the nine months period ended September 30, 2024 - 20%	-	-	-	-	-	-	-	(3,154,330)	(3,154,330)	-	(3,154,330)
Balance as at December 31, 2024	15,771,651	4,731,049	12,425,956	26,309,920	15,952,719	17,553,045	314,715	88,305,939	181,364,994	21,703	181,386,697

The annexed notes 1 to 54 and annexures I to III form an integral part of these consolidated financial statements.

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

Consolidated Cash Flow Statement

For the year ended December 31, 2024

	Note	2024	2023
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		85,247,340	78,737,737
less: Dividend income		(1,328,035)	(1,022,878)
Share of profit from associates		(1,232,883)	(1,690,573)
		82,686,422	76,024,286
Adjustments			
Net mark-up / return / interest income	26 & 27	(126,781,937)	(125,951,890)
Depreciation	32	4,731,185	3,543,084
Depreciation on right-of-use assets	32	3,946,074	3,367,208
Amortisation	32	376,531	327,499
Credit loss allowance /provisions and write offs - net	35	271,228	10,324,754
Unrealised (gain) / loss on revaluation of investments classified as FVPL / held for trading - net	30	(4,080,557)	374,072
Unrealised gain on advances classified at FVPL	31	(91,600)	-
Gain on sale of property and equipment - net	31	(108,718)	(145,030)
Gain on sale of non banking assets - net	31	(27,800)	-
Gain on termination of leases - net	31	(63,731)	(112,863)
Staff loans - notional cost	32.1	2,744,484	-
Finance charges on leased assets	27	3,518,804	2,659,787
Workers' welfare fund	33	1,697,014	1,714,807
Charge for defined benefit plan	32.1	771,603	413,244
Charge for staff compensated absences	32.1	416,359	172,625
		(112,681,061)	(103,312,703)
		(29,994,639)	(27,288,417)
(Increase) / decrease in operating assets			
Lendings to financial institutions		(12,070,605)	(12,456,475)
Securities classified as FVPL / held for trading		8,778,374	(266,488,615)
Advances		(417,011,237)	(13,185,014)
Other assets (excluding advance taxation and mark-up receivable)		(9,330,263)	(14,824,234)
		(429,633,731)	(306,954,338)
Increase / (decrease) in operating liabilities			
Bills payable		15,763,788	(14,029,268)
Borrowings		235,951,608	419,780,896
Deposits		51,163,441	598,104,997
Other liabilities (excluding current taxation and mark-up payable)		22,436,418	(506,551,650)
		325,315,255	497,304,975
		(134,313,115)	163,062,220
Contribution made to gratuity fund		(671,297)	(467,002)
Mark-up / Interest received		500,473,471	372,658,782
Mark-up / Interest paid		(381,527,002)	263,022,016
Income tax paid		(58,973,294)	(42,253,686)
Net cash (used in) / generated from operating activities		(75,011,237)	756,022,330
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments / (divestment) in amortised cost / held to maturity securities		3,212,876	(83,081,475)
Net Investments / (divestment) in securities classified as FVOCI / available for sale		105,832,499	(590,838,096)
Dividends received from associates		434,993	298,495
Dividends received from other investments		1,338,466	1,012,447
Investments in property and equipment and intangible assets		(19,805,023)	(12,790,892)
Proceeds from sale of property and equipment		215,623	217,091
Proceeds from sale of non-banking assets		267,800	-
Effect of translation of net investment in foreign branches		(1,766,018)	3,472,292
Net cash generated from / (used in) investing activities		89,731,216	(681,710,138)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease obligations against right-of-use assets		(6,138,088)	(5,075,756)
Payment of right issuance cost		(13,302)	-
Dividend paid		(23,207,789)	(7,274,936)
Net cash used in financing activities		(29,359,179)	(12,350,692)
Net (decrease) / increase in cash and cash equivalents		(14,639,200)	61,961,500
Cash and cash equivalents at the beginning of the year		249,842,308	205,414,197
Effects of exchange rate changes on cash and cash equivalents		(1,942,616)	(19,476,005)
		247,899,692	185,938,192
Expected credit loss allowance on cash and cash equivalents - net		(21,895)	-
Cash and cash equivalents at end of the year	38	233,238,597	247,899,692

The annexed notes 1 to 54 and annexures I to III form an integral part of these consolidated financial statements.

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

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended December 31, 2024

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

Holding Company
Bank Alfalah Limited, Pakistan

Bank Alfalah Limited (the Holding Company) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services in Pakistan and overseas. The Bank's registered office is located at B. A. Building, I. I. Chundrigar Road, Karachi and its shares are listed on the Pakistan Stock Exchange. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank is operating through 1,141 branches (2023: 1,009 branches) and 12 sub-branches (2023: 15 sub-branches). Out of the 1,141 branches, 707 (2023: 650) are conventional, 423 (2023: 348) are Islamic, 10 (2023: 10) are overseas and 1 (2023: 1) is an offshore banking unit.

	Note	Percentage of Holding	
		2024	2023
Subsidiaries		Percentage	
Alfalah Securities (Private) Limited	1.1.1	95.59%	62.50%
Alfalah Currency Exchange (Private) Limited	1.1.2	100.00%	-

1.1.1 During the year, the Holding Company has made a further investment of Rs. 1,200 million in Alfalah Securities (Private) Limited increasing its shareholding percentage from 62.50% as at December 31, 2023 to 95.59% as at December 31, 2024. As part of strategic plan, the Holding Company has decided to divest its entire holding in Alfalah Securities (Private) Limited and has identified a potential buyer. The Holding Company and the prospective buyer are currently in the process of obtaining the necessary regulatory approvals.

1.1.2 During the year, the Holding Company has invested Rs. 1,000 million in its wholly owned subsidiary Alfalah Currency Exchange (Private) Limited.

1.2 In addition, the Group maintains investments in the following:

	Percentage of Holding	
	2024	2023
Associates	Percentage	
Alfalah Insurance Company Limited	30.00%	30.00%
Sapphire Wind Power Company Limited	30.00%	30.00%
Alfalah Asset Management Limited	40.22%	40.22%

2 BASIS OF PRESENTATION

2.1 These consolidated financial statements represent financial statements of the Holding Company - Bank Alfalah Limited and its subsidiaries. The assets and liabilities of the subsidiaries have been consolidated on a line-by-line basis and the investments held by the Holding Company is eliminated against the corresponding share capital of the subsidiaries in these consolidated financial statements.

2.2 These consolidated financial statements have been prepared in accordance with the format for preparation of the annual financial statements of the banks issued by the State Bank of Pakistan (SBP), vide its BPRD Circular No. 13 dated July 01, 2024.

2.3 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act 2017;
- 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 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 IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives have been followed.

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. The SBP through BPRD Circular No. 04 of 2015 dated February 25, 2015 had deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

The SBP has issued BPRD Circular Letter No. 01 of 2025 dated January 22, 2025 in which certain relaxations / clarifications have been provided upon adoption of IFRS 9 which are disclosed in note 4.1 to the consolidated financial statements. As allowed by the SBP vide BPRD Circular No. 03 of 2022 dated July 05, 2022, IFRS 9 has not been adopted for overseas branches where it is not applicable as per their local regulations for the year ended December 31, 2024.

The SBP, vide its BPRD Circular No. 13 dated July 01, 2024, issued the revised forms for the preparation of the annual financial statements of the Banks / DFIs which are applicable for periods beginning on or after January 1, 2024 as per BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of these consolidated financial statements. The significant change is relating to right of use assets and corresponding lease liability which are now presented separately on the face of the statement of financial position. Previously, these were presented under property and equipment (earlier titled as fixed assets) and other liabilities respectively. There is no impact of this change on the consolidated financial statements in terms of recognition and measurement of assets and liabilities.

The Holding Company has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation, as presented in note 54.1.

Moreover, Alfalah Insurance Company Limited has deferred the application of IFRS 9 till January 01, 2026, which is same as effective date for application of IFRS 17 - Insurance Contracts as allowed by the SECP through S.R.O. 506(i)/2024 dated March 29, 2024. Furthermore, Sapphire Wind Power Company Limited was granted a partial exemption from the application of IFRS 9 till December 31, 2024 vide SECP S.R.O.67(i)/2023 dated January 20, 2023. Consequently, the requirements of IFRS 9 with respect to application of Expected Credit Losses in respect of trade debts and other receivables due from Central Power Purchasing Agency (CPPA-G) have not been followed.

2.3.1 Basis of consolidation

A subsidiary is an entity controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with the investee and has the ability to affect those return through its power over the investee.

These consolidated financial statements incorporate the financial statements of subsidiaries from the date that control commences until the date that control ceases.

Profit or loss and each component of the Other Comprehensive Income (OCI) are attributed to the equity holders of the Holding Company and to the Non-Controlling interests (NCI) even if it results in the NCI having a deficit balance.

Material intra-group balances and transactions with subsidiaries are eliminated.

A change in ownership of a subsidiary, without loss of control is accounted for as an equity transaction.

Non-controlling interests are that part of the net results of operations and of net assets of subsidiary which are not owned by the Holding Company. Material intra-group balances and transactions are eliminated.

Associates are those entities on which the Group has significant influence, but not control, over the financial and operating polices. Associates as well as investment in mutual funds established under trust structure are accounted for using the equity method.

2.3.2 Key financial figures of Islamic Banking branches are disclosed in Annexure II to the consolidated financial statements.

2.3.3 The management of the Holding Company believes that there is no significant doubt on the Group Companies or the Group's ability to continue as a going concern. Therefore, the consolidated financial statements have been prepared on a going concern basis.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 01, 2024 but are considered not relevant or do not have any material effect on the Group's operations and are therefore not detailed in these consolidated financial statements except for IFRS 9 (Financial Instruments), the impacts of which are disclosed under note 4.1.

2.5 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 Group's accounting periods beginning on or after January 01, 2025 but are considered not to be relevant or will not have any material effect on the Group's financial statements except for:

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

The management is in the process of assessing the impact of these amendments on the consolidated financial statements of the Group.

2.6 Critical accounting estimates and judgments

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

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

i) classification and credit loss allowance /provisioning against investments (notes 4.6 and 8);
ii) classification and credit loss allowance / provisioning against loans and advances (notes 4.7 and 9);
iii) income taxes (notes 4.14 and 36);
iv) accounting for defined benefit plan and compensated absences (notes 4.11, 40 and 42);
v) depreciation and revaluation of property and equipment and non banking assets acquired in satisfaction of claim (notes 4.8.2, 4.8.5, 10 and 13.1.1);
vi) amortisation of intangibles assets (notes 4.8.3 and 12);
vii) impairment of non-financial assets (note 4.15);
viii) employee stock option scheme (notes 4.11(d) and 43);
ix) fair value measurement of financial instruments (note 44);
x) credit loss allowance / provision against other assets and other provisions (notes 4.17 and 13.4);
xi) credit loss allowance / provision against off balance sheet obligations and contingent liabilities (notes 4.16, 4.18, 20.1 and 24); and
xii) lease liability including determination of the lease term for lease contracts with renewal and termination options and right-of-use assets (the Group as a lessee) (notes 4.8.4.1, 11 and 17).

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except that certain property and equipment and non banking assets acquired in satisfaction of claims are stated at revalued amounts; investments classified at fair value through profit and loss and fair value through other comprehensive income; advances classified at fair value through profit and loss, foreign exchange contracts and derivative financial instruments are measured at fair value; defined benefit obligations are carried at present value; right of use of asset and related lease liability are measured at present value on initial recognition; and staff loans are measured at fair value on initial recognition.

3.2 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency. The amounts are rounded off to the nearest thousand Rupees.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these consolidated financial statements are consistent with those of the previous financial year except for changes mentioned in notes 4.1.

4.1 IFRS 9 - 'Financial Instruments'

As per the SBP BPRD Circular Letter No. 07 of 2023 dated April 13, 2023, IFRS 9 is applicable on banks with effect from January 01, 2024. IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flows characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

The SBP through BPRD Circular Letter No. 16 dated July 29, 2024 and BPRD Circular Letter No. 01 dated January 22, 2025 (Letters) has made certain amendments and clarified the timelines of some of the SBP's IFRS 9 Application Instructions to address the matters raised by the banks to ensure compliance by the timelines. The Letters have provided clarifications / relaxations on measurement of unquoted equity securities, modification accounting, maintenance of general provisions over and above ECL, accounting methodology for Islamic Banking Institutions and treatment of charity. Accordingly, the Group has adopted the treatment as instructed in the aforementioned Letters in these consolidated financial statements. In addition, the SBP in a separate instruction SBPHOK-BPRD-RPD-BAF-834424 dated January 22, 2025 has allowed extension for application of Effective Interest Rate up to December 31, 2025.

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 Group would have been lower by Rs. 167.847 million. Further, unappropriated profit of the Group as at December 31, 2024 would have been higher by Rs. 578.741 million (December 31, 2023: Rs. 827.739 million).

On application of IFRS 9, certain accounting policies have been revised to comply with the requirements of IFRS 9. The revised accounting policies have been disclosed in their respective policy notes in these consolidated financial statements.

4.1.1 Application to the Group's financial assets

Debt based financial assets

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

a) These are measured at amortised cost if these assets meet both of the following conditions and are not designated as fair value through profit and loss (FVPL):

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

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

b) Debt based financial assets are measured at fair value through other comprehensive income (FVOCI) only if these meet both of the following conditions and are not designated as FVPL:

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

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

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

The application of these policies also resulted in classifications and consequent remeasurements of certain investments in PIBs and Ijarah Sukuk held under available for sale portfolio as of December 31, 2023 to hold to collect based on the business model assessment. The following table reconciles their carrying amounts as reported on December 31, 2023 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 01, 2024:

Investment type and category	Balances as of December 31, 2023 (Audited)	IFRS 9 Classification	Balances as of December 31, 2023	Remeasure-ments	Balances as of January 01, 2024 - before ECL
	----------(Rupees in '000)----------				
Federal Government Securities					
- Pakistan Investment Bonds - AFS	948,595,063	FVOCI	850,963,067	-	850,963,067
		Amortised Cost	97,631,996	6,276,632	103,908,628
	948,595,063		948,595,063	6,276,632	954,871,695
- Ijarah Sukuk - AFS	226,923,690	FVOCI	215,930,116	-	215,930,116
		Amortised Cost	10,993,574	1,538,294	12,531,868
	226,923,690		226,923,690	1,538,294	228,461,984
	1,175,518,753		1,175,518,753	7,814,926	1,183,333,679

Equity based financial assets

An equity instrument held by the Group for trading purposes is classified as measured at FVPL. On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The Group has decided to classify Rs. 767.222 million out of its available for sale equity investment (listed shares) portfolio as of December 31, 2023 as FVPL.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Group has reclassified impairment of Rs. 59.818 million on listed equity investments and Rs. 88.038 million for unlisted equity investment held as at December 31, 2023 to surplus / deficit on revaluation of investments through remeasurements.

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 1, 2024 are compared as follows:

Financial assets	Before adoption of IFRS 9 *		After adoption of IFRS 9 *	
	Measurement category	Carrying amount as at December 31, 2023	Measurement category	Carrying amount as at January 01, 2024
		Rupees in '000		Rupees in '000
Cash and balances with treasury banks	Loans and receivables	202,692,503	Amortised cost	202,692,503
Balances with other banks	Loans and receivables	16,990,085	Amortised cost	16,990,085
Lending to financial institutions	Loans and receivables	119,554,109	Amortised cost	119,554,109
Investments - net	Held-for-trading	279,686,816	Fair value through profit and loss	279,686,816
	Available-for-sale	1,620,900,202	Fair value through profit and loss	14,126,368
			Fair value through other comprehensive income	1,501,175,992
			Amortised cost	116,440,496
		1,620,900,202		1,631,742,856
	Held-to-maturity	165,517,277	Fair value through profit and loss	600,000
			Amortised cost	164,917,277
		165,517,277		165,517,277
Advances - net	Loans and receivables	735,061,827	Amortised cost	735,061,827
Other assets	Loans and receivables	125,447,855	FVPL / amortised cost	125,447,855
		3,265,850,674		3,276,693,328

* This amount includes overseas ECL for branches where IFRS 9 was already applicable except ECL for domestic operations.

4.1.2 Adoption impacts

The Group has adopted IFRS 9 effective from January 01, 2024 with modified retrospective approach as permitted under IFRS 9. The cumulative impact of initial application of Rs. 2,751.995 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

	Balances as of December 31, 2023 (Audited)	Impact due to: Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Classifications due to business model and SPPI assessments	Remeasurements	Reversal of provisions held	Total impact - gross of tax	Taxation (current and deferred)	Total impact - net of tax	Balances as of January 01, 2024	IFRS 9 Category
	(Rupees in '000)										
ASSETS											
Cash and balances with treasury banks	202,692,503	(24,590)	-	-	-	-	(24,590)	-	(24,590)	202,667,913	Amortised cost
Balances with other banks	16,990,085	(1,613)	-	-	-	-	(1,613)	-	(1,613)	16,988,472	Amortised cost
Lending to financial institutions	119,554,109	(13,066)	-	-	-	-	(13,066)	-	(13,066)	119,541,043	Amortised cost
Investments											
- Classified as available for sale	1,620,900,202	-	(1,620,900,202)	-	-	-	(1,620,900,202)	-	(1,620,900,202)	-	
- Classified as fair value through other comprehensive income	-	(48)	1,620,900,202	(129,971,193)	9,809,206	437,777	1,501,175,944	-	1,501,175,944	1,501,175,944	FVOCI
- Classified as held to maturity	165,517,277	-	(165,517,277)	-	-	-	(165,517,277)	-	(165,517,277)	-	
- Classified as amortised cost	-	-	165,517,277	115,840,496	-	-	281,357,773	-	281,357,773	281,357,773	Amortised cost
- Classified as held for trading	279,686,816	-	(279,686,816)	-	-	-	(279,686,816)	-	(279,686,816)	-	
- Classified as fair value through profit and loss	-	-	279,686,816	14,130,697	595,671	-	294,413,184	-	294,413,184	294,413,184	FVPL
- Associates	6,052,472	-	-	-	-	-	-	-	-	6,052,472	Outside the scope of IFRS 9
	2,072,156,767	(48)	-	-	10,404,877	437,777	10,842,606	-	10,842,606	2,082,999,373	
Advances											
- Classified as amortised cost	777,298,564	-	(1,200,000)	-	(32,359,165)	-	(33,559,165)	-	(33,559,165)	743,739,399	Amortised cost
- Classified as fair value through profit and loss	-	-	1,200,000		122,136	-	1,322,136	-	1,322,136	1,322,136	FVPL
- Provisions	(42,236,737)	(5,330,502)	-	-	-	-	(5,330,502)	-	(5,330,502)	(47,567,239)	Amortised cost
	735,061,827	(5,330,502)	-	-	(32,237,029)	-	(37,567,531)	-	(37,567,531)	697,494,296	
Property and equipment	41,854,091	-	-	-	-	-	-	-	-	41,854,091	Outside the scope of IFRS 9
Right-of-use assets	19,966,957	-	-	-	-	-	-	-	-	19,966,957	Outside the scope of IFRS 9
Intangible assets	1,380,144	-	-	-	-	-	-	-	-	1,380,144	Outside the scope of IFRS 9
Deferred tax asset	3,619,475	-	-	-	-	-	-	(2,644,074)	(2,644,074)	975,401	Outside the scope of IFRS 9
Other assets - financial assets	125,447,855	(370,152)	-	-	14,547,159	-	14,177,007	-	14,177,007	139,624,862	FVPL / amortised cost
Other assets - non financial assets	10,943,984	-	-	-	-	-	-	-	-	10,943,984	Outside the scope of IFRS 9
	3,349,667,797	(5,739,971)	-	-	(7,284,993)	437,777	(12,587,187)	(2,644,074)	(15,231,261)	3,334,436,536	
LIABILITIES											
Bills payable	26,004,538	-	-	-	-	-	-	-	-	26,004,538	Amortised cost
Borrowings	910,216,032	-	-	-	(19,068,929)	-	(19,068,929)	-	(19,068,929)	891,147,103	Amortised cost
Deposits and other accounts	2,084,941,257	-	-	-	-	-	-	-	-	2,084,941,257	Amortised cost
Lease liabilities	22,899,808	-	-	-	-	-	-	-	-	22,899,808	Outside the scope of IFRS 9
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	14,000,000	Amortised cost
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Other liabilities - non financial liabilities	63,814,635	-	-	-	-	-	-	-	-	63,814,635	Outside the scope of IFRS 9
Other liabilities - financial liabilities	88,168,289	1,085,673	-	-	-	-	1,085,673	-	1,085,673	89,253,962	FVPL / amortised cost
	3,210,044,559	1,085,673	-	-	(19,068,929)	-	(17,983,256)	-	(17,983,256)	3,192,061,303	
NET ASSETS	139,623,238	(6,825,644)	-	-	11,783,936	437,777	5,396,069	(2,644,074)	2,751,995	142,375,233	
REPRESENTED BY											
Share capital	15,771,651	-	-	-	-	-	-	-	-	15,771,651	
Reserves	41,401,130	-	-	-	-	-	-	-	-	41,401,130	
Surplus on revaluation of assets - net of tax	11,272,770	-	-	-	9,809,206	-	9,809,206	(4,806,511)	5,002,695	16,275,465	
Unappropriated profit	71,472,352	(6,825,644)	-	-	1,974,730	437,777	(4,413,137)	2,162,437	(2,250,700)	69,221,652	
Non-controlling interest	(294,665)	-	-	-	-	-	-	-	-	(294,665)	
	139,623,238	(6,825,644)	-	-	11,783,936	437,777	5,396,069	(2,644,074)	2,751,995	142,375,233	

4.2 Financial assets and liabilities

4.2.1 Classification

Financial assets

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

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

Financial liabilities

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

Head	Description
Cash and balances with treasury banks	note 4.4
Balances with other banks	note 4.4
Lendings to financial institutions	note 4.5
Investments except associates	note 4.6
Advances	note 4.7
Bills payable	note 14
Borrowings	note 4.9
Deposits and other accounts	note 4.9
Subordinated debts	note 4.10

4.2.2 Business model assessment

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

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

- The objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sale are also important aspects of the Group's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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

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

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

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

4.2.4 Initial recognition and subsequent measurement

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

a) Amortised cost (AC)

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

b) Fair value through other comprehensive income (FVOCI)

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

c) Fair value through profit and loss (FVPL)

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

4.2.5 Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire;

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

Financial liabilities

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

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

4.2.6 Modification

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

4.3 Expected Credit Loss (ECL)

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

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

Definition of default

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

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

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

Write-offs

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

4.4 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances with treasury banks, balances with other banks in current and deposit accounts, national prize bonds, overdrawn nostro accounts, short term running finance and call lendings having original maturity of three months or less.

4.5 Lendings to / borrowings from financial institutions

The Holding Company enters into transactions of repurchase agreements (repo) and agreements to resell (reverse repo) at contracted rates for a specified period of time. These are recorded as below:

4.5.1 Sale under repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in these consolidated financial statements as investments and the counter party liability is included in borrowings. The difference between the sale and contracted repurchase price is accrued on a time proportion basis over the period of the contract and recorded as an expense.

4.5.2 Purchase under resale agreements

Securities purchased under agreement to resell (reverse repo) are not recognised in these consolidated financial statements as investments and the amount extended to the counter party is included in lendings. The difference between the purchase and contracted resale price is accrued on a time proportion basis over the period of the contract and recorded as income.

4.5.3 Bai Muajjal

The Holding Company enters into Bai Muajjal transactions of sale (borrowing) and purchase (lending). These are recorded as below:

Bai Muajjal purchase

Bai Muajjal transactions representing purchase of shariah compliant instruments on deferred payment basis and are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the life of the transaction.

Bai Muajjal sale

Bai Muajjal transactions representing sale of shariah compliant instruments on deferred payment basis and are shown in borrowings. The credit price is agreed at the time of purchase and the proceeds are paid at the end of the credit period. The difference between the deferred payment amount payable and the carrying value at the time of purchase is accrued and recorded as borrowing cost over the life of the transaction.

4.6 Investments

Investments include Federal Government securities, shares, mutual fund / REIT fund, non-Government debt securities, foreign securities and associates. Classification and measurement of Federal Government securities, shares, mutual fund / REIT fund, non-Government debt securities and foreign securities has been detailed in note 4.2.

4.6.1 Associates

Under the equity accounting method, investments in associates are initially recognised at cost and the carrying amount of investment is increased or decreased to recognise the investor's share of the post acquisition profits or losses in income and its share of the post acquisition movement in reserves. The aggregate of Group's share of profit or loss of an associate is shown in the statement of profit and loss account as share of profit. Any change in OCI of the investees is presented as part of the Group's OCI to the extent of the Group's share in other comprehensive income / loss. Dividends from associates are eliminated from the carrying amount of the investment. Unrealised gains and losses resulting from transactions between the Group and associates are eliminated.

4.7 Advances

Loans and advances

Loans and advances including net investment in finance lease are stated net of credit loss allowance / provision against non-performing loan and advances. Credit loss allowance / provision against loans and advances in Pakistan operations have been made in accordance with the requirements of the Prudential Regulations and IFRS 9 application instructions issued by the SBP. General provisions against loans and advances in Pakistan operations have been maintained against potential high risk advances based on the management's estimates as disclosed in note 9.8.6 (ii). Credit loss allowance / provisions pertaining to overseas loans and advances are made in accordance with the requirements of the regulatory authorities of the respective countries. Advances are written off / charged off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

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

Islamic financing and related assets

The Holding Company provides Islamic financing and related assets mainly through Murabaha, Ijarah, Diminishing Musharakah, Musharakah, Bai Muajjal Financing, Musawama, Salam, Istisna, Tijarah, Refinance under the SBP Islamic Refinance Schemes and financing under other government schemes. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The income on such financings is recognised in accordance with the principles of Islamic Shariah. The Bank determines credit loss allowance / provisions against Islamic financing and related assets on a prudent basis in accordance with the requirements of the Prudential Regulations and instructions issued by the SBP and the management estimates / assumption. Islamic financing and related assets are written off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

Net investment in finance lease

Leases where the Holding Company transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance leases. A receivable is recognised on commencement of lease term at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognised over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. The Holding Company determines credit loss allowance / provisions against investment in finance lease on a prudent basis in accordance with the requirements of the Prudential Regulations and instructions issued by the SBP and the management estimates / assumption. The assets are written off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

Ijarah assets (IFAS 2)

Ijarah assets are stated at cost less depreciation and are disclosed as part of 'Islamic financing and related assets'. The rental received / receivable on Ijarah under IFAS 2 are recorded as income / revenue. The Holding Company charges depreciation from the date of recognition of Ijarah of respective assets to Mustajir. Ijarah assets are depreciated over the period of Ijarah using the straight line method. Impairment of Ijarah rentals are determined in accordance with the requirements of the Prudential Regulations of the SBP. The provision for impairment of Ijarah Rentals is shown as part of 'Islamic financing and related assets'.

4.8 Property and equipment

4.8.1 Capital work in progress

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

4.8.2 Property and equipments

Property and equipments are shown at historical cost less accumulated depreciation and accumulated impairment losses, if any, except land and buildings which are carried at revalued amount less accumulated depreciation and impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Depreciation is charged by applying the straight-line method using the rates specified in note 10.2 to these consolidated financial statements. The depreciation charge for the year is calculated after taking into account residual value, if any. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date. Depreciation on additions is charged from the date on which the assets are available for use and ceases on the date on which these are disposed off.

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

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair values.

A revaluation surplus is recorded in other comprehensive income as part of surplus on revaluation of property and equipment in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the consolidated statement of profit and loss account, the increase is recognised in the consolidated statement of profit and loss account. A revaluation deficit is recognised in the consolidated statement of profit and loss account, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. A transfer from the asset revaluation surplus to unappropriated profit is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are taken to the consolidated statement of profit and loss account except that the related surplus / deficit on revaluation of property and equipments (net of deferred taxation) is transferred directly to unappropriated profit.

4.8.3 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method over their estimated useful lives. The useful lives and amortisation method are reviewed and adjusted, if appropriate at each reporting date. Intangible assets having an indefinite useful life are stated at acquisition cost, less impairment loss, if any. Intangible assets are assessed for impairment, if any, as described under note 4.15.

4.8.4 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

4.8.4.1 Group as a lessee

The Group recognises lease liabilities to make lease payments and right-of-use assets over its lease term.

Right-of-use (RoU) assets

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

Lease liabilities

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

Determination of the lease term for lease contracts with renewal and termination options (Group as a lessee)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

Incremental borrowing rate (IBR)

The IBR is the rate of markup that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the IBR using observable inputs such as market interest rates.

4.8.4.2 Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

4.8.5 Non-banking assets acquired in satisfaction of claim

Non-banking assets acquired in satisfaction of claims are stated at revalued amounts less accumulated depreciation thereon. The valuation of properties acquired under this head is conducted as per the SBP's requirement, so as to ensure that their net carrying values do not materially differ from their fair values. Any surplus arising on revaluation of such properties is transferred to the surplus on revaluation of non-banking assets in other comprehensive income, while any deficit arising on revaluation is charged to the consolidated statement of profit and loss account directly. Depreciation on assets acquired in satisfaction of claims is charged to the consolidated statement of profit and loss account on straight line method over the useful life of the assets. In addition, all direct costs, including legal fees and transfer costs linked with transferring the title of the property to Holding Company is accounted as an expense in the consolidated statement of profit and loss account.

Any shares acquired in satisfaction of claims are stated at revalued amount at each reporting date with the corresponding deficit / surplus recognised in the consolidated statement of other comprehensive Income.

4.9 Deposits / borrowings and their cost

a) Borrowings and deposits are recorded at the proceeds received except for Temporary Economic Refinance Facility (TERF) borrowing from the SBP which has been recorded at fair value on initial recognition. Unwinding of expense on fair value adjustment is recognised in the consolidated statement of profit and loss account.

b) Cost of deposits and borrowings are recognised as an expense in the period in which these are incurred using effective mark-up / interest rate method.

c) Swap cost arises when surplus foreign currency funds are sold to purchase local currency funds from the market. Swap cost is recorded as an expense in the period in which it is incurred.

4.9.1 Deposits - Islamic Banking

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

Deposits taken on Qard basis are classified as 'Current Account' and Deposits generated on Modaraba basis are classified as 'Savings Account' and 'Fixed Deposit Accounts'.

No profit or loss is passed on to current account depositors.

Profits realised in investment pools are distributed in pre-agreed profit sharing ratio.

Rab-ul-Maal (Customer) share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

Mudarib (The Holding Company) can distribute its share of profit to Rab-ul-Maal upto a specified percentage of its profit.

Profits are distributed from the pool so the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period.

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

In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investments.

4.10 Subordinated debts

Subordinated debts are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated loans is recognised separately as part of other liabilities and is charged to the consolidated statement of profit and loss account over the period on an accrual basis.

4.11 Staff retirement / employee benefits

a) Defined benefit plan

The Holding Company operates an approved funded gratuity scheme, administered by the trustees, covering eligible employees whose period of employment with Holding Company is five years or more. Contributions to the fund are made on the basis of actuarial recommendations. Projected Unit Credit Method is used for the actuarial valuation. The actuarial valuations involve assumption and estimates of discount rates, expected rates of return on assets, future salary increases and future inflation rates as disclosed in note 40.1.3. Actuarial gains and losses are recognised immediately in other comprehensive income.

The Subsidiary - Alfalah Securities (Private) Limited operates an unfunded gratuity scheme for all its employees who have completed the qualifying period as defined in the scheme. The cost of providing benefits under the defined benefit scheme is determined using the Projected Unit Credit Method. Actuarial (remeasurement) gains and losses are recognised as income or expense in full in the year in which they occur in other comprehensive income.

b) Defined contribution plan

The Holding Company operates an approved provident fund scheme for all its regular permanent employees, administered by the Trustees. The Holding Company contribute 8.33% of basic salary in equal monthly contributions. However, employees have the option, to have their provident fund contribution deducted at 8.33%, 10% or 12% of their monthly basic salary.

c) Compensated absences

The Holding Company recognises the liability for compensated absences in respect of employees in the period in which these are earned up to the balance sheet date. The provision is recognised on the basis of actuarial recommendations.

d) Share Based Payment

The Holding Company has granted a cash award equivalent to the ordinary shares allotted to certain employees under Phantom Shares Award. The entitlement shall vest with the employees in three (3) equivalent proportions on the vesting dates over a period of three (3) years. The grant date is January 1, 2021 and the first vesting date is 365 calendar days from the grant date. Subsequently, second and third vesting dates to follow 365 calendar days from the preceding vesting dates. On each vesting date, the employees shall be entitled to a cash award for 33.33% (thirty-three and one third of one percent) of the total Phantom Shares Entitlement equivalent to fair market value of the Holding Company's share on vesting date.

The Holding Company recognises compensation expense with corresponding liability at the fair value of the award. Until the liability is settled, the Holding Company re-measures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the consolidated statement of profit and loss account for the period.

4.12 Foreign currencies

4.12.1 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates.

4.12.2 Transactions and balances

Transactions in foreign currencies are translated into Pakistani rupees at the exchange rates prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit and loss account.

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

4.12.3 Foreign operations

Assets and liabilities of foreign operations are translated into rupees at the exchange rate prevailing at the reporting date. The results of foreign operations are translated at average rate of exchange for the year.

4.12.4 Translation gains and losses (foreign operations)

Translation gains and losses arising on revaluations of net investment in foreign operations are taken to exchange translation reserve in the consolidated statement of comprehensive income. These are recognised in the consolidated statement of profit and loss account on disposal.

4.12.5 Commitments

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

4.13 Revenue recognition

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

4.13.1 Advances and investments

Income on performing advances and debt securities is recognised on a time proportion basis / effective interest rate method as per the terms of the contract and as permitted by the SBP. Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the consolidated statement of profit and loss account over the remaining maturity of the debt security using the effective yield method.

Income recoverable on classified advances and investments is recognised on a receipt basis. Income on rescheduled / restructured advances and investments is recognised as permitted by the SBP regulations or by the regulatory authorities of the countries where the Holding Company and its overseas branches operate.

Murabaha income is recognised on deferred income basis.

4.13.2 Lease financing

Income from lease financing is accounted for using the financing method. Under this method, the unearned lease income (defined as the sum of total lease rentals and estimated residual value less the cost of the leased assets) is deferred and taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in the lease. Gains or losses on termination of lease contracts are recognised as income when these are realised. Unrealised lease income and other fees on classified leases are recognised on a receipt basis.

Ijarah income is recognised on an accrual basis as and when the rentals becomes due. Depreciation in case of Ijarah is netted off from mark-up income.

4.13.3 Non mark-up / interest income

Holding Company earns fee and commission income from different services provided to customers. The recognition of fee and commission income depends on the purpose for which the fees are received. The majority share of the income classified as card related fees (debit and credit cards), commission on trade and commission on remittances constitutes revenue from contracts with customers. Fee and commission income is recognised when or as an entity satisfies the performance obligation, either over time or at a specific point of time.

Dividend income is recognised at the time when the Group's right to receive the dividend has been established.

Other income is recognised on accrual basis.

4.14 Taxation

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

4.14.1 Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credit and rebate, if any.

4.14.2 Prior years

This charge includes tax charge for prior years arising from assessments, changes in estimates and tax changes applied retrospectively.

4.14.3 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and the credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

The difference between the carrying value and the recoverable value is recognised through the profit and loss account as a deferred tax expense. The Group also records a deferred tax asset / liability on items recognised directly in the consolidated statement of comprehensive income such as surplus / deficit on revaluation of assets.

Deferred tax liability is not recognised in respect of taxable temporary differences associated with exchange translation reserves of foreign branches, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

4.15 Impairment of non-financial assets

The carrying amount of assets is reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable at each reporting date. If any event exists, the recoverable amount of such assets is estimated and impairment losses are recognised immediately in the consolidated financial statements. The resulting impairment loss is taken to the consolidated statement of profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

4.16 Credit loss allowance for claims under guarantees and other off balance sheet obligations

Credit loss allowance for guarantee claims and other off balance sheet obligations is recognised when reasonable certainty exists for the Group to settle the obligation. The charge to the consolidated statement of profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

4.17 Other credit loss allowance

Other credit loss allowance are recognised when the Group has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

4.18 Contingent liabilities

Contingent liabilities are not recognised in the consolidated statement of financial position as these are possible obligations where it has yet to be confirmed whether a liability, which will ultimately result in an outflow of economic benefits, will arise. If the probability of an outflow of economic resources under contingent liability is considered remote, it is not disclosed.

4.19 Off-setting of financial assets and financial liabilities

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

4.20 Derivative financial instruments

Derivatives assets and liabilities are initially recognised at fair value on the date on which the derivative contract is entered into and subsequently remeasured at fair value through profit and loss except for derivatives that are in a designated hedge accounting relationship.

Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the Bank applies fair value hedge accounting or cash flow hedge accounting as appropriate to the risks being hedged.

The Holding Company has elected to apply hedge accounting requirements of IAS 39 'Financial Instruments: 'Recognition and Measurement' for derivatives designated as hedging instruments as allowed under paragraph 7.2.21 of IFRS 9. Subsequent measurement of derivatives designated as hedging instrument depends on whether the hedge is designated as a fair value hedge or a cash flow hedge as explained below:

Fair value hedge

Changes in fair value of derivatives (hedge instrument) that qualify and are designated as fair value hedges are recognised in the consolidated statement of profit and loss account, together with changes in the fair value of hedged assets (hedged item) that are attributable to hedged risk. The fair value changes of the hedged asset or liability adjust their carrying value and are also recognised in the consolidated statement of profit and loss account except for equity instruments carried at FVOCI where the adjustment is included in other comprehensive income.

If the hedge relationship no longer meets the criteria for hedge accounting, the hedge accounting is discontinued. If the hedged item is sold or repaid, the unamortised fair value adjustment is immediately recognised in profit and loss.

Cash flow hedge

For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognised initially in other comprehensive income and then recycled to the consolidated statement of profit and loss account in the periods when the hedged item will affect the profit and loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the consolidated statement of profit and loss account immediately.

When a hedging instrument expires or is sold or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item ultimately affects or is recognised in the consolidated statement of profit and loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the consolidated statement of profit and loss account.

Measuring Hedge Effectiveness

For a hedge to qualify for hedge accounting, it must be highly effective, with changes in the fair value or cash flows of the hedging instrument expected to offset those of the hedged item within a range of 80%–125%. Hedge ineffectiveness, to the extent it occurs, is recognised in profit or loss. A hedging instrument is a financial instrument used to offset changes in the fair value or cash flows of a designated hedged item, which may be a recognised asset, liability, or an unrecognised firm commitment exposed to specific risks.

4.21 Acceptances

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as on balance sheet transactions.

4.22 Dividend and appropriation to reserves

Dividend declared and appropriations made subsequent to the date of the consolidated statement of financial position are considered as non adjusting events and are recorded as a liability in these consolidated financial statements in the year in which these are approved by the directors / shareholders, as appropriate except appropriations which are required by the law.

4.23 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its shareholders.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year, consolidating the impact of treasury stocks, if any.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure of the Group. Segmented performance is reported to the senior management of the Holding Company on monthly basis for the purpose of strategic decision making and performance management.

4.24.1 Business segments

Retail banking
This includes loans, deposits, trade, wealth management and other banking transactions with retail, individual customers, commercial and small and middle sized customers of the Holding Company. Product suite offered to individual customers includes credit cards, auto loans, housing finance and personal loans.

Corporate banking
This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities with Holding Company's corporate and public sector customers.

Treasury
This segment includes liquidity management activities carried out through borrowing, lending, money market, capital market and merchant banking operations. The investments of the Holding Company primarily towards government securities and risk management activities via use of forward contracts & derivatives are reported here.

Digital banking
Digital Banking includes the digitalisation initiatives of the Holding Company catering to Consumer and SME customers' savings, investments, financing and Payments needs through various digital channels such as Mobile App- Alfa, Internet banking, ATM, Cash Deposit Machines, Contact Center, Chat and WhatsApp banking, Agent Network, e-commerce platform (Alfa Mall), QR merchants, Alfa Business App, online Alfa Payment Gateway, Digital Sales and Service Center and Digital branches. This segment also manages Branchless Banking products and G2P Disbursements such as blue collar payroll, EOBI Pension, Benazir Income Support Program (BISP) and other provincial G2P mandates.

Islamic banking (Domestic)
This segment pertains to full scale Islamic Banking operations of the Holding Company.

International operations
This segment includes amounts related to the Holding Company's overseas operations, namely, banking activities in Bangladesh, Afghanistan, United Arab Emirates and the Kingdom of Bahrain.

Brokerage
It includes stock brokerage and investment consultancy through the subsidiary Alfalah Securities (Private) Limited.

Others
This includes the head office related activities, and all other activities not directly tagged or allocated to the segments above.

4.24.2 Geographical segments

The Group operates in three geographical regions being:

- Pakistan
- Asia Pacific (including South Asia)
- Middle East

		Note	2024	2023
			--------(Rupees in '000)-------	
5	**CASH AND BALANCES WITH TREASURY BANKS**			
	In hand			
	- local currency		48,338,529	39,440,289
	- foreign currency		5,619,401	7,354,310
			53,957,930	46,794,599
	With State Bank of Pakistan in			
	- local currency current accounts	5.1	92,353,394	76,392,873
	- foreign currency current accounts	5.2	7,192,719	8,989,528
	- foreign currency deposit accounts	5.3	10,832,548	12,227,044
			110,378,661	97,609,445
	With other central banks in			
	- foreign currency current accounts	5.4	60,980,202	45,379,083
	- foreign currency deposit accounts	5.5	1,820,112	1,695,718
			62,800,314	47,074,801
	With National Bank of Pakistan in local currency current account		628,396	11,062,857
	Prize bonds		119,605	186,661
			227,884,906	202,728,363
	Less: Credit loss allowance held against cash and balances with treasury banks		(16,005)	(35,860)
	Cash and balances with treasury banks - net of credit loss allowance		227,868,901	202,692,503

5.1 This represents local currency current account maintained under the cash reserve requirement of the SBP.

5.2 These represent US Dollar and other foreign currency settlement accounts and a foreign currency current account maintained under the cash reserve requirement of the SBP.

5.3 This represents foreign currency deposit account maintained under the special cash reserve of the SBP. Profit rates on these deposits are fixed by the SBP on a monthly basis. These deposits carry interest rate ranging from 3.53% to 4.35% (2023: 3.39% to 4.34%) per annum.

5.4 These represent deposits with other central banks pertaining to the overseas operations of the Holding Company to meet their minimum cash reserves and capital requirements.

5.5 These represent deposits with other central banks pertaining to the overseas operations of the Holding Company, in accordance with their regulatory requirements and carry interest rates ranging from 0.00% to 5.44% (2023: 0.00% to 5.68%) per annum.

		Note	2024	2023
			--------(Rupees in '000)--------	
6	**BALANCES WITH OTHER BANKS**			
	In Pakistan			
	- in current accounts		803,655	37,056
	- in deposit accounts	6.1	477,299	346,266
			1,280,954	383,322
	Outside Pakistan			
	- in current accounts	6.2	18,406,200	16,575,317
	- in deposit accounts	6.3	31,982	34,503
			18,438,182	16,609,820
			19,719,136	16,993,142
	Less: Credit loss allowance held against balances with other banks		(5,890)	(3,057)
	Balances with other banks - net of credit loss allowance		19,713,246	16,990,085

6.1 This represents funds deposited with various banks at profit rates ranging from 13.50% to 20.50% per annum (2023: 6.00% to 20.50% per annum).

6.2 This includes amount held in Automated Investment Plans. The Holding Company is entitled to earn interest from the correspondent banks at agreed upon rates ranging from 3.83% to 4.33% per annum (2023: 4.08% to 4.83% per annum) when the balance exceeds a specified amount.

6.3 This includes placement of funds generated through foreign currency deposits scheme (FE-25) and non-contractual deposits at interest rates ranging from 0.25 % to 2.00% per annum (2023: 0.25% to 1.25% per annum).

	Note	2024	2023
		--------(Rupees in '000)--------	
7 LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	7.1	1,792,764	32,018,705
Repurchase agreement lendings (Reverse Repo)	7.2 & 7.5	94,208,913	87,535,847
Bai Muajjal receivable - other financial institution	7.3	4,997,525	-
		100,999,202	119,554,552
Less: Credit loss allowance held against lending to financial institutions		(879)	(443)
Lending to financial institutions - net of credit loss allowance		100,998,323	119,554,109

7.1 These represent lendings to financial institutions at mark-up rates ranging from 5.50% to 18.60% per annum (2023: 7.25% to 22.00% per annum) having maturities upto February 2025 (2023: January 2024).

7.2 These represent short term lending to financial institutions against investment securities. These carry mark-up rates ranging from 12.90% to 20.40% per annum (2023: 21.00% to 22.95% per annum) with maturities upto January 2025 (2023: January 2024).

7.3 This represents a Bai Muajjal agreement that carries mark-up at the rate of 14.00% per annum (2023: Nil), and is due to mature in April 2025 (2023: Nil).

	2024	2023
	--------(Rupees in '000)--------	
7.4 Particulars of lending - gross		
In local currency	99,606,438	111,935,847
In foreign currencies	1,392,764	7,618,705
	100,999,202	119,554,552

7.5 Securities held as collateral against lending to financial institutions

	2024			2023		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
	----------(Rupees in '000)----------					
Market Treasury Bills	27,261,660	-	27,261,660	1,939,888	-	1,939,888
Pakistan Investment Bonds	66,947,253	-	66,947,253	85,595,959	-	85,595,959
Total	94,208,913	-	94,208,913	87,535,847	-	87,535,847

7.6 Lending to Financial Institution- Particulars of credit loss allowance

		2024		2023	
		Lending	Credit loss allowance / provision held	Lending	Credit loss allowance / provision held
		(Rupees in '000)			
Domestic					
Performing (IFRS 9)	Stage 1	99,606,438	754	-	-
Performing (pre - IFRS 9)		-	-	111,935,847	-
		99,606,438	754	111,935,847	-
Overseas					
Performing (IFRS 9)	Stage 1	1,392,764	125	3,946,179	443
Performing (pre - IFRS 9)		-	-	3,672,526	
		1,392,764	125	7,618,705	443
Total		100,999,202	879	119,554,552	443

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)							
Opening balance	443	-	-	443	237	-	-	237
Impact of adoption of IFRS 9	13,066	-	-	13,066	-	-	-	-
	13,509	-	-	13,509	237	-	-	237
Exchange and other adjustments	(14)	-	-	(14)	57	-	-	57
New financial assets originated or purchased	893	-	-	893	386	-	-	386
Financial assets that have been derecognised	(13,509)	-	-	(13,509)	(237)	-	-	(237)
Closing balance	879	-	-	879	443	-	-	443

8 INVESTMENTS

8.1 Investments by type:

	Note	2024				2023			
		Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value
		(Rupees in '000)							
Debt instruments:									
Classified / measured at amortised cost									
Federal Government Securities									
- Pakistan Investment Bonds	8.8	218,414,195	-	-	218,414,195	-	-	-	-
- Ijarah Sukuk	8.8	40,376,451	-	-	40,376,451	-	-	-	-
Non Government Debt Securities									
- Term Finance Certificates		324,680	(24,715)	-	299,965	-	-	-	-
- Sukuk		3,509,612	(56,421)	-	3,453,191	-	-	-	-
Foreign Securities									
- Overseas Bonds - Sovereign		15,601,311	(216)	-	15,601,095	-	-	-	-
		278,226,249	(81,352)	-	278,144,897	-	-	-	-
Classified / measured at FVOCI									
Federal Government Securities									
- Market Treasury Bills	8.8	22,155,073	-	429,662	22,584,735	-	-	-	-
- Pakistan Investment Bonds	8.8	1,009,681,395	-	14,952,851	1,024,634,246	-	-	-	-
- Ijarah Sukuk	8.8	241,695,919	-	9,230,018	250,925,937	-	-	-	-
- Government of Pakistan Euro Bonds		12,368,725	(2,145,627)	922,305	11,145,403	-	-	-	-
Shares									
- Preference shares - Unlisted	8.5.2.2	25,000	(25,000)	-	-	-	-	-	-
Non Government Debt Securities									
- Term Finance Certificates		2,076,398	(111,745)	-	1,964,653	-	-	-	-
- Sukuk		15,584,244	(96,511)	140,246	15,627,979	-	-	-	-
Foreign Securities									
- Overseas Bonds - Sovereign	8.5.4.1	50,691,578	(77,534)	(1,417,964)	49,196,080	-	-	-	-
- Overseas Bonds - Others	8.5.4.2	26,231,004	(7,505)	(1,030,029)	25,193,470	-	-	-	-
		1,380,509,336	(2,463,922)	23,227,089	1,401,272,503	-	-	-	-
Balance carried forward		1,658,735,585	(2,545,274)	23,227,089	1,679,417,400	-	-	-	-

	Note	2024				2023			
		Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value
		----------(Rupees in '000)----------							
Balance brought forward		1,658,735,585	(2,545,274)	23,227,089	1,679,417,400	-	-	-	-
Classified / measured at FVPL									
Federal Government Securities									
- Market Treasury Bills	8.8	74,055,824	-	(5,499)	74,050,325	-	-	-	-
- Pakistan Investment Bonds	8.8	183,913,135	-	47,072	183,960,207	-	-	-	-
- Ijarah Sukuk	8.8	1,733,628	-	10,084	1,743,712	-	-	-	-
- Naya Pakistan Certificates		2,651,621	-	-	2,651,621	-	-	-	-
Foreign Securities									
- Overseas Bonds - Sovereign		13,043,880	-	(6,799)	13,037,081	-	-	-	-
		275,398,088	-	44,858	275,442,946	-	-	-	-
Instruments mandatorily classified / measured at FVPL									
Shares									
- Preference shares - Unlisted		-	-	500,000	500,000	-	-	-	-
Non Government Debt Securities									
- Term Finance Certificates		1,450,000	-	-	1,450,000	-	-	-	-
- Sukuks		422,000	-	444	422,444	-	-	-	-
Foreign Securities									
-Redeemable Participating Certificates		5,913,093	-	2,401,955	8,315,048	-	-	-	-
		7,785,093	-	2,902,399	10,687,492	-	-	-	-
Equity instruments:									
Classified / measured at FVOCI (Non-Reclassifiable)									
- Ordinary shares - Listed	8.5.2.1	10,202,508	-	4,768,790	14,971,298	-	-	-	-
- Ordinary shares - Unlisted	8.5.2.2	1,351,363	-	1,471,825	2,823,188	-	-	-	-
REIT Fund - listed		1,000,489	-	514,493	1,514,982	-	-	-	-
Foreign Securities									
- Equity securities - Listed	8.5.4.3	265,427	-	(8,246)	257,181	-	-	-	-
- Preference shares - Unlisted	8.5.4.3	557,108	-	-	557,108	-	-	-	-
		13,376,895	-	6,746,862	20,123,757	-	-	-	-
Classified / measured at FVPL									
Shares									
- Ordinary shares / units - Listed		2,451,629	-	1,133,300	3,584,929	-	-	-	-
Associates (valued under equity method):									
- Alfalah Insurance Company Limited	8.1.1	991,493	-	-	991,493	756,867	-	-	756,867
- Sapphire Wind Power Company Limited	8.1.1	4,945,252	-	-	4,945,252	4,567,293	-	-	4,567,293
- Alfalah Asset Management Limited	8.1.1	988,992	-	-	988,992	728,312	-	-	728,312
		6,925,737	-	-	6,925,737	6,052,472	-	-	6,052,472
Held for trading securities:									
Federal Government Securities									
- Market Treasury Bills	8.8	-	-	-	-	158,519,893	-	(283,083)	158,236,810
- Pakistan Investment Bonds	8.8	-	-	-	-	116,583,496	-	(74,689)	116,508,807
- Ijarah Sukuk	8.8	-	-	-	-	4,661,665	-	(15,205)	4,646,460
Shares									
- Ordinary shares / units - Listed		-	-	-	-	244,208	-	3,826	248,034
Foreign Securities									
- Overseas Bonds - Sovereign		-	-	-	-	51,626	-	(4,921)	46,705
		-	-	-	-	280,060,888	-	(374,072)	279,686,816
Balance carried forward		1,964,673,027	(2,545,274)	34,054,508	1,996,182,261	286,113,360	-	(374,072)	285,739,288

	Note	2024				2023			
		Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value
		----------(Rupees in '000)----------							
Balance brought forward		1,964,673,027	(2,545,274)	34,054,508	1,996,182,261	286,113,360	-	(374,072)	285,739,288
Available for sale securities:									
Federal Government Securities									
- Market Treasury Bills	8.8	-	-	-	-	332,007,074	-	(823,401)	331,183,673
- Pakistan Investment Bonds	8.8	-	-	-	-	951,035,850	-	(2,440,787)	948,595,063
- Ijarah Sukuk	8.8	-	-	-	-	225,217,164	-	1,706,526	226,923,690
- Government of Pakistan Euro Bonds		-	-	-	-	14,715,017	(2,355,129)	(1,339,847)	11,020,041
- Naya Pakistan Certificates		-	-	-	-	5,687,184	-	-	5,687,184
Shares									
- Ordinary shares - Listed	8.5.2.1	-	-	-	-	3,500,848	(59,818)	594,515	4,035,545
- Ordinary shares - Unlisted	8.5.2.2	-	-	-	-	1,211,363	(88,038)	-	1,123,325
- Preference Shares - Listed	8.5.2.1	-	-	-	-	108,835	(108,835)	-	-
- Preference Shares - Unlisted	8.5.2.2	-	-	-	-	25,000	(25,000)	-	-
Non Government Debt Securities									
- Term Finance Certificates		-	-	-	-	3,169,109	(221,322)	-	2,947,787
- Sukuk		-	-	-	-	16,452,185	(96,511)	66,970	16,422,644
REIT Fund - Unlisted		-	-	-	-	1,000,000	-	-	1,000,000
Foreign Securities									
- Overseas Bonds - Sovereign	8.5.4.1	-	-	-	-	44,686,242	(108,774)	(1,448,004)	43,129,464
- Overseas Bonds - Others	8.5.4.2	-	-	-	-	24,656,200	(7,551)	(1,615,830)	23,032,819
- Redeemable Participating Certificates	8.5.4.2	-	-	-	-	5,514,371	-	-	5,514,371
- Equity security - Listed	8.5.4.3	-	-	-	-	275,698	-	8,898	284,596
		-	-	-	-	1,629,262,140	(3,070,978)	(5,290,960)	1,620,900,202
Held to maturity securities:									
Federal Government Securities									
- Pakistan Investment Bonds	8.8	-	-	-	-	111,987,852	-	-	111,987,852
- Ijarah Sukuk	8.8	-	-	-	-	27,754,444	-	-	27,754,444
Non Government Debt Securities									
- Term Finance Certificates		-	-	-	-	814,680	(214,680)	-	600,000
- Sukuk		-	-	-	-	3,339,720	(69,517)	-	3,270,203
Foreign Securities									
- Overseas Bonds - Sovereign		-	-	-	-	21,905,016	(238)	-	21,904,778
		-	-	-	-	165,801,712	(284,435)	-	165,517,277
Total investments		1,964,673,027	(2,545,274)	34,054,508	1,996,182,261	2,081,177,212	(3,355,413)	(5,665,032)	2,072,156,767

8.1.1 Movement in values of investments accounted under equity method of accounting

The details of investments accounted under equity method of accounting is as follows.

	2024				
	Investment as at January 01	Share of profit	Share of other comprehen-sive income	Dividend received during the year	Balance as at December 31
	(Rupees in '000)				
Alfalah Insurance Company Limited	756,867	204,244	75,375	(44,993)	991,493
Sapphire Wind Power Company Limited	4,567,293	767,959	-	(390,000)	4,945,252
Alfalah Asset Management Limited	728,312	260,680	-	-	988,992
	6,052,472	1,232,883	75,375	(434,993)	6,925,737

	2023				
	Investment as at January 01	Share of profit	Share of other comprehen-sive income	Dividend received during the year	Balance as at December 31
	(Rupees in '000)				
Alfalah Insurance Company Limited	601,034	159,505	26,323	(29,995)	756,867
Sapphire Wind Power Company Limited	3,436,726	1,399,067	-	(268,500)	4,567,293
Alfalah Asset Management Limited	596,311	132,001	-	-	728,312
	4,634,071	1,690,573	26,323	(298,495)	6,052,472

8.1.2 Particulars of assets and liabilities of associates

				2024				
	Country of incorporation	Percentage of holding	Audited / Un-audited	Assets	Liabilities	Revenue	Profit for the year	Total comprehensive income / (loss)
				(Rupees in '000)				
Alfalah Insurance Company Limited	Pakistan	30.00%	Audited	7,622,491	4,327,101	2,847,132	680,814	932,065
Sapphire Wind Power Company Limited	Pakistan	30.00%	Un-audited	19,530,002	3,853,062	5,263,562	2,559,864	2,559,864
Alfalah Asset Management Limited	Pakistan	40.22%	Un-audited	3,473,064	1,014,104	2,477,239	653,210	653,210

				2023				
	Country of incorporation	Percentage of holding	Audited / Un-audited	Assets	Liabilities	Revenue	Profit for the year	Total comprehensive income / (loss)
				(Rupees in '000)				
Alfalah Insurance Company Limited	Pakistan	30.00%	Un-audited	7,402,766	4,889,441	2,356,169	531,684	619,427
Sapphire Wind Power Company Limited	Pakistan	30.00%	Un-audited	20,656,087	6,239,010	7,557,832	4,663,556	4,663,556
Alfalah Asset Management Limited	Pakistan	40.22%	Un-audited	2,366,955	556,130	957,906	330,820	330,820

8.2 Investments by segments:

	2024				2023			
	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value
	----------(Rupees in '000)----------							
Federal Government Securities:								
- Market Treasury Bills	96,210,897	-	424,163	96,635,060	490,526,967	-	(1,106,484)	489,420,483
- Pakistan Investment Bonds	1,412,008,725	-	14,999,923	1,427,008,648	1,179,607,198	-	(2,515,476)	1,177,091,722
- Government of Pakistan Euro Bonds	12,368,725	(2,145,627)	922,305	11,145,403	14,715,017	(2,355,129)	(1,339,847)	11,020,041
- Ijarah Sukuk	283,805,998	-	9,240,102	293,046,100	257,633,273	-	1,691,321	259,324,594
- Naya Pakistan Certificates	2,651,621	-	-	2,651,621	5,687,184	-	-	5,687,184
	1,807,045,966	(2,145,627)	25,586,493	1,830,486,832	1,948,169,639	(2,355,129)	(3,270,486)	1,942,544,024
Shares:								
- Listed Companies	12,654,137	-	5,902,090	18,556,227	3,853,891	(168,653)	598,341	4,283,579
- Unlisted Companies	1,376,363	(25,000)	1,971,825	3,323,188	1,236,363	(113,038)	-	1,123,325
	14,030,500	(25,000)	7,873,915	21,879,415	5,090,254	(281,691)	598,341	5,406,904
Mutual Fund / REIT Fund:								
- Listed Company	1,000,489	-	514,493	1,514,982	-	-	-	-
- Unlisted Company	-	-	-	-	1,000,000	-	-	1,000,000
	1,000,489	-	514,493	1,514,982	1,000,000	-	-	1,000,000
Non Government Debt Securities								
- Listed	14,859,519	(1,785)	133,817	14,991,551	15,635,380	(101,705)	56,926	15,590,601
- Unlisted	8,507,415	(287,607)	6,873	8,226,681	8,140,314	(500,325)	10,044	7,650,033
	23,366,934	(289,392)	140,690	23,218,232	23,775,694	(602,030)	66,970	23,240,634
Foreign Securities								
- Government securities	79,336,769	(77,750)	(1,424,763)	77,834,256	66,642,884	(109,012)	(1,452,925)	65,080,947
- Non Government Debt securities	32,144,097	(7,505)	1,371,926	33,508,518	30,170,571	(7,551)	(1,615,830)	28,547,190
- Equity security - Listed	265,427	-	(8,246)	257,181	275,698	-	8,898	284,596
- Preference shares - Unlisted	557,108	-	-	557,108	-	-	-	-
	112,303,401	(85,255)	(61,083)	112,157,063	97,089,153	(116,563)	(3,059,857)	93,912,733
Associates (valued under equity method)								
- Alfalah Insurance Company Limited	991,493	-	-	991,493	756,867	-	-	756,867
- Sapphire Wind Power Company Limited	4,945,252	-	-	4,945,252	4,567,293	-	-	4,567,293
- Alfalah Asset Management Limited	988,992	-	-	988,992	728,312	-	-	728,312
	6,925,737	-	-	6,925,737	6,052,472	-	-	6,052,472
Total investments	1,964,673,027	(2,545,274)	34,054,508	1,996,182,261	2,081,177,212	(3,355,413)	(5,665,032)	2,072,156,767

8.2.1 Investments given as collateral

	2024	2023
	---------(Rupees in '000)-----	
- Market Treasury Bills	18,948,162	160,501,809
- Pakistan Investment Bonds	952,096,877	575,983,500
- Overseas Bonds	8,759,125	15,037,219
	979,804,164	751,522,528

The market value of securities given as collateral is Rs. 993,194.012 million (2023: Rs. 739,217.237 million).

8.3 Credit loss allowance / provision for diminution in value of total investments

Opening balance	3,355,413	3,751,761
Impact of adoption of IFRS 9	(437,729)	-
Balance as at January 01 after adopting IFRS 9	2,917,684	3,751,761
Exchange and other adjustments	(29,753)	576,126
Charge / (reversals)		
Charge for the year	236,742	318,681
Reversals for the year	(578,980)	(363,351)
Reversal on disposals	(419)	(927,804)
	(342,657)	(972,474)
Closing balance	2,545,274	3,355,413

8.4 Particulars of credit loss allowance

	2024					2023 *			
	Stage 1	Stage 2	Stage 3	Outstanding	Total	Stage 1	Stage 2	Outstanding	Total
	(Rupees in '000)								
8.4.1 Investments - exposure (note 8.4.3.1)									
Gross carrying amount	70,747,537	14,715,017	-	21,235,786	106,698,340	53,300,159	11,917,603	10,835,633	76,053,395
Impact of adoption of IFRS 9	338,500	-	445,945	(735,865)	48,580	-	-	-	-
Balance as at January 01 after adopting IFRS 9	71,086,037	14,715,017	445,945	20,499,921	106,746,920	53,300,159	11,917,603	10,835,633	76,053,395
Exchange and other adjustments	(2,220,039)	(1,952,879)	-	(1,893,381)	(6,066,299)	9,749,952	2,859,031	1,713,928	14,322,911
New investments	36,415,879	770,955	-	5,400,792	42,587,626	23,458,224	-	10,929,231	34,387,455
Investments derecognised or repaid	(26,194,084)	(2,076,025)	(131,638)	(9,796,180)	(38,197,927)	(15,845,240)	(61,856)	(2,243,006)	(18,150,102)
Others	31,198	911,657	-	-	942,855	84,442	239	-	84,681
	10,252,993	(393,413)	(131,638)	(4,395,388)	5,332,554	7,697,426	(61,617)	8,686,225	16,322,034
Closing balance	79,118,991	12,368,725	314,307	14,211,152	106,013,175	70,747,537	14,715,017	21,235,786	106,698,340

	2024					2023			
	Stage 1	Stage 2	Stage 3	Specific	Total	Stage 1	Stage 2	Specific	Total
	(Rupees in '000)								
8.4.2 Credit loss allowance / provision against debt securities									
Opening balance	116,563	2,355,129	-	735,865	3,207,557	75,316	2,012,101	746,966	2,834,383
Impact of adoption of IFRS 9	47	-	445,945	(735,865)	(289,873)	-	-	-	-
Balance as at January 01 after adopting IFRS 9	116,610	2,355,129	445,945	-	2,917,684	75,316	2,012,101	746,966	2,834,383
Exchange and other adjustments	(1,643)	(28,110)	-	-	(29,753)	25,993	550,133	-	576,126
New investments	5,550	264,129	-	-	269,679	2,450	-	190,000	192,450
Investments derecognised or repaid	(38,767)	(134,427)	(131,638)	-	(304,832)	(25,554)	-	(201,101)	(226,655)
Changes in risk parameters	3,590	(311,094)	-	-	(307,504)	38,358	(207,105)	-	(168,747)
	(29,627)	(181,392)	(131,638)	-	(342,657)	15,254	(207,105)	(11,101)	(202,952)
Closing balance	85,340	2,145,627	314,307	-	2,545,274	116,563	2,355,129	735,865	3,207,557

* Prior year figures in stage 1 and stage 2 represents overseas branches of the Holding Company.

8.4.3 Particulars of credit loss allowance / provision against debt securities

Category of classification		2024 Outstanding amount	2024 Credit loss allowance / Provision held	2023 Outstanding amount	2023 Credit loss allowance / Provision held
		(Rupees in '000)			
Domestic					
Performing	Stage 1	806,250	85	-	-
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		314,307	314,307	735,865	735,865
		1,120,557	314,392	735,865	735,865
Overseas					
Performing	Stage 1	78,312,741	85,255	70,747,537	116,563
Performing		14,211,152	-	20,499,921	-
Underperforming	Stage 2	12,368,725	2,145,627	14,715,017	2,355,129
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
Total		106,013,175	2,545,274	106,698,340	3,207,557

8.4.3.1 The debt securities amounting to Rs. 1,532,175.446 million and Rs. 20,399.377 million pertain to Government securities and Government guaranteed exposure respectively and these exposures are exempted for the calculation of ECL by the SBP.

8.5 Quality of fair value through other comprehensive income securities (FVOCI) and available for sale securities (AFS)

Details regarding quality of securities held under "held to collect and sell" model are as follows:

	Note	2024	2023
		Cost	
		FVOCI	AFS
8.5.1 Federal Government Securities - Government guaranteed		(Rupees in '000)	
Market Treasury Bills		22,155,073	332,007,074
Pakistan Investment Bonds		1,009,681,395	951,035,850
Ijarah Sukuk		241,695,919	225,217,164
Government of Pakistan Euro Bonds		12,368,725	14,715,017
Naya Pakistan Certificates		-	5,687,184
		1,285,901,112	1,528,662,289
8.5.2 Shares			
8.5.2.1 Listed Companies			
Ordinary Shares			
Sectors:			
Cement		202,892	10,286
Chemicals		17,909	17,909
Commercial Banks		3,216,739	587,817
Fertilizer		4,396,788	975,552
Investment Banks		15,000	15,000
Oil and Gas Exploration Companies		1,301,800	738,545
Oil and Gas Marketing Companies		160,059	197,065
Pharmaceuticals		25,608	51,216
Power Generation & Distribution		865,713	374,524
Technology and Communication		-	477,258
Textile Composite		-	55,676
		10,202,508	3,500,848
Preference Shares			
Sectors:			
Chemical		-	108,835
		10,202,508	3,609,683

8.5.2.2 Unlisted Companies

	Break up value as at	2024 FVOCI Cost	2024 FVOCI Breakup value	2023 AFS Cost	2023 AFS Breakup value
		(Rupees in '000)			
Ordinary Shares					
Al-Hamara Avenue (Private) Limited *	June 30, 2010	50,000	47,600	50,000	47,600
Pakistan Export Finance Guarantee Agency Limited *	June 30, 2010	5,725	286	5,725	286
Pakistan Mortgage Refinance Company Limited	Dec 31, 2023	300,000	788,577	300,000	630,871
Pakistan Corporate Restructuring Company Limited *	Dec 31, 2023	32,313	20,484	32,313	19,452
Society for worldwide Interbank Financial Telecommunication	Dec 31, 2023	4,095	49,173	4,095	35,170
TriconBoston Consulting Corporation (Private) Limited	June 30, 2024	769,230	3,218,745	769,230	2,621,567
1 Link (Private) Limited	Dec 31, 2023	50,000	1,182,173	50,000	733,214
Qistbazar (Private) Limited **		140,000	-	-	-
		1,351,363	5,307,038	1,211,363	4,088,160
Preference Shares					
Trust Investment Bank Limited *	Dec 31, 2017	25,000	27,784	25,000	27,784
		1,376,363	5,334,822	1,236,363	4,115,944

* These investments were fully provided last year.
** Financial statements not available.

	2024 Cost FVOCI	2023 Cost AFS
	(Rupees in '000)	
8.5.3 Non Government Debt Securities		
8.5.3.1 Listed		
Categorised based on long term rating by Credit Rating Agencies:		
- AA+, AA, AA-	-	550,000
- A+, A, A-	-	100,000
- Unrated	14,859,519	14,985,380
	14,859,519	15,635,380
8.5.3.2 Unlisted		
Categorised based on long term rating by Credit Rating Agency:		
- AAA	2,594,652	2,809,286
- AA+, AA, AA-	-	760,500
- A+, A, A-	-	200,000
- Unrated	206,471	216,128
	2,801,123	3,985,914
Total Non Government Debt Securities	17,660,642	19,621,294

8.5.4 Foreign Securities

	2024 FVOCI Cost	2024 FVOCI Rating	2023 AFS Cost	2023 AFS Rating
8.5.4.1 Government Securities	Rupees in '000		Rupees in '000	
United States of America	1,343,121	AA+u	5,430,509	AAA
Republic of Korea	1,377,417	AA	1,391,221	AA
United Arab Emirates	28,339,647	AA-	18,029,184	AA
Dubai	1,949,858	Unrated	1,973,025	Unrated
Abu Dhabi	1,953,348	AA	1,975,422	AA
Italy	1,092,899	Baa3u	1,658,906	Baa3u
Republic of Kazakhstan	579,944	BBB-	623,272	BBB-
Sharjah	3,438,277	BBB-	2,847,969	BBB-
Kingdom of Saudi Arabia	3,321,276	A+	2,800,160	A1
Republic Of Chile	29,190	A-	30,988	A-
Area Republic of Egypt	557,108	B-	563,721	B-
Republic of Philippines	1,414,700	BBB+	1,185,942	Baa2
Indonesia	1,671,300	Baa2	1,691,164	Baa2
Republic of South Africa	1,395,149	Ba2	1,412,667	Ba2
Sultanate of Oman	2,228,344	Ba1	2,256,559	Ba1
Republic Of Turkiye	-	-	815,533	B3
	50,691,578		44,686,242	

8.5.4.2 Non Government Debt Securities - Overseas securities

	2024	2023
Unlisted	**FVOCI**	**AFS**
Categorised based on long term rating by Credit Rating Agency	**-------(Rupees in '000)-------**	
- AA+, AA, AA-	1,671,043	281,498
- A+, A, A-	16,232,466	11,439,850
- BBB+, BBB, BBB-	3,612,069	2,818,083
- Baa1, B-	-	3,381,261
- A3	4,715,426	6,735,508
- Unrated	-	5,514,371
	26,231,004	30,170,571

8.5.4.3 Equity securities

Ordinary Shares - Listed		
Al Ansari Financial Services PJSC	265,427	268,600
Dubai Taxi Company	-	7,098
	265,427	275,698
Preference Shares - Unlisted		
Acamas Ventures Holding Limited	557,108	-
	822,535	275,698

8.6 Particulars relating to securities classified Under Amortised Cost (AC) and Held to Maturity (HTM) securities are as follows:

Details regarding quality of securities held under "held to collect" model are as follows:

		2024	2023
		AC	**HTM**
8.6.1	**Federal Government Securities - Government guaranteed**	**-------(Rupees in '000)-------**	
	- Pakistan Investment Bonds	218,414,195	111,987,852
	- Ijarah Sukuk	40,376,451	27,754,444
		258,790,646	139,742,296

8.6.2 Non Government Debt Securities

Unlisted		
Categorised based on long term rating by Credit Rating Agency		
- AAA	2,946,991	2,638,953
- AA+, AA, AA-	-	500,000
- A+, A, A-	656,250	731,250
- BB+, BB, BB-	-	190,000
- Unrated	231,051	94,197
	3,834,292	4,154,400

8.6.3 Foreign Securities

	2024		2023	
8.6.3.1 Government Securities	**AC**		**HTM**	
	Cost	**Rating**	**Cost**	**Rating**
	Rupees in '000		**Rupees in '000**	
People's Republic of Bangladesh	14,211,153	BB-	20,499,921	BB-
State of Qatar	1,390,158	AA	1,405,095	AA-
	15,601,311		21,905,016	

8.7 The market value of securities classified as amortised cost as at December 31, 2024 amounted to Rs. 279,284.570 million (held-to-maturity as at December 31, 2023: Rs. 154,796.433 million).

8.8 Investments include securities amounting to Rs. 1,816,540.939 million (2023: Rs. 1,925,836.799 million) which are held by the Holding Company to comply with the statutory liquidity requirements as set out under Section 29 of the Banking Companies Ordinance, 1962.

9 ADVANCES

	Note	Performing		Non Performing		Total	
		2024	2023	2024	2023	2024	2023
		(Rupees in '000)					
Classified at amortised cost							
Loans, cash credits, running finances, etc.	9.1 & 9.2	929,992,948	565,261,986	36,406,677	32,595,861	966,399,625	597,857,847
Islamic financing and related assets	9.3	166,361,932	162,102,341	5,688,223	4,872,026	172,050,155	166,974,367
Bills discounted and purchased		16,129,793	12,300,229	269,602	166,121	16,399,395	12,466,350
Advances - gross		1,112,484,673	739,664,556	42,364,502	37,634,008	1,154,849,175	777,298,564
Classified at FVPL							
Loans, cash credits, running finances, etc.		1,200,000	-	-	-	1,200,000	-
Fair value adjustment on loans - FVPL		213,735	-	-	-	213,735	-
		1,413,735	-	-	-	1,413,735	-
Advances - gross		1,113,898,408	739,664,556	42,364,502	37,634,008	1,156,262,910	777,298,564
Credit loss allowance / provision against advances							
- Stage 1		(2,232,954)	(25,670)	-	-	(2,232,954)	(25,670)
- Stage 2		(1,388,083)	-	-	-	(1,388,083)	-
- Stage 3		-	-	(38,440,559)	-	(38,440,559)	-
- Specific	9.8	-	-	(587,690)	(32,374,940)	(587,690)	(32,374,940)
- General	9.8	(4,237,082)	(9,836,127)	-	-	(4,237,082)	(9,836,127)
		(7,858,119)	(9,861,797)	(39,028,249)	(32,374,940)	(46,886,368)	(42,236,737)
Advances - net of credit loss allowance /provision		1,106,040,289	729,802,759	3,336,253	5,259,068	1,109,376,542	735,061,827

9.1 This includes net investment in right-of-use assets / finance lease as disclosed below:

	2024				2023			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	(Rupees in '000)							
Lease rentals receivable	213,345	2,487,541	48,895	2,749,781	285,220	2,834,942	99,839	3,220,001
Residual value	245,951	896,321	9,659	1,151,931	360,470	912,204	24,875	1,297,549
Minimum lease payments	459,296	3,383,862	58,554	3,901,712	645,690	3,747,146	124,714	4,517,550
Financial charges for future periods	(10,163)	(428,095)	(12,139)	(450,397)	(24,699)	(613,552)	(15,681)	(653,932)
Present value of minimum lease payments	449,133	2,955,767	46,415	3,451,315	620,991	3,133,594	109,033	3,863,618

9.2 Advances include an amount of Rs. 401.503 million (2023: Rs. 362.630 million), being Employee Loan facilities allowed to Citibank, N.A, Pakistan's employees, which were either taken over by the Holding Company, or were granted afresh, under a specific arrangement executed between the Holding Company and Citibank, N.A, Pakistan. The said arrangement is subject to certain relaxations as specified vide SBP Letter BPRD/BRD/Citi/2017/21089 dated September 11, 2017.

The said arrangement covers only existing employees of Citibank, N.A, Pakistan, and the relaxations allowed by the SBP are on continual basis, but subject to review by the SBP's BID and OSED departments. These loans carry mark-up at the rates ranging from 14.83% to 33.69% (2023: 17.99% to 41.28%) per annum with maturities up to October 2043 (2023: October 2043).

9.3 These represent financing and related assets placed under shariah permissible modes and presented in Annexure-II.

9.4 Particulars of advances (gross)

	2024	2023
	(Rupees in '000)	
In local currency	1,038,688,031	700,788,290
In foreign currencies	117,574,879	76,510,274
	1,156,262,910	777,298,564

9.5 Advances to Women, Women-owned and Managed Enterprises

Women	11,128,285	9,210,497
Women Owned and Managed Enterprises	65,061,468	56,243,067
	76,189,753	65,453,564

9.5.1 Gross loans disbursed to women, women-owned and managed enterprises during the year amounted to Rs. 288,294.165 million (2023: Rs. 299,812.376 million).

9.6 Advances - Credit loss allowance / provision against advances

9.6.1 Advances - Exposure

	2024						2023		
	Stage 1	Stage 2	Stage 3	Outstanding	General	Total	Outstanding (Pre IFRS-9)	Stage 1	Total
	(Rupees in '000)								
Opening balance	4,396,686	-	-	772,901,878	-	777,298,564	765,551,913	153,187	765,705,100
Impact of adoption of IFRS 9	592,407,100	70,489,631	36,965,768	(732,099,528)	-	(32,237,029)	-	-	-
Balance as at January 01 after adopting IFRS 9	596,803,786	70,489,631	36,965,768	40,802,350	-	745,061,535	765,551,913	153,187	765,705,100
Exchange and other adjustments	(51,934)	-	-	(3,768,522)	-	(3,820,456)	6,388,830	37,498	6,426,328
New Advances	602,319,709	39,826,792	5,749,393	1,664,460	-	649,560,354	148,482,532	4,206,001	152,688,533
Advances derecognised or repaid	(200,364,975)	(23,291,617)	(6,806,816)	(1,619,026)	-	(232,082,434)	(145,788,421)	-	(145,788,421)
Transfer to stage 1	3,811,311	(3,811,311)	-	-	-	-	-	-	-
Transfer to stage 2	(32,997,011)	32,997,011	-	-	-	-	-	-	-
Transfer to stage 3	(4,372,020)	(3,884,781)	8,256,801	-	-	-	-	-	-
	368,397,014	41,836,094	7,199,378	45,434	-	417,477,920	2,694,111	4,206,001	6,900,112
Amounts written off	-	-	(19,688)	-	-	(19,688)	(748,813)	-	(748,813)
Amounts charged off	-	-	(2,310,924)	-	-	(2,310,924)	(984,163)	-	(984,163)
Amounts charged off - agriculture financing	-	-	(125,477)	-	-	(125,477)	-	-	-
Closing balance	965,148,866	112,325,725	41,709,057	37,079,262	-	1,156,262,910	772,901,878	4,396,686	777,298,564

9.6.2 Advances - Credit loss allowance / provision against advances

	2024						2023		
	Expected Credit Loss			Specific	General	Total	Specific	General / expected credit loss	Total
	Stage 1	Stage 2	Stage 3						
	(Rupees in '000)								
Opening balance	-	-	-	32,374,940	9,861,797	42,236,737	25,397,878	7,921,407	33,319,285
Impact of adoption of IFRS 9	3,383,875	1,941,645	33,605,109	(31,884,624)	(1,715,503)	5,330,502	-	-	-
Balance as at January 01 after adopting IFRS 9	3,383,875	1,941,645	33,605,109	490,316	8,146,294	47,567,239	25,397,878	7,921,407	33,319,285
Exchange and other adjustments	(249)	-	-	(49,929)	(35,775)	(85,953)	83,703	57,723	141,426
New Advances	589,912	228,688	10,739,861	55,479	-	11,613,940	12,130,032	1,882,667	14,012,699
Due to credit deterioration	-	-	3,472,716	92,815	-	3,565,531	-	-	-
Advances derecognised or repaid / reversal	(1,348,975)	(337,218)	(6,805,825)	(991)	(3,873,437)	(12,366,446)	(3,503,697)	-	(3,503,697)
Transfer to stage 1	209,329	(209,329)	-	-	-	-	-	-	-
Transfer to stage 2	(342,027)	342,027	-	-	-	-	-	-	-
Transfer to stage 3	(31,165)	(234,816)	265,981	-	-	-	-	-	-
Changes in risk parameters	(227,746)	(342,914)	(381,194)	-	-	(951,854)	-	-	-
	(1,150,672)	(553,562)	7,291,539	147,303	(3,873,437)	1,861,171	8,626,335	1,882,667	10,509,002
Amounts written off	-	-	(19,688)	-	-	(19,688)	(748,813)	-	(748,813)
Amounts charged off	-	-	(2,436,401)	-	-	(2,436,401)	(984,163)	-	(984,163)
Closing balance	2,232,954	1,388,083	38,440,559	587,690	4,237,082	46,886,368	32,374,940	9,861,797	42,236,737

9.6.3 Advances - Credit loss allowance / provision details Internal / External rating / stage classification

	2024						2023		
	Expected Credit Loss			Outstanding / Specific	General	Total	Outstanding (Pre IFRS-9)	General / expected	Total
	Stage 1	Stage 2	Stage 3						
	(Rupees in '000)								
Outstanding gross exposure									
Performing - Stage 1									
ORR 1 to 9	837,822,675	-	-	-	-	837,822,675	-	-	-
Others	127,326,191	-	-	-	-	127,326,191	-	-	-
Under Performing - Stage 2									
ORR 1 to 9	-	110,503,850	-	-	-	110,503,850	-	-	-
Others	-	1,821,875	4,545	36,423,817	-	38,250,237	739,664,555	-	739,664,555
Non-performing - Stage 3									
OAEM	-	-	237,808	-	-	237,808	186,364	-	186,364
Substandard	-	-	2,991,264	38,700	-	3,029,964	1,843,081	-	1,843,081
Doubtful	-	-	2,311,039	-	-	2,311,039	6,694,041	-	6,694,041
Loss	-	-	36,164,401	616,745	-	36,781,146	28,910,523	-	28,910,523
	-	-	41,704,512	655,445	-	42,359,957	37,634,009	-	37,634,009
Total	965,148,866	112,325,725	41,709,057	37,079,262	-	1,156,262,910	777,298,564	-	777,298,564
Corresponding ECL									
Stage 1 and stage 2	(2,232,954)	(1,388,083)	-	-	(4,237,082)	(7,858,119)	(9,836,127)	(25,670)	(9,861,797)
Stage 3	-	-	(38,440,559)	(587,690)	-	(39,028,249)	(32,374,940)	-	(32,374,940)
	962,915,912	110,937,642	3,268,498	36,491,572	(4,237,082)	1,109,376,542	735,087,497	(25,670)	735,061,827

9.7 Advances include Rs. 42,364.502 million (2023: Rs. 37,634.008 million) which have been placed under non-performing status as detailed below:

Category of classification in Stage 3	2024		2023	
	Non-Performing Loans	Credit loss allowance /provision	Non-Performing Loans	Credit loss allowance /provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned (OAEM)	237,808	-	186,364	3,568
Substandard	2,991,264	1,260,906	1,800,068	444,281
Doubtful	2,311,039	1,103,457	6,694,041	3,293,830
Loss	36,168,946	36,076,196	28,285,295	28,142,944
	41,709,057	38,440,559	36,965,768	31,884,623
Overseas				
Substandard	38,700	23,355	43,013	25,688
Doubtful	-	-	-	-
Loss	616,745	564,335	625,227	464,629
	655,445	587,690	668,240	490,317
Total	42,364,502	39,028,249	37,634,008	32,374,940

9.8 Particulars of credit loss allowance / provision against advances

	2024						2023		
	Expected Credit Loss			Specific	General	Total	Specific	General / expected credit loss	Total
	Stage 1	Stage 2	Stage 3						
	(Rupees in '000)								
Opening balance	-	-	-	32,374,940	9,861,797	42,236,737	25,397,878	7,921,407	33,319,285
Impact of adoption of IFRS 9	3,383,875	1,941,645	33,605,109	(31,884,624)	(1,715,503)	5,330,502	-	-	-
Balance as at January 01 after adopting IFRS 9	3,383,875	1,941,645	33,605,109	490,316	8,146,294	47,567,239	25,397,878	7,921,407	33,319,285
Exchange and other adjustments	(249)	-	-	(49,929)	(35,775)	(85,953)	83,703	57,723	141,426
Charge for the year	589,912	228,688	14,212,577	148,294	-	15,179,471	12,130,032	1,882,667	14,012,699
Reversals	(1,576,721)	(680,132)	(7,187,019)	(991)	(3,873,437)	(13,318,300)	(3,503,697)	-	(3,503,697)
	(986,809)	(451,444)	7,025,558	147,303	(3,873,437)	1,861,171	8,626,335	1,882,667	10,509,002
Transfer	(163,863)	(102,118)	265,981	-	-	-	-	-	-
Amounts written off	-	-	(19,688)	-	-	(19,688)	(748,813)	-	(748,813)
Amounts charged off	-	-	(2,310,924)	-	-	(2,310,924)	(984,163)	-	(984,163)
Amounts charged off - agriculture financing	-	-	(125,477)	-	-	(125,477)	-	-	-
Closing balance	2,232,954	1,388,083	38,440,559	587,690	4,237,082	46,886,368	32,374,940	9,861,797	42,236,737

9.8.1 Particulars of credit loss allowance / provision against advances

	2024			2023		
	Stage 1 & 2 / General	Stage 3 / Specific	Total	General	Specific	Total
	(Rupees in '000)					
In local currency	7,368,037	38,440,559	45,808,596	9,437,833	30,288,286	39,726,119
In foreign currencies	490,082	587,690	1,077,772	423,964	2,086,654	2,510,618
	7,858,119	39,028,249	46,886,368	9,861,797	32,374,940	42,236,737

9.8.2 Particulars of charged-off loans/ advances / finances

	2024		2023	
	No of borrowers	Rupees in '000	No of borrowers	Rupees in '000
Corporate, Commercial and SME				
Opening balance of charged-off	44	2,267,137	53	2,753,581
Charge-off during the year	145	1,331,003	-	-
Sub total	189	3,598,140	53	2,753,581
Recoveries made during the year against already charged-off cases	(2)	(247,585)	(9)	(486,444)
Amount written off from already charged off loans	-	-	-	-
Other movement	(1)	(368,080)	-	-
Closing balance of charged-offs	186	2,982,475	44	2,267,137

9.8.3 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax as at December 31, 2024 which is not available for distribution as either cash or stock dividend to shareholders / bonus to employees amounted to Rs. 79.607 million (2023: Rs. 86.021 million).

9.8.4 During the year, non performing loans and provisions were reduced by Rs. 5,317.765 million (2023: Rs. 231.391 million) due to debt property swap transactions.

9.8.5 Specific provision relates to overseas branches to meet the requirements of regulatory authorities of the respective countries in which the overseas branches operate.

9.8.6 General provision includes:

(i) Provision held at overseas branches to meet the requirements of the regulatory authorities of the respective countries in which overseas branches operate and where IFRS 9 is not applicable; and

(ii) Provision of Rs. 3,878.000 million (2023: Rs. 7,748.000 million) against the high risk portfolio, which is showing higher economic vulnerability. The portfolio excludes GoP backed exposure, staff loans and loans secured against liquid collaterals.

9.8.7 Although the Holding Company has made provision against its non-performing portfolio as per the category of classification of the loan, the Holding Company holds enforceable collateral in the event of recovery through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade etc.

		Note	2024	2023
9.9	**Particulars of Write Offs:**		------(Rupees in '000)------	
9.9.1	Against provisions	9.9.2	19,688	748,813
	Directly charged to the consolidated statement of profit and loss account		-	-
			19,688	748,813
9.9.2	Write Offs of Rs. 500,000 and above :			
	- Domestic	9.10	2,243	739,894
	- Overseas		-	-
	Write offs below Rs. 500,000		17,445	8,919
			19,688	748,813

9.10 Details of Loan Write Off of Rs. 500,000/- and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2024 is given as Annexure-I to these consolidated financial statements.

		Note	2024	2023
10	**PROPERTY AND EQUIPMENT**		-------(Rupees in '000)-------	
	Capital work-in-progress	10.1	3,473,754	3,525,139
	Property and equipment	10.2	60,200,095	38,328,952
			63,673,849	41,854,091
10.1	**Capital work-in-progress**			
	Civil works		3,190,303	2,454,986
	Equipment		252,122	999,120
	Others		31,329	71,033
			3,473,754	3,525,139

10.2 Property and equipment

	2024								
	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Lease hold improvement	Furniture and fixture	Office equipment	Vehicles	Total
	(Rupees in '000)								
At January 1, 2024									
Cost / revalued amount	10,645,215	5,770,417	3,248,703	5,164,912	10,294,025	2,863,928	23,598,946	510,450	62,096,596
Accumulated depreciation	-	-	(185,400)	(262,957)	(5,776,521)	(2,015,855)	(15,130,678)	(396,233)	(23,767,644)
Net book value	10,645,215	5,770,417	3,063,303	4,901,955	4,517,504	848,073	8,468,268	114,217	38,328,952
Year ended December 2024									
Opening net book value	10,645,215	5,770,417	3,063,303	4,901,955	4,517,504	848,073	8,468,268	114,217	38,328,952
Additions	1,291,657	5,610,174	662,379	456,936	3,367,750	867,413	6,377,219	666,523	19,300,051
Movement in surplus on assets revalued during the year	2,298,814	3,204,778	1,073,947	824,954	-	-	-	-	7,402,493
Deficit on revaluation recognised in the statement of profit and loss account - net	(4,500)	-	(7,560)	(9,410)	-	-	-	-	(21,470)
Disposals	(67,250)	-	-	-	(4,016)	(1,393)	(34,030)	(216)	(106,905)
Depreciation charge	-	-	(110,286)	(158,086)	(797,864)	(162,975)	(3,284,110)	(171,244)	(4,684,565)
Exchange rate adjustments	-	-	-	-	(3,358)	(498)	(3,020)	(138)	(7,014)
Other adjustments / transfers	-	-	869	123	(7,780)	6,177	(9,727)	(1,109)	(11,447)
Closing net book value	14,163,936	14,585,369	4,682,652	6,016,472	7,072,236	1,556,797	11,514,600	608,033	60,200,095
At December 31, 2024									
Cost / revalued amount	14,163,936	14,585,369	4,682,652	6,016,472	13,542,592	3,643,398	28,486,931	1,129,027	86,250,377
Accumulated depreciation	-	-	-	-	(6,470,356)	(2,086,601)	(16,972,331)	(520,994)	(26,050,282)
Net book value	14,163,936	14,585,369	4,682,652	6,016,472	7,072,236	1,556,797	11,514,600	608,033	60,200,095
Rate of depreciation (percentage)	-	-	2.5%	2.5%	10% - 20%	10% - 25%	12.5% - 50%	25%	

	2023								
	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Lease hold improvement	Furniture and fixture	Office equipment	Vehicles	Total
	(Rupees in '000)								
At January 1, 2023									
Cost / revalued amount	10,122,880	4,639,157	2,900,119	4,213,695	8,592,277	2,466,222	19,989,731	458,877	53,382,958
Accumulated depreciation	-	-	(89,192)	(125,464)	(5,094,286)	(1,955,256)	(13,645,643)	(340,513)	(21,250,354)
Net book value	10,122,880	4,639,157	2,810,927	4,088,231	3,497,991	510,966	6,344,088	118,364	32,132,604
Year ended December 2023									
Opening net book value	10,122,880	4,639,157	2,810,927	4,088,231	3,497,991	510,966	6,344,088	118,364	32,132,604
Additions	558,585	1,131,260	357,115	951,217	1,663,824	451,064	4,605,967	66,943	9,785,975
Disposals	(36,250)	-	(7,941)	-	(8,997)	(2,130)	(13,424)	(3,319)	(72,061)
Depreciation charge	-	-	(96,829)	(137,493)	(639,098)	(113,813)	(2,475,526)	(75,329)	(3,538,088)
Exchange rate adjustments	-	-	-	-	3,225	2,369	9,401	7,003	21,998
Other adjustments / transfers	-	-	31	-	559	(383)	(2,238)	555	(1,476)
Closing net book value	10,645,215	5,770,417	3,063,303	4,901,955	4,517,504	848,073	8,468,268	114,217	38,328,952
At December 31, 2023									
Cost / revalued amount	10,645,215	5,770,417	3,248,703	5,164,912	10,294,025	2,863,928	23,598,946	510,450	62,096,596
Accumulated depreciation	-	-	(185,400)	(262,957)	(5,776,521)	(2,015,855)	(15,130,678)	(396,233)	(23,767,644)
Net book value	10,645,215	5,770,417	3,063,303	4,901,955	4,517,504	848,073	8,468,268	114,217	38,328,952
Rate of depreciation (percentage)	-	-	2.5%	2.5%	10% - 20%	10% - 25%	12.5% - 50%	25%	

10.2.1 Land and buildings were revalued on December 31, 2024 on the basis of market values, determined by independent valuers M/s Akbani & Javed Associates, M/s Savills, M/s Harvester Service (Private) Limited, M/s Hamid Mukhtar & Co. (Private) Limited, M/s Creative Consultants & Construction, Joseph Lobo (Private) Limited and Paradigm Inspections (Private) Limited. Had there been no revaluation, the carrying amount of the revalued assets as at December 31, 2024 would have been Rs. 19,508.477 million (2023: Rs. 11,698.751 million).

	2024		2023	
	Net book value at cost	Net book value at revalued amount	Net book value at cost	Net book value at revalued amount
	----------(Rupees in '000)----------			
Freehold land	5,240,889	14,163,936	4,052,051	10,645,215
Leasehold land	8,373,485	14,585,369	2,763,311	5,770,417
Buildings on freehold land	2,983,814	4,682,652	2,326,268	3,063,303
Buildings on leasehold land	2,910,289	6,016,472	2,557,121	4,901,955
	19,508,477	39,448,429	11,698,751	24,380,890

		2024	2023
		-------(Rupees in '000)-------	
10.2.2	The cost of fully depreciated assets that are still in the Group's use are as follows:		
	Furniture and fixtures	1,690,688	1,656,036
	Office equipment	10,460,643	9,181,845
	Vehicles	311,855	237,418
	Leasehold improvements	4,329,492	3,866,870
		16,792,678	14,942,169

10.2.3 There are no restrictions or discrepancies on the property's title, and no mortgage is associated with it.

10.2.4 Disposal of property and equipments to related parties are disclosed in Annexure III to these consolidated financial statements.

11	RIGHT-OF-USE ASSETS	Note	2024	2023
			Buildings	Buildings
			-------(Rupees in '000)-------	
	At January 01			
	Cost / revalued amount		28,896,873	22,399,553
	Accumulated depreciation		(8,929,916)	(6,983,079)
	Net book value		19,966,957	15,416,474
	Year ended December			
	Opening net book value		19,966,957	15,416,474
	Additions / renewals / amendments / (terminations) - net		9,392,220	7,843,529
	Depreciation charge	32	(3,946,074)	(3,367,208)
	Exchange rate / other adjustments		(47,404)	74,162
	Closing net book value		25,365,699	19,966,957
	At December 31			
	Cost / revalued amount		36,730,369	28,896,873
	Accumulated depreciation		(11,364,670)	(8,929,916)
	Net book value		25,365,699	19,966,957
	Rate of depreciation (percentage)		5% - 100%	5% - 100%

12	INTANGIBLE ASSETS			
	Capital work-in-progress / advance payment to suppliers		398,802	439,291
	Software	12.1	1,154,088	934,853
	Membership card		6,000	6,000
	License fee		750	-
			1,559,640	1,380,144

	2024			
	Softwares	Membership card	License fee	Total
	----------(Rupees in '000)----------			
12.1 At January 01				
Cost	5,618,297	8,426	-	5,626,723
Accumulated amortisation and impairment	(4,683,444)	(2,426)	-	(4,685,870)
Net book value	934,853	6,000	-	940,853
Year ended December 31				
Opening net book value	934,853	6,000	-	940,853
Additions - directly purchased	595,846	-	1,000	596,846
Amortisation charge (note 32)	(376,281)	-	(250)	(376,531)
Exchange and other adjustments	(330)	-	-	(330)
Closing net book value	1,154,088	6,000	750	1,160,838
At December 31				
Cost	6,205,384	6,000	1,000	6,212,384
Accumulated amortisation and impairment	(5,051,296)	-	(250)	(5,051,546)
Net book value	1,154,088	6,000	750	1,160,838
Rate of amortisation (percentage)	20% - 25%	-	33%	
Useful life	4 - 5 years	-	4 years	

	2023			
	Softwares	Membership card	License fee	Total
	----------(Rupees in '000)----------			
At January 01				
Cost	5,185,382	8,426	-	5,193,808
Accumulated amortisation and impairment	(4,343,146)	(2,426)	-	(4,345,572)
Net book value	842,236	6,000	-	848,236
Year ended December 31				
Opening net book value	842,236	6,000	-	848,236
Additions - directly purchased	419,720	-	-	419,720
Amortisation charge (note 32)	(327,499)	-	-	(327,499)
Exchange and other adjustments	396	-	-	396
Closing net book value	934,853	6,000	-	940,853
At December 31				
Cost	5,618,297	8,426	-	5,626,723
Accumulated amortisation and impairment	(4,683,444)	(2,426)	-	(4,685,870)
Net book value	934,853	6,000	-	940,853
Rate of amortisation (percentage)	20% - 25%	-	-	
Useful life	4 - 5 years	-	-	

12.2 Included in cost of intangible assets (software) are fully amortised items still in use having cost of Rs. 4,212.285 million (2023: Rs. 3,754.226 million).

		Note	2024	2023
13	**OTHER ASSETS**		**-------(Rupees in '000)-------**	
	Income / mark-up accrued in local currency - net		82,073,211	81,667,129
	Income / mark-up accrued in foreign currency - net		2,724,193	2,402,118
	Advances, deposits, advance rent and other prepayments		4,619,209	8,989,267
	Advance taxation (payments less provisions)		3,729,029	-
	Advance against subscription of share		-	140,000
	Non-banking assets acquired in satisfaction of claims	13.1	7,830,251	1,684,771
	Dividend receivable		-	10,431
	Mark to market gain on forward foreign exchange contracts		1,288,538	2,606,750
	Mark to market gain on derivatives	25.2	3,128,782	4,175,322
	Stationery and stamps on hand		28,155	11,350
	Defined benefit plan	40.1.4	1,331,990	440,585
	Branch adjustment account		29,195	-
	Due from card issuing banks		2,817,994	4,829,866
	Accounts receivable		10,613,225	3,336,986
	Claims against fraud and forgeries	13.2	108,907	126,066
	Acceptances		33,015,615	24,618,660
	Receivable against Government of Pakistan and overseas government securities		44,928	2,925,206
	Receivable against marketable securities		1,935,323	2,787,773
	Deferred cost on staff loans	13.3	21,080,743	-
	Others		135,605	86,275
			176,534,893	140,838,555
	Less: Credit loss allowance / provision held against other assets	13.4	(4,709,539)	(4,619,037)
	Other assets (net of credit loss allowance / provision)		171,825,354	136,219,518
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	13.1 & 22.2	491,882	172,321
	Other assets - total		172,317,236	136,391,839

13.1 Market value of non-banking assets acquired in satisfaction of claims:

- Properties	8,304,691	1,844,619
- Shares	17,442	12,473
	8,322,133	1,857,092

The non-banking assets (properties) of the Holding Company have been revalued by independent professional valuers as at December 31, 2024. The revaluation was carried out by M/s. Harvestor Service (Private) Limited, M/s Joseph Lobo (Private) Limited on the basis of professional assessment of present market values which resulted in an increase in surplus by Rs. 337.561 million (2023: Rs. 26.708 million).

		Note	2024	2023
13.1.1	**Non-banking assets acquired in satisfaction of claims - gross of provision**		**-------(Rupees in '000)-------**	
	Opening balance		1,857,092	1,585,219
	Additions		6,414,100	245,960
	Disposals	13.1.2	(240,000)	-
	Revaluation (charged to OCI)		337,561	26,708
	Reversal of deficit on revaluation (charged to profit and loss account)	35	-	4,201
	Depreciation	32	(46,620)	(4,996)
	Closing balance		8,322,133	1,857,092

		Note	2024	2023
			-------(Rupees in '000)-------	
13.1.2	**Gain / loss on disposal of non-banking assets acquired in satisfaction of claims**			
	Disposal proceeds		267,800	-
	less			
	- Cost		240,000	-
	- Depreciation / impairment		-	-
			240,000	-
	Gain on disposal		27,800	-

13.2 This represents fraud and forgery amount receivable from the insurance company and other sources. Credit loss allowance has been held against non-recoverable amount.

13.3 This refers to notional deferred cost on subsidised staff loans fair valuation.

		Note	2024	2023
13.4	**Credit loss allowance / provision held against other assets**		-------(Rupees in '000)-------	
	Impairment against overseas operations	13.4.2	2,708,477	2,359,988
	Expected credit loss		181,325	46,807
	Fraud and forgeries		108,907	126,066
	Accounts receivable		1,310,843	1,702,567
	Others		399,987	383,609
			4,709,539	4,619,037

13.4.1 Movement in credit loss allowance / provision held against other assets

Opening balance		4,619,037	3,181,544
Impact of adoption of IFRS 9		370,152	-
Balance as at January 01 after adopting IFRS 9		4,989,189	3,181,544
Exchange and other adjustments		(2,777)	2,531
Charge for the year	13.4.2	531,375	1,519,024
Reversals for the year		(753,490)	(83,100)
		(222,115)	1,435,924
Amount written off		(54,758)	(962)
Closing balance		4,709,539	4,619,037

13.4.2 The Holding Company, in light of uncertain conditions in one of the countries where the Holding Company operates, holds an impairment of Rs. 2,708.477 million (2023: Rs. 2,359.988 million) against the cross border risk.

		2024	2023
14	**BILLS PAYABLE**	-------(Rupees in '000)-------	
	In Pakistan	41,462,676	24,750,227
	Outside Pakistan	305,650	1,254,311
		41,768,326	26,004,538

15 BORROWINGS	Note	2024	2023
		-------(Rupees in '000)-------	
Secured			
Borrowings from State Bank of Pakistan			
Export Refinance Scheme		26,867,803	43,281,491
Long-Term Finance Facility		20,278,409	24,595,991
Financing Facility for Renewable Energy Projects		13,762,263	11,891,156
Financing Facility for Storage of Agriculture Produce (FFSAP)		698,919	532,102
Temporary Economic Refinance Facility (TERF)		25,697,206	48,528,109
Export Refinance under Bill Discounting		14,253,363	14,244,331
SME Asaan Finance (SAAF)		7,073,103	2,096,250
Refinance Facility for Combating COVID (RFCC)		932,258	988,049
Refinance and Credit Guarantee Scheme for Women Entrepreneurs		172,604	125,595
Modernization of Small and Medium Entities (MSMES)		1,855,749	1,205,658
Other Refinance schemes		232	553
Repurchase agreement borrowings		911,260,540	666,510,980
		1,022,852,449	814,000,265
Repurchase agreement borrowings		32,209,792	26,895,775
Bai Muajjal		48,654,565	44,789,790
Medium Term Note		-	11,000,000
Others	15.2	314,967	672,579
Total secured		1,104,031,773	897,358,409
Unsecured			
Call borrowings		11,414,695	3,946,050
Overdrawn nostro accounts		15,736,314	3,467,939
Borrowings of overseas branches		5,750,351	40,417
Others			
- Pakistan Mortgage Refinance Company		2,464,030	2,605,576
- Karandaaz Risk Participation		2,803,546	2,797,641
Total unsecured		38,168,936	12,857,623
	15.1	1,142,200,709	910,216,032

15.1 Mark-up & maturities of borrowing facilities

	2024		2023	
	Mark-up per annum	Maturities upto	Mark-up per annum	Maturities upto
Borrowings from State Bank of Pakistan (secured)				
Export Refinance Scheme	9.00% - 16.50%	June-25	2.00% - 18.00%	August-27
Long-Term Finance Facility	2.00% - 7.00%	July-32	2.00% - 7.00%	July-32
Financing facility for renewable energy projects	2.00% - 3.00%	June-36	2.00% - 3.00%	July-34
Financing Facility for Storage of Agriculture Produce (FFSAP)	2.00% - 3.25%	June-34	2.00% - 3.50%	December-30
Temporary Economic Refinance Facility	1.00%	September-33	1.00%	September-33
Export Refinance under Bill Discounting	1.00% - 2.00%	June-25	1.00% - 3.00%	June-24
SME Asaan Finance (SAAF)	1.00% - 3.00%	June-34	1.00% - 3.00%	June-27
Refinance Facility for Combating COVID (RFCC)	0.00%	June-27	0.00%	June-28
Refinance and Credit Guarantee Scheme for Women Entrepreneurs	0.00% - 2.00%	November-29	0.00%	October-28
Modernization of Small and Medium Entites (MSMES)	2.00%	October-31	2.00%	September-30
Other refinance schemes	0.00%	December-25	0.00%	December-25
Repurchase Agreement Borrowings	13.09% - 13.11%	January-25	22.09% - 22.13%	January-24
Other Borrowing (secured)				
Repurchase agreement borrowings	4.95% - 13.00%	January-25	5.70% - 22.05%	January-24
Bai Muajjal	8.38% - 8.48%	July-25	8.38% - 8.48%	July-25
Medium Term Note	-	-	9.03%	January-24
Other Borrowing (unsecured)				
Call borrowings	5.25% - 18.43%	June-25	7.10% - 7.25%	January-24
Overdrawn nostro accounts	0.00%	No Maturity	0.00%	No Maturity
Borrowings of overseas branches	3.00% - 6.78%	June-29	3.00%	April-24
Others - Pakistan Mortgage Refinance Company	6.50% - 18.23%	May-27	6.80% - 18.23%	May-27
Others - Karandaaz Risk Participation	9.00% - 28.49%	April-25	5.00% - 26.07%	October-30

15.2 This includes a long term loan and short term running finance facilities obtained from a commercial banks by the Subsidiary. These carry mark-up ranging from 11% to 25% (2023: 21.5% to 24.64%) having maturities up to June 2028 (2023: October 2024).

15.3 Particulars of borrowings with respect to currencies	2024	2023
	-------(Rupees in '000)-------	
In local currency	1,103,918,057	889,762,179
In foreign currencies	38,282,652	20,453,853
	1,142,200,709	910,216,032

16 DEPOSITS AND OTHER ACCOUNTS

	2024			2023		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----------(Rupees in '000)----------					
Customers						
Current deposits	644,305,838	165,613,660	809,919,498	630,357,408	152,436,273	782,793,681
Savings deposits	607,199,365	34,755,471	641,954,836	440,331,863	38,469,718	478,801,581
Term deposits	315,007,439	69,798,774	384,806,213	437,377,886	61,496,821	498,874,707
Others	35,232,274	12,915,513	48,147,787	44,709,160	14,317,598	59,026,758
	1,601,744,916	283,083,418	1,884,828,334	1,552,776,317	266,720,410	1,819,496,727
Financial Institutions						
Current deposits	4,204,792	2,747,963	6,952,755	4,278,645	3,241,325	7,519,970
Savings deposits	185,650,940	2,372,391	188,023,331	171,924,309	3,442,726	175,367,035
Term deposits	47,797,204	8,366,800	56,164,004	79,780,000	2,258,236	82,038,236
Others	136,154	120	136,274	518,072	1,217	519,289
	237,789,090	13,487,274	251,276,364	256,501,026	8,943,504	265,444,530
	1,839,534,006	296,570,692	2,136,104,698	1,809,277,343	275,663,914	2,084,941,257

16.1 Composition of deposits	2024	2023
	-------(Rupees in '000)-------	
- Individuals	919,929,695	762,351,882
- Government (Federal and Provincial)	134,884,401	192,901,644
- Public Sector Entities	148,273,278	195,591,933
- Banking Companies	334,557	7,539,529
- Non-Banking Financial Institutions	250,941,807	257,905,001
- Private Sector / Others	681,740,960	668,651,268
	2,136,104,698	2,084,941,257

16.2 Current deposits include remunerative current deposits of Rs. 26,618.402 million (2023: Rs. 20,788.733 million).

16.3 Deposits include eligible deposits of Rs. 1,127,444.250 million (2023: Rs. 991,153.534 million) protected under Depositors Protection Mechanism introduced by the SBP.

16.4 Current deposits include prepaid cards amounting to Rs. 17.663 million (2023: Rs. 24.932 million).

17 LEASE LIABILITIES	2024	2023
	-------(Rupees in '000)-------	
Opening as at January 01	22,899,808	17,514,201
Additions / renewals / amendments / (terminations) - net	9,328,489	7,730,666
Finance charges	3,518,804	2,659,787
Lease payments including interest	(6,138,088)	(5,075,756)
Exchange rate / other adjustment	(53,706)	70,910
Closing net carrying amount	29,555,307	22,899,808

17.1 Contractual maturity of lease liabilities		
Short-term lease liabilities - within one year	2,061,668	1,835,125
Long-term lease liabilities		
- 1 to 5 years	11,067,332	9,168,248
- 5 to 10 years	14,061,984	10,004,739
- More than 10 years	2,364,323	1,891,696
	29,555,307	22,899,808

18 SUBORDINATED DEBT

Term Finance Certificates VI - Additional Tier-I (ADT-1)	18.1	7,000,000	7,000,000
Term Finance Certificates VIII - Additional Tier-I (ADT-1)	18.2	7,000,000	7,000,000
		14,000,000	14,000,000

18.1 Term Finance Certificates VI - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Holding Company issued listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by the SBP under BPRD Circular No. 6 dated August 15, 2013. Summary of terms and conditions of the issue are:

Issue amount	Rs. 7,000,000,000
Issue date	March 2018
Maturity date	Perpetual
Rating	"AA+" (Double A plus) by The Pakistan Credit Rating Agency Limited.
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Holding Company including deposits but superior to equity.
Profit payment frequency	Payable semi-annually in arrears.
Redemption	Perpetual
Mark-up	For the period at end of which the Holding Company is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 1.50% with no step up feature. Base Rate is defined as the six months KIBOR (ask side) prevailing on one (1) business day prior to previous profit payment date.
Lock-in-clause	Mark-up will only be paid from the Holding Company's current year's earning and if the Holding Company is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Holding Company to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call option	The Holding Company may, at its sole discretion, exercise call option any time after five years from the issue date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality.

18.2 Term Finance Certificates VIII - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Holding Company issued Rs. 7,000 million of privately placed, listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by the SBP under BPRD circular No. 06 dated August 15, 2013. Summary of key terms and conditions of the issue are as follows:

Issue amount	Rs. 7,000,000,000
Issue date	December 2022
Maturity date	Perpetual
Rating	"AA+" (Double A plus) by The Pakistan Credit Rating Agency Limited.
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Holding Company including deposits but superior to equity.
Profit payment frequency	Payable semi-annually in arrears.
Redemption	Perpetual
Mark-up	For the period at end of which the Holding Company is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 2.00% with no step up feature. Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.
Lock-in-clause	Mark-up will only be paid from the Holding Company's current year's earning and if the Holding Company is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Holding Company to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call Option	The Holding Company may, at its sole discretion, exercise call option any time after five years from the issue date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality.

19 DEFERRED TAX LIABILITIES / (ASSETS)

	2024					
	At January 01, 2024	Impact of adoption of IFRS 9	Balance as at January 01 after adopting IFRS 9	Recognised in P&L charge / (reversal)	Recognised in OCI	At December 31, 2024
	(Rupees in '000)					
Deductible Temporary Differences on:						
- Credit loss allowance / provision against investments	(2,224,378)	214,487	(2,009,891)	(365,483)	-	(2,375,374)
- Credit loss allowance / provision against advances	(4,183,318)	(3,143,925)	(7,327,243)	2,469,963	-	(4,857,280)
- Modification of advances	-	(5,910)	(5,910)	(43,099)	-	(49,009)
- Unrealised loss on revaluation of held for trading investments	(192,350)	192,350	-	-	-	-
- Deficit on revaluation of available for sale investments	(870,169)	870,169	-	-	-	-
- Credit loss allowance / provision against other assets	(1,251,950)	(181,375)	(1,433,325)	(102,776)	-	(1,536,101)
- Credit loss allowance against cash with treasury banks	-	(12,049)	(12,049)	3,370	-	(8,679)
- Credit loss allowance against balance with other banks	-	(790)	(790)	(1,321)	-	(2,111)
- Credit loss allowance / provision against lending to financial institutions	(73)	(6,403)	(6,476)	6,165	-	(311)
- Workers' Welfare Fund	(1,528,648)	-	(1,528,648)	(975,417)	-	(2,504,065)
- Pre-commencement expenditures	-	-	-	(3,697)	-	(3,697)
- Others	-	-	-	(45,636)	-	(45,636)
	(10,250,886)	(2,073,446)	(12,324,332)	942,069	-	(11,382,263)
Taxable Temporary Differences on:						
- Unrealised gain on FVPL investments	-	99,527	99,527	1,987,747	-	2,087,274
- Unrealised gain on FVPL advances	-	59,847	59,847	51,296	-	111,143
- Unrealised net gain on fair value of refinancing	-	621,803	621,803	21,410	-	643,213
- Surplus on revaluation of FVOCI investments	-	3,936,343	3,936,343	-	13,302,050	17,238,393
- Surplus on revaluation of property and equipments	593,695	-	593,695	-	1,793,211	2,386,906
- Surplus on revaluation of non banking assets	85,595	-	85,595	(9,360)	100,932	177,167
- Share of profit and other comprehensive income from associates	2,388,685	-	2,388,685	560,889	39,454	2,989,028
- Accelerated tax depreciation	3,563,436	-	3,563,436	1,644,735	-	5,208,171
	6,631,411	4,717,520	11,348,931	4,256,717	15,235,647	30,841,295
	(3,619,475)	2,644,074	(975,401)	5,198,786	15,235,647	19,459,032

	2023			
	At January 01, 2023	Recognised in P&L charge / (reversal)	Recognised in OCI	At December 31, 2023
	(Rupees in '000)			
Deductible Temporary Differences on:				
-Provision against investments	(1,702,211)	(522,167)	-	(2,224,378)
- Provision against advances	(3,096,128)	(1,087,190)	-	(4,183,318)
- Unrealised gain / (loss) on revaluation of held for trading investments	(7,472)	(184,878)	-	(192,350)
- Deficit on revaluation of available for sale investments	(5,690,672)	-	4,820,503	(870,169)
- Provision against other assets	(1,002,851)	(249,099)	-	(1,251,950)
- Provision against lending to financial institutions	(32)	(41)	-	(73)
- Workers' Welfare Fund	(604,100)	(924,548)	-	(1,528,648)
- Others	(24,404)	24,404	-	-
	(12,127,870)	(2,943,519)	4,820,503	(10,250,886)
Taxable Temporary Differences on:				
- Surplus on revaluation of property and equipments	486,889	(420)	107,226	593,695
- Surplus on revaluation of non banking assets	63,108	-	22,487	85,595
- Share of profit and other comprehensive income from associates	1,486,280	890,730	11,675	2,388,685
- Accelerated tax depreciation	2,540,820	1,022,616	-	3,563,436
	4,577,097	1,912,926	141,388	6,631,411
	(7,550,773)	(1,030,593)	4,961,891	(3,619,475)

		Note	2024	2023
			-------(Rupees in '000)-------	
20	**OTHER LIABILITIES**			
	Mark-up / return / interest payable in local currency		35,014,735	39,434,467
	Mark-up / return / interest payable in foreign currency		1,715,640	1,690,773
	Unearned fee commission and income on bills discounted and guarantees		4,063,795	3,201,308
	Accrued expenses		17,352,068	16,281,467
	Current taxation		-	14,386,078
	Acceptances		33,015,615	24,618,660
	Dividends payable		307,709	6,166,682
	Mark to market loss on forward foreign exchange contracts		1,090,874	2,779,042
	Mark to market loss on derivatives	25.2	69,063	96,507
	Branch adjustment account		-	73,434
	Alternative Delivery Channel (ADC) settlement accounts	20.2	1,719,649	3,409,741
	Provision for Compensated absences		1,290,476	874,117
	Payable against redemption of customer loyalty / reward points		1,041,845	857,241
	Charity payable		176,604	114,052
	Credit loss allowance / provision against off-balance sheet obligations	20.1	780,711	78,624
	Security deposits against leases, lockers and others		13,058,856	12,983,647
	Workers' Welfare Fund		6,790,718	5,093,704
	Payable to vendors and suppliers		630,070	850,048
	Margin deposits on derivatives		2,415,337	3,906,392
	Payable to merchants (card acquiring)		959,295	776,097
	Indirect taxes payable		6,467,747	3,874,309
	Payable against marketable securities		881,360	1,391,975
	Liability against share based payment		870,000	483,001
	Trading liability		15,600,626	2,412,845
	Others	40.2	7,268,135	6,148,713
			152,580,928	151,982,924

20.1 Credit loss allowance / provision against off-balance sheet obligations

	Note	2024	2023
Opening balance		78,624	62,948
Impact of adoption of IFRS 9		1,085,673	-
Balance as at January 01 after adopting IFRS 9		1,164,297	62,948
Exchange adjustments		(4,925)	4,029
(Reversals) / charge for the year	35	(378,661)	11,647
Closing balance		780,711	78,624

20.1.1 The provision against off balance sheet obligations includes general provision of Rs. 21.239 million (2023: Rs. 43.946 million) held in Bangladesh books, Rs. 1.726 million (2023: Rs. 1.728 million) held in Afghanistan books as required under the local regulations and specific provision of Rs. 35.828 million (2023: Rs. 32.950 million) held in Pakistan against defaulted letter of guarantees.

20.2 This represents settlement arising from channel transaction at the cut off date which were subsequently cleared.

21 SHARE CAPITAL

21.1 Authorised Capital

2024	2023		2024	2023
(Number of shares)			(Rupees in '000)	
2,300,000,000	2,300,000,000	Ordinary shares of Rs. 10 each	23,000,000	23,000,000

21.2 Issued, subscribed and paid up capital

2024	2023		2024	2023
(Number of shares)			(Rupees in '000)	
		Ordinary shares		
891,453,153	891,453,153	Fully paid in cash	8,914,531	8,914,531
885,711,966	885,711,966	Issued as bonus shares	8,857,120	8,857,120
(200,000,000)	(200,000,000)	Treasury shares cancelled	(2,000,000)	(2,000,000)
1,577,165,119	1,577,165,119		15,771,651	15,771,651

21.3 Statutory reserve

A Banking company incorporated in Pakistan is required to transfer 20% of its profit after tax to a statutory reserve until the amount of the reserve plus share premium equals the paid-up share capital. Thereafter, 10% of the profit after tax of the banking company is required to be transferred to this reserve. Accordingly, the Holding Company transfers 10% of its profit after tax every year to the statutory reserve.

22 SURPLUS ON REVALUATION OF ASSETS

	Note	2024	2023
		(Rupees in '000)	
Surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI - debt	8.1	23,227,089	-
- Securities measured at FVOCI - equity	8.1	6,746,862	-
- Available for sale securities	8.1	-	(5,290,960)
- Available for sale securities of associates		84,963	8,639
- Property and equipment	22.1	19,939,951	12,682,139
- Non-banking assets acquired in satisfaction of claims	22.2	491,882	172,321
		50,490,747	7,572,139
Less: Deferred tax (liability) / asset on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI - debt		(12,077,792)	-
- Securities measured at FVOCI - equity		(3,508,368)	-
- Available for sale securities		-	2,592,570
- Available for sale securities of associates		(44,181)	(4,233)
- Property and equipment	22.1	(2,386,906)	(593,695)
- Non-banking assets acquired in satisfaction of claims	22.2	(177,167)	(85,595)
		(18,194,414)	1,909,047
Derivatives deficit		(3,175,304)	(3,512,910)
Less: Deferred tax asset on derivative		1,651,158	1,721,326
		(1,524,146)	(1,791,584)
	22.3	33,820,479	11,272,770

		2024	2023
22.1	**Surplus on revaluation of property and equipments**	**-------(Rupees in '000)-------**	
	Surplus on revaluation of property and equipments as at January 01	12,682,139	12,807,981
	Recognised during the year	7,402,493	-
	Realised on disposal during the year	(55,963)	(37,104)
	Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(88,718)	(88,738)
	Surplus on revaluation of property and equipments as at December 31	19,939,951	12,682,139
	Less: related deferred tax liability on:		
	Revaluation as at January 01	593,695	486,889
	- Effect of change in tax rate	36,349	67,938
	- recognised during the year	1,756,862	39,288
	- surplus realised on disposal during the year	-	(420)
		2,386,906	593,695
		17,553,045	12,088,444
22.2	**Surplus on revaluation of non-banking assets acquired in satisfaction of claims**		
	Surplus on revaluation as at January 01	172,321	145,613
	Recognised during the year	337,561	26,708
	Realised on disposal during the year	(18,000)	-
	Surplus on revaluation as at December 31	491,882	172,321
	Less: related deferred tax liability on:		
	- revaluation as at January 01	85,595	63,108
	- Effect of change in tax rate	5,241	8,806
	- revaluation recognised during the year	95,691	13,681
	- surplus realised on disposal during the year	(9,360)	-
		177,167	85,595
		314,715	86,726

22.3 This includes securities amounting to Rs. 12,672.533 million (2023: Rs. 906.938 million) that will be recycled and Rs. 3,238.494 million (2023: Rs. 4.538 million) that will not be recycled to the consolidated statement of profit and loss account.

23 NON-CONTROLLING INTEREST

Name	Principal activity	Principal place of Business	Ownership interest held by NCI	
			2024	2023
Alfalah Securities (Private) Limited	Stock Brokerage	Pakistan	4.41%	37.50%

	2024	2023
Key financial information of the subsidiary	**-------(Rupees in '000)-------**	
Assets	1,850,958	1,482,410
Liabilities	1,358,817	2,268,182
Net Assets	492,141	(785,772)
Non-Controlling Interest (NCI)	21,703	(294,665)

	2024	2023
	-------(Rupees in '000)-------	
Revenue	872,727	706,153
Expenses	861,822	672,792
Profit / (loss) before tax	10,905	(1,091,637)
Profit / (loss) after tax	10,804	(1,133,597)
Other comprehensive income	16,521	7,023
Cash flows:		
Net cash used in operating activities	(246,642)	(290,002)
Net cash generated from / (used in) investing activities	232,069	(13,509)
Net cash generated from / (used in) financing activities	785,005	(15,304)
Increase / (decrease) in cash and cash equivalents	770,432	(318,815)

23.1 During the year 2023, the subsidiary recorded provision against its trade debts resulting in loss for the year.

		Note	2024	2023
24	**CONTINGENCIES AND COMMITMENTS**		-------(Rupees in '000)-------	
	- Guarantees	24.1	181,819,233	173,579,640
	- Commitments	24.2	693,691,150	731,648,269
	- Other contingent liabilities	24.3	23,153,037	23,816,758
			898,663,420	929,044,667
24.1	**Guarantees:**			
	Financial guarantees		6,048,920	5,874,903
	Performance guarantees		66,136,458	55,684,506
	Other guarantees		109,633,855	112,020,231
			181,819,233	173,579,640
24.2	**Commitments:**			
	Documentary credits and short-term trade-related transactions			
	- Letters of credit		220,709,466	196,248,432
	Commitments in respect of:			
	- forward foreign exchange contracts	24.2.1	266,938,066	350,664,300
	- forward government securities transactions	24.2.2	149,529,384	109,207,715
	- derivatives	24.2.3	33,466,502	51,150,198
	- forward lending	24.2.4	16,490,171	19,247,075
	Commitments for acquisition of:			
	- property and equipment		5,479,175	3,713,022
	- intangible assets		332,386	312,027
	Commitments in respect of donations		296,000	655,500
	Other commitments	24.2.5	450,000	450,000
			693,691,150	731,648,269
24.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		144,906,210	198,859,218
	Sale		122,031,856	151,805,082
			266,938,066	350,664,300

		Note	2024	2023
			-------(Rupees in '000)-------	
24.2.2	**Commitments in respect of forward government securities transactions**			
	Purchase		55,393,978	20,461,347
	Sale		94,135,406	88,746,368
			149,529,384	109,207,715
24.2.3	**Commitments in respect of derivatives**			
24.2.3.1	**Interest rate swap**			
	Purchase	25.1	23,054,358	39,466,304
	Sale		-	-
			23,054,358	39,466,304
24.2.3.2	**Cross Currency Swaps**			
	Purchase		-	-
	Sale	25.1	10,412,144	11,683,894
			10,412,144	11,683,894
	Total commitments in respect of derivatives		33,466,502	51,150,198
24.2.4	**Commitments in respect of forward lending**			
	Undrawn formal standby facilities, credit lines and other commitments to lend		16,490,171	15,828,600
	Commitments in respect of investments		-	3,418,475
		24.2.4.1	16,490,171	19,247,075

24.2.4.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Holding Company without the risk of incurring significant penalty or expense.

24.2.5 Other commitments

A commercial bank on behalf of Alfalah Securities (Private) Limited has given a guarantee of Rs. 450 million (2023: Rs. 450 million) to National Clearing Company of Pakistan Limited (NCCPL) in respect of margin eligible securities. The guarantee facility is for one year and is secured by 1st Pari Passu charge on current assets of the subsidiary.

		2024	2023
		-------(Rupees in '000)-------	
24.3	**Other contingent liabilities**		
24.3.1	Claims against the Holding Company not acknowledged as debts	23,153,037	23,816,758

These mainly represents counter claims filed by the borrowers for restricting the Holding Company from disposal of collateral assets (such as hypothecated / mortgaged / pledged assets kept as security), damage to reputation and cases filed by ex-employees of the Holding Company for damages. Based on legal advices and / or internal assessments, management is confident that the matters will be decided in the Holding Company's favour and the possibility of any outcome against the Holding Company is remote and accordingly no provision has been made in these consolidated financial statements.

24.4 Contingency for tax payable

24.4.1 There were no tax related contingencies other than as disclosed in note 36.2.

25 DERIVATIVE INSTRUMENTS

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include futures, swaps and options. Derivatives also include structured financial products that have one or more characteristics of forwards, futures, swaps and options.

25.1 Product Analysis

Counterparties	2024					
	Interest Rate Swaps			Cross Currency Swaps		
	No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net
		(Rupees in '000)			(Rupees in '000)	
With Banks for						
Hedging	27	23,054,358	2,172,667	-	-	-
With other entity for						
Market making	-	-	-	6	10,412,144	887,052
	27	23,054,358	2,172,667	6	10,412,144	887,052

Counterparties	2023					
	Interest Rate Swaps			Cross Currency Swaps		
	No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net
		(Rupees in '000)			(Rupees in '000)	
With Banks for						
Hedging	41	39,466,304	3,371,331	-	-	-
With other entity for						
Market making	-	-	-	6	11,683,894	707,484
	41	39,466,304	3,371,331	6	11,683,894	707,484

25.2 Maturity Analysis

Remaining maturity	2024				
	No. of Contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
		(Rupees in '000)			
1 to 3 months	2	584,955	-	2,379	2,379
3 to 6 months	1	580,164	-	4,860	4,860
6 months to 1 Year	2	227,144	-	23,067	23,067
1 to 2 Years	3	2,808,564	-	134,879	134,879
2 to 3 Years	6	4,596,075	-	253,253	253,253
3 to 5 Years	8	7,799,400	-	856,738	856,738
5 to 10 years	11	16,870,200	69,063	1,853,606	1,784,543
Total	33	33,466,502	69,063	3,128,782	3,059,719

Remaining maturity	2023				
	No. of Contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
		(Rupees in '000)			
3 to 6 months	3	3,946,050	-	33,420	33,420
6 month to 1 Year	4	3,100,468	-	67,863	67,863
1 to 2 Years	6	3,078,496	-	123,738	123,738
2 to 3 Years	3	2,877,882	-	209,153	209,153
3 to 5 Years	9	7,187,448	-	571,371	571,371
5 to 10 years	18	19,730,249	-	2,397,546	2,397,546
Above 10 Years	4	11,229,605	96,507	772,231	675,724
Total	47	51,150,198	96,507	4,175,322	4,078,815

25.3 The risk management policy related to derivatives is disclosed in note 49.7 to these consolidated financial statements.

		2024	2023
26	**MARK-UP/RETURN/INTEREST EARNED**	(Rupees in '000)	
	On:		
a)	Loans and advances	137,471,893	116,207,873
b)	Investments	359,067,919	278,702,240
c)	Lendings to financial institutions	5,715,027	4,908,013
d)	Balances with banks / financial institutions	474,614	92,808
e)	On securities purchased under resale agreements	4,390,823	12,094,096
		507,120,276	412,005,030

		Note	2024	2023
27	**MARK-UP/RETURN/INTEREST EXPENSED**		-------(Rupees in '000)-------	
	On:			
	a) Deposits		223,847,169	167,502,713
	b) Borrowings		19,692,855	19,222,022
	c) Securities sold under repurchase agreements		123,136,221	88,504,922
	d) Subordinated debt		3,119,463	3,061,353
	e) Cost of foreign currency swaps against foreign currency deposits / borrowings		6,506,691	4,691,399
	f) Leased assets		3,518,804	2,659,787
	g) Reward points / customer loyalty		517,136	410,944
			380,338,339	286,053,140
28	**FEE & COMMISSION INCOME**			
	Branch banking customer fees		1,577,087	1,356,701
	Consumer finance related fees		640,716	602,773
	Card related fees (debit and credit cards)		3,206,294	2,842,730
	Credit related fees		773,192	631,917
	Investment banking fees		227,896	374,420
	Commission on trade		3,074,541	2,630,002
	Commission on guarantees		779,758	758,763
	Commission on cash management		69,969	85,340
	Commission on remittances including home remittances		2,585,729	1,564,144
	Commission on bancassurance		541,424	547,015
	Card acquiring business		1,029,498	1,561,391
	Wealth management fee		508,758	211,105
	Commission on Benazir Income Support Programme (BISP)		1,161,339	1,168,580
	Alternative Delivery Channel (ADC) settlement accounts		1,164,860	1,286,720
	Brokerage / commission Income		337,579	614,017
	Others		281,172	219,126
			17,959,812	16,454,744
29	**FOREIGN EXCHANGE INCOME**			
	Foreign exchange income		10,974,183	9,824,716
	Foreign exchange loss related to derivatives		(1,429,106)	(602,027)
			9,545,077	9,222,689
30	**GAIN / (LOSS) ON SECURITIES**			
	Realised gain	30.1	9,972,688	683,539
	Unrealised gain - measured at FVPL	8.1	4,080,557	-
	Unrealised loss - held for trading	8.1	-	(374,072)
	Unrealised loss on trading liabilities - net		(32,087)	(13,724)
			14,021,158	295,743
30.1	**Realised gain / (loss) on:**			
	Federal government securities		8,554,898	(44,893)
	Shares		1,014,751	471,821
	Foreign securities		403,039	256,611
			9,972,688	683,539
30.2	**Net gain on financial assets / liabilities measured:**			
	At FVPL			
	Designated upon initial recognition		9,162,355	-
	Mandatorily measured at FVPL		2,902,399	-
			12,064,754	-
	Net gain on financial assets measured at FVOCI - Debt		1,956,404	-
			14,021,158	-

		Note	2024	2023
31	**OTHER INCOME**		-------(Rupees in '000)-------	
	Rent on property		26,685	27,686
	Gain on sale of property and equipment - net		108,718	145,030
	Gain on sale of non banking assets - net		27,800	-
	Profit on termination of leased contracts (Ijarah)		19	48,259
	Gain on termination of leases		63,731	112,863
	Unrealised gain on advances classified at FVPL		91,600	-
	Others		1,642	8
			320,195	333,846
32	**OPERATING EXPENSES**			
	Total compensation expense	32.1	39,775,290	28,992,704
	Property expense			
	Rates and taxes		437,159	225,024
	Utilities cost		3,886,839	2,769,234
	Security (including guards)		1,768,953	1,363,964
	Repair and maintenance (including janitorial charges)		2,071,084	1,371,863
	Depreciation on right-of-use assets	11	3,946,074	3,367,208
	Depreciation on non-banking assets acquired in satisfaction of claims	13.1.1	46,620	4,996
	Depreciation on owned assets	10.2	1,066,236	873,420
			13,222,965	9,975,709
	Information technology expenses			
	Software maintenance		3,160,609	2,703,165
	Hardware maintenance		946,489	966,168
	Depreciation	10.2	1,429,581	1,086,813
	Amortisation	12.1	376,531	327,499
	Network charges		754,934	650,813
	Consultancy and support services		193,084	204,947
			6,861,228	5,939,405
	Other operating expenses			
	Directors' fees and allowances	43.2	154,720	121,920
	Fees and allowances to Shariah Board	43.3	22,701	16,708
	Legal and professional charges		553,455	487,986
	Outsourced services costs	32.2	1,317,748	1,038,446
	Travelling and conveyance		1,681,352	1,382,096
	Clearing and custodian charges		213,511	198,468
	Depreciation	10.2	2,188,748	1,577,855
	Training and development		300,211	135,311
	Postage and courier charges		481,237	478,872
	Communication		3,140,969	1,862,255
	Stationery and printing		1,752,176	1,405,729
	Marketing, advertisement and publicity		3,868,285	3,671,960
	Donations	32.3	505,662	1,249,520
	Auditors' remuneration	32.4	271,603	155,095
	Brokerage and commission		1,414,924	1,014,762
	Entertainment		912,664	673,343
	Repairs and maintenance		972,606	887,841
	Insurance		1,968,221	1,546,229
	Cash handling charges		2,014,090	1,551,979
	CNIC verification		549,121	389,286
	Others		975,557	922,843
			25,259,561	20,768,504
			85,119,044	65,676,322

		Note	2024	2023
32.1	**Total compensation expense**		-------(Rupees in '000)-------	
	Managerial Remuneration			
	i) Fixed		23,103,493	18,791,981
	ii) Variable:			
	a) Cash bonus / awards etc.		7,180,647	6,363,289
	b) Bonus and awards in shares etc.		722,230	362,250
	Charge for defined benefit plan	40.1.8.1	771,603	413,244
	Contribution to defined contribution plan	41	878,699	730,931
	Medical		2,058,191	1,299,251
	Conveyance		1,566,248	523,234
	Staff compensated absences	42.1	416,359	172,625
	Staff life insurance		199,245	200,591
	Staff welfare		66,872	100,608
	Club subscription		9,182	3,723
	Others		18,538	12,013
	Sub-total		36,991,307	28,973,740
	Sign-on Bonus	32.1.1	39,499	18,964
	Staff loans - notional cost	32.1.2	2,744,484	-
	Grand Total		39,775,290	28,992,704
			-------- No of persons --------	
32.1.1	Sign-on Bonus		17	12

32.1.2 This refers to unwinding of notional deferred cost on subsidised staff loans fair valuation under IFRS 9.

32.2 The cost of outsourced activities included in other operating expenses is Rs. 1,179.814 million (2023: Rs. 860.632 million). This pertains to payment to companies incorporated in Pakistan.

		2024	2023
32.3	**Donations**	-------(Rupees in '000)-------	
	Shaukat Khanum Memorial Cancer Hospital and Research Centre	33,000	33,000
	Institute of Business Administration	14,338	-
	WWF - Pakistan	14,000	3,600
	The Dawood Foundation	11,898	-
	Karachi Vocational Training Centre	7,800	-
	Zindagi Trust	7,420	7,420
	Habib University Foundation	6,400	6,400
	Development in Literacy	6,000	-
	Cancer Foundation Hospital	5,378	-
	Alamgir Welfare Trust International	4,500	4,500
	Special Olympics Pakistan	4,500	4,500
	Child Aid Association	4,500	-
	NOWPDP	4,000	4,000
	Durbeen	3,000	-
	Pakistan National Polio Plus Charitable Trust	2,778	-
	Protection and Help of Children Abuse and Neglect	2,500	2,500
	Behbud Association Karachi	2,500	-
	Marie Adelaide Leprosy Centre	2,500	-
	Karachi Down Syndrome Program	2,400	-
	The Society for the Rehabilitation of Special Children	2,000	-
	Dua Foundation	1,750	-
	Hope Uplift Foundation	1,000	-
	National Disability & Development Forum (NDF)	1,000	-
	Nice Welfare Society	1,000	-
	Family Educational Services	-	3,600
	Karwan-e-Hayat	-	3,000
	The i Care Foundation	-	2,000
	Make-a-Wish Foundation Pakistan	-	500
		146,162	75,020

	2024	2023
	-------(Rupees in '000)-------	
Donation paid for Flood Relief		
The Citizen Foundation	177,000	59,000
Child Life Foundation	50,000	50,000
Karachi Relief Trust	26,500	150,000
The Layton R. Benevolent Trust	25,000	25,000
Taraqee Foundation	25,000	10,000
Orange Tree Foundation	25,000	-
Family Educational Services	24,000	-
Alamgir Welfare Trust International	7,000	47,000
Akhuwat	-	250,000
Aga Khan Foundation	-	200,000
Patients' Aid Foundation	-	150,000
Shahid Afridi Foundation	-	50,000
Sahil Welfare Association	-	35,000
Al Mustafa Trust	-	33,500
Green Crescent Trust	-	30,000
Bait us Salam Welfare Trust	-	25,000
Indus Hospital & Health Network	-	25,000
Health And Nutrition Development Society	-	20,000
Vital Pakistan Trust	-	15,000
	359,500	1,174,500
Total Donations	505,662	1,249,520

32.3.1 None of the directors, sponsor shareholders, key management personnel or their spouses have any direct interest in the Donees, except Patients' Aid Foundation where spouse of CEO / President of the Holding Company is the member of fund raising committee and Child Life Foundation where brother of a key management person is the CEO.

32.4 Auditors' remuneration

	2024			2023		
	Domestic	Overseas	Total	Domestic	Overseas	Total
	----------(Rupees in '000)----------					
Audit fee	26,773	41,604	68,377	17,653	40,055	57,708
Fee for other statutory certifications	10,476	16,231	26,707	7,003	6,436	13,439
Special certifications and sundry advisory services	74,596	1,008	75,604	39,512	21,028	60,540
Tax services	30,303	-	30,303	16,330	-	16,330
Out-of-pocket expenses	5,740	1,680	7,420	2,858	1,907	4,765
Audit fee and other certifications of Subsidiaries	63,192	-	63,192	2,313	-	2,313
	211,080	60,523	271,603	85,669	69,426	155,095

33 WORKERS' WELFARE FUND

The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government through the Finance Act, 2008 for the levy of Workers' Welfare Fund (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. A legal advice was obtained by the Pakistan Banking Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive until the review petitions is decided. Accordingly, the amount charged for Workers' Welfare Fund since 2008 has not been reversed.

34 OTHER CHARGES

	2024	2023
	-------(Rupees in '000)-------	
Penalties imposed by the State Bank of Pakistan	222,567	279,412

		Note	2024	2023
35	**CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE OFFS - NET**		-------(Rupees in '000)-------	
	(Reversal of) / credit loss allowance against cash with treasury banks		(43,760)	36,044
	(Reversal of) / credit loss allowance against balance with other banks		(665)	3,073
	(Reversal of) / credit loss allowance against lending to financial institutions		(12,616)	149
	Reversal of credit loss allowance / provision for diminution in value of investments	8.3	(342,657)	(972,474)
	Credit loss allowance / provision against loans & advances	9.8	1,861,171	10,509,002
	(Reversal of) credit loss allowance / provision against other assets	13.4.1	(222,115)	1,435,924
	(Reversal of) credit loss allowance / provision against off-balance sheet obligations	20.1	(378,661)	11,647
	(Reversal of) other credit loss allowance / provisions / write off - net		(27,280)	84,750
	Recovery of written off / charged off bad debts		(583,659)	(779,160)
	Deficit on revaluation of property and equipment		21,470	-
	Reversal of deficit on revaluation of non-banking assets	13.1.1	-	(4,201)
			271,228	10,324,754
36	**TAXATION**			
	Charge / (reversal):			
	Current		42,523,945	42,030,319
	Prior years		(2,338,687)	1,651,651
	Deferred		5,198,786	(1,030,593)
		36.1	45,384,044	42,651,377
36.1	**Relationship between tax expense and accounting profit**			
	Accounting profit before taxation		85,247,340	78,737,737
	Tax at the applicable rate of 54% (2023: 49%)		46,033,564	38,581,491
	Effect of:			
	- impact of different tax rate of subsidiaries		83,276	(534,902)
	- permanent differences		301,437	251,327
	- impact of change in tax rates		(526,558)	(331,513)
	- prior year windfall tax		-	3,600,000
	- others		(507,675)	1,084,974
	Tax expense for the year		45,384,044	42,651,377

36.2 a) The income tax assessments of the Holding Company have been finalized upto and including tax year 2024. In respect of tax years 2008, 2014, 2017, 2019 and 2021 to 2024, the tax authority has raised certain issues including default in payment of WWF, allocation of expenses to dividend and capital gains, dividend income from mutual funds not being taken under income from business and disallowance of leasehold improvements resulting in a tax demand of Rs. 1,217.274 million (December 31, 2023: Rs. 1,248.398 million). The Holding Company has filed an appeal which is pending before the Tribunal. The management is confident that the matter will be decided in favour of the Holding Company and consequently has not made any provision in this respect.

b) The Holding Company had received orders from a provincial tax authority for the periods from July 2011 to December 2020 wherein tax authority demanded sales tax on banking services and penalty amounting to Rs. 763.312 million (excluding default surcharge) by disallowing certain exemptions of sales tax on banking services and alleged for short payment of sales tax. The appeals against these orders are pending before Commissioner Appeals and Appellate Tribunal. The Holding Company has not made any provision against these orders and the management is of the view that these matters will be settled in the Holding Company's favour through appellate process.

c) The Holding Company had received an order from a tax authority wherein sales tax and penalty amounting to Rs. 5.191 million (excluding default surcharge) was demanded allegedly for non-payment of sales tax on certain transactions relating to accounting year 2016 and an appeal against this order is pending before Commissioner Appeals. Another order received for the same accounting year wherein sales tax and further tax amounting to Rs. 8.601 million (excluding default surcharge and penalty) was demanded allegedly for non-payment of sales tax on certain transactions is redemanded in appeal effect order. This matter is pending before Commissioner Appeals and Appellate Tribunal. In the current year, a similar order for the accounting years 2017 and 2018 is issued with tax demand of Rs. 11.536 million (excluding default surcharge) which is pending before Commissioner Appeals. The Holding Company has not made any provision against these orders and the management is of the view that these matters will be favourably settled through an appellate process.

Certain other addbacks made by the tax authorities for various assessment years, appeals against which are pending with the Commissioner of Inland Revenue (Appeals), Appellate Tribunal Inland Revenue (ATIR), the High Court of Sindh and the Supreme Court of Pakistan.

		2024	2023
37	**BASIC AND DILUTED EARNINGS PER SHARE**	**-------(Rupees in '000)-------**	
	Profit attributable to equity holders of the Holding Company	39,853,621	36,511,459
		---(Number of shares in '000)---	
	Weighted average number of ordinary shares	1,577,165	1,577,165
		----------Rupees----------	
	Basic and diluted earnings per share	25.27	23.15

37.1 Diluted earnings per share has not been presented separately as the Holding Company does not have any convertible instruments in issue.

		Note	2024	2023
			-------(Rupees in '000)-------	
38	**CASH AND CASH EQUIVALENTS**			
	Cash and balance with treasury banks	5	227,884,906	202,728,363
	Balance with other banks	6	19,719,136	16,993,142
	Call / clean money lendings	38.2	1,392,764	32,018,705
	Borrowings - others		-	(372,579)
	Overdrawn nostro accounts	15	(15,736,314)	(3,467,939)
	Less: Expected credit loss		(21,895)	-
			233,238,597	247,899,692

38.1 Reconciliation of debt arising from financing activities

	2024			
	Liability			Equity
	Subordinate debt	Lease liabilities against right-of-use assets	Dividend Payable	Share Capital
	----------(Rupees in '000)----------			
Balances as at January 01, 2024	14,000,000	22,899,808	6,166,682	15,771,651
Changes from financing cash flows				
Payment of leased liability	-	(6,138,088)	-	-
Dividend paid	-	-	(23,207,789)	-
	-	(6,138,088)	(23,207,789)	-
Other changes				
Additions / renewals / amendments / (terminations) - net	-	9,328,489	-	-
Finance charges on leased assets	-	3,518,804	-	-
Exchange rate adjustment	-	(53,706)	-	-
Final cash dividend for the year ended December 31, 2023 - 50%	-	-	7,885,826	-
Interim cash dividend for the quarter ended March 31, 2024 - 20%	-	-	3,154,330	-
Interim cash dividend for the half year ended June 30, 2024 - 20%	-	-	3,154,330	-
Interim cash dividend for the nine months period ended September 30, 2024 - 20%	-	-	3,154,330	-
	-	12,793,587	17,348,816	-
Balances as at December 31, 2024	14,000,000	29,555,307	307,709	15,771,651

Reconciliation of debt arising from financing activities

	2023			
	Liability			Equity
	Subordinate debt	Lease liabilities against right-of-use assets	Dividend Payable	Share Capital
	(Rupees in '000)			
Balances as at January 01, 2023	14,000,000	17,514,201	4,767,210	15,771,651
Changes from financing cash flows				
Payment of leased liability	-	(5,075,756)	-	-
Own shares purchased during the year	-	-	-	-
Dividend Paid	-	-	(7,274,936)	-
	-	(5,075,756)	(7,274,936)	-
Other changes				
Additions / renewals / amendments / (terminations) - net	-	7,730,666	-	-
Finance charges on leased assets	-	2,659,787	-	-
Exchange rate adjustment	-	70,910	-	-
Final cash dividend for the year ended December 31, 2022 - 25%	-	-	3,942,913	-
Interim cash dividend for the half year ended June 30, 2023 - 30%	-	-	4,731,495	-
	-	10,461,363	8,674,408	-
Balances as at December 31, 2023	14,000,000	22,899,808	6,166,682	15,771,651

38.2 This represents call / clean money lendings having maturities upto three months.

39 STAFF STRENGTH

	2024			2023		
	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Number of employees)					
Permanent	16,250	214	16,464	14,519	209	14,728
On the Group's contract	45	54	99	64	60	124
The Group's own staff strength at the end of the year	16,295	268	16,563	14,583	269	14,852

39.1 In addition to the above, 106 (2023: 106) employees of outsourcing services companies were assigned to the Holding Company as at the end of the year to perform services other than guarding, tea and janitorial services etc. Outsourced staff includes 105 (2023: 105) working in Pakistan and 01 (2023: 01) working at a overseas branch.

40 DEFINED BENEFIT PLAN

40.1 The Holding Company

40.1.1 General description

The Holding Company operates an approved funded gratuity scheme which cover all regular permanent employees. The liability of the Holding Company in respect of the plan is determined based on actuarial valuation carried out using the Projected Unit Credit Method. Actuarial valuation of the defined benefit plan is carried out every year and the latest valuation was carried out as at December 31, 2024. The significant assumptions are detailed below:

40.1.2 Number of Employees under the scheme

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

	2024	2023
	(Number)	
- Gratuity fund	16,120	14,453

40.1.3 Principal actuarial assumptions

The disclosures made below are based on the information included in the actuarial valuation report of the Holding Company as of December 31, 2024:

	2024	2023
	----------(Per annum)----------	
Withdrawal rates	Low	Low
Mortality rates	SLIC 2001 - 2005	SLIC 2001 - 2005
Valuation discount rate (p.a)	12.25%	14.75%
Salary increase rate (p.a) - Short term (5 years)	14.75%	14.00%
Salary increase rate (p.a) - Long term	13.60%	14.00%
Expected rate of return on plan assets (p.a)	12.25%	14.75%
Normal retirement age	65 Years	65 Years
Duration	14 Years 4 months	14 Years 4 months

40.1.4 Reconciliation of receivable from defined benefit plans

	Note	2024	2023
		-------(Rupees in '000)-------	
Present value of obligations	40.1.5	6,525,280	4,282,553
Fair value of plan assets	40.1.6	(7,857,270)	(4,723,138)
Receivable	40.1.7	(1,331,990)	(440,585)

40.1.5 Movement in defined benefit obligations

Obligations at the beginning of the year	4,282,553	2,891,871
Current service cost	886,056	573,199
Interest cost	609,380	394,525
Past service cost	-	(104,744)
Benefits paid by the Holding Company	(302,893)	(246,078)
Re-measurement loss	1,050,184	773,780
Obligations at the end of the year	6,525,280	4,282,553

40.1.6 Movement in fair value of plan assets

Fair value at the beginning of the year		4,723,138	3,045,578
Interest income on plan assets		723,833	449,736
Contribution by the Holding Company - net		671,297	467,002
Benefits paid		(302,893)	(246,078)
Re-measurement gain	40.1.8.2	2,041,895	1,006,900
Fair value at the end of the year	40.1.9	7,857,270	4,723,138

40.1.7 Movement in receivable under defined benefit plan

Opening balance		(440,585)	(153,707)
Charge for the year		771,603	413,244
Contribution by the Holding Company - net		(671,297)	(467,002)
Re-measurement gain recognised in OCI during the year	40.1.8.2	(991,711)	(233,120)
Closing balance		(1,331,990)	(440,585)

		Note	2024	2023
			-------(Rupees in '000)-------	
40.1.8	**Charge for defined benefit plans**			
40.1.8.1	**Cost recognised in profit and loss**			
	Current service cost	40.1.5	886,056	573,199
	Past service cost		-	(104,744)
	Net interest on defined benefit asset / liability	40.1.5 & 40.1.6	(114,453)	(55,211)
			771,603	413,244
40.1.8.2	**Re-measurements recognised in OCI during the year**			
	(Gain) / loss on obligation			
	- Demographic assumptions		(23,553)	-
	- Financial assumptions		1,080,715	569,483
	- Experience adjustment		(6,978)	204,297
	Return on plan assets other than interest income		(2,041,895)	(1,006,900)
	Total re-measurements recognised in OCI		(991,711)	(233,120)
40.1.9	**Components of plan assets**			
	Cash and cash equivalents - net		2,044,959	1,126,635
	Non-Government debt securities		991,677	952,365
	Ordinary shares		3,720,156	2,165,664
	Units of mutual funds		1,100,478	478,474
			7,857,270	4,723,138

40.1.9.1 Investment in term finance certificates are subject to credit risk and interest rate risks, while equity securities and mutual funds are subject to price risk. Cash and cash equivalents include balances maintained with the Holding Company which are subject to credit risk. These risks are regularly monitored by Trustees of the employee gratuity funds.

40.1.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption are summarised below:

	2024	
Particulars	**PV of Defined Benefit Obligation**	**Change**
	-------(Rupees in '000)-------	
1% increase in discount rate	5,670,018	(855,262)
1% decrease in discount rate	7,564,158	1,038,878
1 % increase in expected rate of salary increase	7,581,970	1,056,690
1 % decrease in expected rate of salary increase	5,641,746	(883,534)
10% increase in withdrawal rate	6,512,492	(12,788)
10% decrease in withdrawal rate	6,538,361	13,081
1 year Mortality age set back	6,528,397	3,117
1 year Mortality age set forward	6,522,194	(3,086)

		2025
		(Rupees in '000)
40.1.11	**Expected contributions to be paid to the fund in the next financial year**	961,901
40.1.12	**Expected charge for the next financial year**	961,901

40.1.13 Maturity profile

The undiscounted expected payments maturity is tabulated below:

Particulars	Undiscounted Payments (Rupees in '000)
Year 1	166,414
Year 2	146,059
Year 3	198,712
Year 4	247,873
Year 5	357,015
Year 6 to Year 10	2,320,292
Year 11 and above	66,149,312
	69,585,677

40.1.14 Funding policy

The Holding Company's policy for funding the staff retirement benefit scheme, is given in note 4.11 (a).

40.1.15 Risks associated with defined benefit plans

Asset volatility

The risk arises due to the inclusion of the risky assets in the gratuity fund portfolio, inflation and interest rate volatility.

Changes in bond yields

The risk arises when bond yield is lower than the expected return on the plan assets (duration based PIB discount rate).

Inflation risks

The risk arises if gratuity benefits are linked to inflation and the inflation is higher than expected, which results in higher liabilities.

Life expectancy / withdrawal risk:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

Longevity risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases in salary are higher than expectation and impacts the liability accordingly.

40.2 Subsidiary - Alfalah Securities (Private) Limited

The Subsidiary Company operates an unfunded gratuity scheme for all its employees who have completed the qualifying period as defined in the scheme. The Subsidiary Company has carried out an actuarial valuation on December 31, 2024 using Projected Unit Credit Method and results of the valuation are as given below:

	2024	2023
	----------(Number)----------	
The total number of employees covered under scheme	67	66

40.2.1 Principal actuarial assumptions

The disclosures made below are based on the information included in the actuarial valuation report of the Subsidiary Company as of December 31, 2024:

	Note	2024	2023
		--------(Per annum)--------	
Valuation discount rate		12.25%	15.50%
Salary increase rate		10.25%	10.50%
Mortality rates		SLIC 2001 - 2005	SLIC 2001 - 2005
Rates of employee turnover		Moderate	Moderate

	Note	2024	2023
40.2.2 Amount recognised in the consolidated statement of financial position		-------(Rupees in '000)-------	
Defined benefit obligation	40.2.3	35,528	35,783
Fair value of plan assets		-	-
Net liability		35,528	35,783
40.2.3 Reconciliation of payable to defined benefit plan			
Opening net liability		35,783	39,844
Charge for the year	40.2.4	11,086	6,033
Other comprehensive income	40.2.5	(5,189)	(7,023)
Benefits paid during the period / year		(6,152)	(3,071)
Closing net liability		35,528	35,783
40.2.4 Charge for the defined benefit plan			
Current service cost		6,685	7,754
Net interest		4,928	5,555
Benefits not paid		(527)	(7,276)
		11,086	6,033
40.2.5 Actuarial gain / (loss) on obligation			
Unrecognised actuarial gain as at 1 January		8,315	1,292
Actuarial gain / (loss) on obligations - recognised in OCI		5,189	7,023
Unrecognised actuarial gain at 31 December		13,504	8,315
40.2.6 Sensitivity analysis on significant actuarial assumptions: actuarial liability			
Discount rate +1%		1,769	33,724
Discount rate -1%		1,977	38,097
Salary increases +1%		2,158	38,310
Salary increases -1%		1,960	33,503

	2024	2023
	----------(Years)----------	
40.2.7 Weighted average duration of the present value of defined benefit obligation	5.55	6.11

40.2.8 Maturity profile of the defined benefit obligation

Distribution of timing of benefit payments (time in years)	2024	2023
	-------(Rupees in '000)-------	
Year 1	8,061	5,459
Year 2	4,427	3,052
Year 3	3,520	4,294
Year 4	6,886	3,620
Year 5	3,042	13,395
Year 6 to Year 10	17,038	20,669
Year 11 and above	50,745	122,790

40.2.9 The expected gratuity expense for the next one year works out to be Rs. 8.876 million.

40.2.10 Risks associated with defined benefit plans

Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

41 DEFINED CONTRIBUTION PLAN

41.1 Holding Company - Bank Alfalah Limited

The Holding Company operates an approved provident fund scheme for all its permanent employees to which Holding Company contribute 8.33% of basic salary in equal monthly contributions. However, employees have the option, to have their provident fund contribution deducted at 8.33%, 10% or 12% of their monthly basic salary.

During the year, the Holding Company contributed Rs. 878.699 million (2023: Rs. 730.931 million) to the fund.

42 OTHER EMPLOYEE BENEFIT

42.1 Compensated absences

The Holding Company operates compensated absences scheme in which employees can carry forward unutilised leaves up to maximum of 45 days.

42.2 Benefit scheme for overseas branches

The Holding Company operates retirement benefit schemes for its employees at overseas branches in compliance with the local labour laws of the respective countries where the branches operate.

43 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

43.1 Total Compensation expense

43.1.1 Holding Company

Sr. No.	Items	2024						
		Chairman	Directors		Members Shariah Board *	President / CEO	Key Executives	Other MRTs / MRCs
			Executives (other than CEO)	Non-Executive				
		(Rupees in '000)						
1	Fees and allowances etc.	4,800	-	149,920	22,701	-	-	-
2	Managerial remuneration							
	i) Fixed	-	-	-	5,617	98,110	427,671	1,614,590
	ii) Total variable							
	a) Cash bonus ** / awards ***	-	-	-	2,406	163,613	365,811	780,075
	b) Bonus and awards in shares	-	-	-	-	36,654	105,288	149,138
3	Charge for defined benefit plan	-	-	-	-	6,894	24,151	90,476
4	Contribution to defined contribution plan	-	-	-	265	6,894	24,151	80,566
5	Rent & house maintenance	-	-	-	1,271	49,451	115,971	432,825
6	Utilities	-	-	-	291	12,589	26,540	89,637
7	Medical	-	-	-	27	690	2,452	8,157
8	Conveyance	-	-	-	-	-	-	710
9	Others	-	-	-	509	-	-	1,464
	Total	4,800	-	149,920	33,087	374,895	1,092,035	3,247,638
	Number of persons	1	-	7	5	1	15	167

Sr. No.	Items	2023						
		Chairman	Directors		Members Shariah Board *	President / CEO	Key Executives	Other MRTs / MRCs
			Executives (other than CEO)	Non-Executive				
		(Rupees in '000)						
1	Fees and allowances etc.	-	-	121,920	16,708	-	-	-
2	Managerial remuneration			-				
	i) Fixed	-	-	-	4,592	81,210	328,987	1,270,420
	ii) Total variable							
	a) Cash bonus / awards**	-	-	-	1,207	125,000	250,877	542,840
	b) Bonus and awards in shares	-	-	-	-	15,489	46,622	58,904
3	Charge for defined benefit plan	-	-	-	-	6,048	19,193	89,830
4	Contribution to defined contribution plan	-	-	-	189	6,048	19,193	66,842
5	Rent & house maintenance	-	-	-	908	42,912	92,164	377,022
6	Utilities	-	-	-	227	11,309	23,041	82,977
7	Medical	-	-	-	-	-	-	685
8	Conveyance	-	-	-	-	-	-	196
10	Others	-	-	-	189	-	-	-
	Total	-	-	121,920	24,020	288,016	780,077	2,489,716
	Number of persons	1	-	6	5	1	16	176

The Chief Executive and certain Executives have been provided with car(s), household equipment and fuel.

A certain portion of variable compensation of the CEO, Key Executives, MRTs/MRCs shall be subject to mandatory deferrals for a defined period of three years, whereas remaining portion of the bonus shall be paid upfront to the MRTs / MRCs. The deferred bonus shall vest proportionately over the deferral period following the year of variable remuneration award.

In case of malus and where accountability has been determined in accordance with the conduct & accountability framework of the Holding Company, the entire or certain portion of the deferred remuneration shall be withheld and not paid to the MRT / MRC on its becoming due.

The deferred portion is managed internally within the Holding Company. The Holding Company provides for the return on deferred portion at rate of return earned on government securities over the time horizon for deferral.

The total movement of deferred bonus during the year December 31, 2024 for the President / Chief Executive Officer (CEO), Key Executives and Other Material Risk Takers (MRTs) / Material Risk Controller (MRCs) is as follows:

	2024	2023
	----(Rupees in '000)----	
Opening balance	240,841	199,982
Add: deferred during the year	440,574	140,374
Less: paid / vested during the year	(111,894)	(99,515)
Closing balance	569,521	240,841

* This includes salaries and allowance of a resident member of Shariah Board who is an employee of the Holding Company.
**This includes sign-on bonus amounting to Rs. 30.000 million to 5 MRTs / MRCs in year 2024 (2023: Rs. 7.000 million to 2 MRTs / MRCs).
*** The CEO during the year was also awarded an ex-gratia amounting to Rs. 1,057 million as Chairman's award for excellence.

43.1.2 Subsidiary - Alfalah Securities (Private) Limited

Total compensation expense to the CEO of the subsidiary is Rs. 8.657 million (2023: Rs. 75.418 million).

43.1.3 Subsidiary - Alfalah Currency Exchange (Private) Limited

Total compensation expense to the CEO is Rs. 13.554 million (2023: Nil).

43.2 Remuneration paid to Directors for Participation in Board and Board Committees Meetings - Holding Company

Sr. No.	Name of Director	2024								
		Meeting Fees Paid for Board and Board Committee Meetings								
		Board Meetings	Board Audit Committee	Board Human Resources, Remuneration & Nomination Committee	Board Information Technology Committee	Board Risk Management Committee	Board Strategy & Finance Committee	Board Crises Management Committee	Board Real Estate Committee	Total amount paid
		(Rupees in '000)								
1	H.H. Sheikh Nahayan Mabarak Al Nahayan	4,800	-	-	-	-	-	-	-	4,800
2	Mr. Abdulla Nasser Hawaileel Al Mansoori	2,400	-	-	-	-	-	-	-	2,400
3	Mr. Abdulla Khalil Al Mutawa	4,800	4,800	2,400	3,200	4,000	7,680	960	9,600	37,440
4	Mr. Khalid Mana Saeed Al Otaiba	5,600	4,800	2,400	3,200	4,800	6,400	800	8,000	36,000
5	Dr. Gyorgy Tamas Ladics	4,800	-	1,600	3,840	-	6,400	800	-	17,440
6	Mr. Khalid Qurashi	5,600	5,760	2,400	800	4,000	6,400	800	2,400	28,160
7	Dr. Ayesha Khan	5,600	4,800	2,560	-	1,600	6,400	800	-	21,760
8	Mr. Efstratios G. Arapoglou *	1,600	1,600	1,920	800	-	800	-	-	6,720
	Total	35,200	21,760	13,280	11,840	14,400	34,080	4,160	20,000	154,720

* Director elected / appointed during the year

Sr. No.	Name of Director	2023								
		Meeting Fees Paid for Board and Board Committee Meetings								
		Board Meetings	Board Audit Committee	Board Human Resources, Remuneration & Nomination Committee	Board Information Technology Committee	Board Risk Management Committee	Board Strategy & Finance Committee	Board Crises Management Committee	Board Real Estate Committee	Total amount paid
		(Rupees in '000)								
1	H.H. Sheikh Nahayan Mabarak Al Nahayan	-	-	-	-	-	-	-	-	-
2	Mr. Abdullah Nasser Hawaileel Al Mansoori	3,200	-	-	-	-	-	-	-	3,200
3	Mr. Abdulla Khalil Al Mutawa	4,000	4,800	3,200	3,200	4,000	6,720	-	4,800	30,720
4	Mr. Khalid Mana Saeed Al Otaiba	4,000	4,800	3,200	3,200	4,800	5,600	-	4,960	30,560
5	Dr. Gyorgy Tamas Ladics	4,000	-	3,200	3,840	-	5,600	-	-	16,640
6	Mr. Khalid Qurashi	4,000	5,760	3,200	-	4,000	5,600	-	-	22,560
7	Dr. Ayesha Khan	4,000	4,800	3,840	-	-	5,600	-	-	18,240
	Total	23,200	20,160	16,640	10,240	12,800	29,120	-	9,760	121,920

43.3 Remuneration paid to Shariah Board Members

Sr. No.	Items	2024				2023			
		Chairman	Non-Resident Member	Resident Member	Total	Chairman	Non-Resident Member	Resident Member	Total
		(Rupees in '000)							
1	Fees / remuneration and allowances	12,239	10,462	-	22,701	8,974	7,734	-	16,708
2	Managerial remuneration - fixed	-	-	5,617	5,617	-	-	4,592	4,592
3	Rent & house maintenance	-	-	1,271	1,271	-	-	908	908
4	Utilities	-	-	291	291	-	-	227	227
5	Others	-	-	3,207	3,207	-	-	1,585	1,585
	Total	12,239	10,462	10,386	33,087	8,974	7,734	7,312	24,020
	Total Number of Persons	1	3	1	5	1	3	1	5

44 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted securities other than those classified as amortised cost / held to maturity, is based on quoted market price. Quoted debt securities classified as amortised cost / held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, 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 a 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 these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

44.1 Fair value of financial assets

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

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

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

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

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

	2024			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----------(Rupees in '000)----------			
Financial assets - measured at fair value				
Investments				
- Federal government securities	67,225,943	1,504,470,243	-	1,571,696,186
- Shares - listed companies	18,556,227	-	-	18,556,227
- Shares - unlisted companies	-	-	2,333,188	2,333,188
- Preference shares - unlisted companies	-	-	500,000	500,000
- REIT Fund - listed	1,514,982	-	-	1,514,982
- Non-government debt securities	14,991,550	4,473,526	-	19,465,076
- Foreign government securities	-	62,233,161	-	62,233,161
- Foreign equity securities	257,181	-	-	257,181
- Foreign non-government debt securities	-	25,193,470	8,315,048	33,508,518
Financial assets - disclosed but not measured at fair value				
Investments - amortised cost	-	279,284,570	-	279,284,570
Financial assets - measured at fair value				
Advances				
- Loans, cash credits, running finances, etc.	-	-	1,413,735	1,413,735
Off-balance sheet financial instruments - measured at fair value				
- Forward purchase of foreign exchange	-	1,288,538	-	1,288,538
- Forward sale of foreign exchange	-	(1,090,874)	-	(1,090,874)
- Forward purchase of government securities	-	(12,708)	-	(12,708)
- Forward sale government securities	-	(451,343)	-	(451,343)
- Derivatives purchases	-	2,172,667	-	2,172,667
- Derivatives sales	-	887,052	-	887,052

On balance sheet financial instruments	2023			
	Level 1	Level 2	Level 3	Total
	----------(Rupees in '000)----------			
Financial assets - measured at fair value				
Investments				
- Federal government securities	-	1,802,801,728	-	1,802,801,728
- Shares - listed companies	4,283,579	-	-	4,283,579
- Non-government debt securities	14,940,600	4,429,831	-	19,370,431
- Foreign government securities	-	43,176,169	-	43,176,169
- Foreign equity securities	284,596	-	-	284,596
- Foreign non-government debt securities	-	23,032,819	5,514,371	28,547,190
Financial assets - disclosed but not measured at fair value				
Investments - held to maturity securities	-	154,796,433	-	154,796,433
Off-balance sheet financial instruments - measured at fair value				
- Forward purchase of foreign exchange	-	2,606,750	-	2,606,750
- Forward sale of foreign exchange	-	(2,779,042)	-	(2,779,042)
- Forward purchase of government securities	-	(27,210)	-	(27,210)
- Forward sale government securities	-	(17,514)	-	(17,514)
- Derivatives purchases	-	3,371,331	-	3,371,331
- Derivatives sales	-	707,484	-	707,484

44.2 The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer, occurred. There were no transfers between levels 1 and 2 during the current year.

44.3 Valuation techniques used in determination of fair values:

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds, GoP Sukuks, GoP Euro Bonds, Overseas Government Sukuks, Overseas Bonds, Term Finance Certificates, and other than Government Sukuks, forward foreign exchange contracts, forward government securities contracts, cross currency swap and interest rate swaps.

(c) Financial instruments in level 3

Financial instruments included in level 3 comprise of unlisted ordinary shares, unlisted preference shares, redeemable participating certificates and advances measured at fair value through profit and loss. Valuation techniques are mentioned in the table below.

The fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

44.3.1 Fair value of non-financial assets

Certain categories of property and equipment (land and buildings) and non banking assets acquired in satisfaction of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 10 and 13. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of the State Bank of Pakistan.

44.3.2 Valuation techniques

Item	Valuation approach and input used
Market Treasury Bills (MTB) / Pakistan Investment Bonds (PIB), and GoP Sukuks (GIS) including their forward contracts	The fair value of MTBs and PIBs are derived using PKRV rates. Floating rate PIBs are revalued using PKFRV rates. The fair value of GoP sukuk listed on Pakistan Stock Exchange has been determined through closing rates of Pakistan Stock Exchange. The fair value of other GIS are revalued using PKISRV rates.
Overseas Sukuks, Overseas and GoP Euro Bonds	The fair value of overseas government sukuks, and overseas bonds are determined on the basis of price available on Bloomberg.
Debt Securities (TFCs and Sukuk other than Government)	Investment in sukuks, debt securities (comprising term finance certificates, bonds 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.
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - unlisted	The fair value of investments in certain unlisted equity securities are valued on the basis of dividend discount model.
Preference shares - unlisted	The fair value of investment in unlisted preference shares are valued at offer quoted price.
Redeemable participating certificates	The fair value of investment in redeemable participating certificates are valued at net asset value.
Advances	The fair value of advances are valued on the basis of cashflow discount model.
Forward foreign exchange contracts	The valuation has been determined by interpolating the FX revaluation rates announced by the SBP.
Derivative Instruments	Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Property and equipment and non banking assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical, comparable or similar properties. 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 consolidated financial statements.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of investment and advances, (The valuation techniques are stated above):

Description	Fair value as at December 31, 2024	Unobservable inputs*	Discount Rate	Relationship of unobservable inputs to fair value
	----(Rupees in '000)----			
Ordinary shares - unlisted	2,333,188	Discount rate	17.2%	Increase / (decrease) in discount rate by 1% with all other variables held constant, would (decrease) / increase the fair value by Rs. 90.457 million and Rs. 97.873 million respectively.
Preference shares - unlisted	500,000	Offered quote	Not applicable	Not applicable
Redeemable participating certificates	8,315,048	Net asset value	Not applicable	Not applicable
Advances	1,413,735	Discount rate	30.0%	Increase / (decrease) in discount rate by 1% with all other variables held constant, would (decrease) / increase the fair value by Rs. 14.903 million and Rs. 15.134 million respectively.

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

The following table shows reconciliation of investment and advances fair value movement:

	2024	
	Investments	Advances
	----------(Rupees in '000)----------	
Opening balance	6,283,601	1,200,000
Impact of adoption of IFRS 9	2,271,824	122,135
Balance as at January 01 after adopting IFRS 9	8,555,425	1,322,135
Remeasurement recognised in OCI or profit and loss / adjustment	2,592,811	91,600
Closing balance	11,148,236	1,413,735

45 SEGMENT INFORMATION

45.1 Segment details with respect to business activities

	2024									
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Subsidiaries	Others*	Elimination	Total
	(Rupees in '000)									
Consolidated statement of profit and loss account										
Net mark-up / return/ profit	(107,897,146)	21,570,537	34,076,685	171,107,714	(14,967)	8,568,660	56,013	(685,559)	-	126,781,937
Inter segment revenue - net	195,782,873	(5,271,321)	(3,471,478)	(184,219,250)	9,177,145	341,915	-	45,493	(12,385,377)	-
Non mark-up / return / interest income	8,692,756	6,883,934	2,727,841	20,357,784	1,345,630	3,857,987	485,067	1,437,956	(13,699)	45,775,256
Total income	96,578,483	23,183,150	33,333,048	7,246,248	10,507,808	12,768,562	541,080	797,890	(12,399,076)	172,557,193
Segment direct expenses	31,304,470	3,745,141	13,267,673	1,028,260	4,284,959	3,713,532	764,646	28,943,643	(13,699)	87,038,625
Inter segment expense allocation	18,586,826	2,120,999	5,672,890	723,868	2,415,254	769,293	-	(28,943,643)	(1,345,487)	-
Total expenses	49,891,296	5,866,140	18,940,563	1,752,128	6,700,213	4,482,825	764,646	-	(1,359,186)	87,038,625
Credit loss allowance / provision / (reversals)	1,364,721	2,925,115	(57,063)	(8,407)	16,028	308,620	(377,781)	(3,899,905)	(100)	271,228
Profit / (loss) before tax	45,322,466	14,391,895	14,449,548	5,502,527	3,791,567	7,977,117	154,215	4,697,795	(11,039,790)	85,247,340

	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Subsidiaries	Others *	Elimination	Total
	(Rupees in '000)									
Consolidated statement of financial position										
Cash and bank balances	109,749,938	17,976,222	41,944,162	-	775,190	66,937,500	2,071,561	-	8,127,574	247,582,147
Investments	-	5,492,251	242,118,099	1,617,562,126	-	123,313,534	201,676	7,494,575	-	1,996,182,261
Inter segment lending - net	988,532,481	-	-	-	10,562,483	-	-	83,946,238	(1,083,041,202)	-
Lendings to financial institutions	-	-	43,283,519	97,393,884	-	7,103,006	-	-	(46,782,086)	100,998,323
Advances - performing	242,468,773	634,142,272	165,966,972	-	59,194	56,323,050	389	12,650,639	(5,571,000)	1,106,040,289
- non-performing	1,140,010	1,072,573	917,894	-	1,966	67,755	-	106,116	29,939	3,336,253
Others	24,516,991	39,838,680	53,364,017	42,082,631	2,095,622	2,843,261	613,478	100,201,974	(2,640,230)	262,916,424
Total assets	1,366,408,193	698,521,998	547,594,663	1,757,038,641	13,494,455	256,588,106	2,887,104	204,399,542	(1,129,877,005)	3,717,055,697
Borrowings	18,008,205	66,732,348	35,770,158	1,037,179,587	-	28,681,197	314,967	-	(44,485,753)	1,142,200,709
Subordinated debt	-	-	-	-	-	-	-	14,000,000	-	14,000,000
Deposits and other accounts	1,277,413,227	262,957,681	398,788,680	-	12,936,578	185,193,870	-	2,800	(1,188,138)	2,136,104,698
Inter segment borrowing - net	-	330,688,006	30,376,465	689,991,745	-	31,961,837	-	-	(1,083,018,053)	-
Others	70,986,761	38,143,963	76,483,156	18,960,678	557,877	9,902,659	1,056,951	28,456,609	(1,185,061)	243,363,593
Total liabilities	1,366,408,193	698,521,998	541,418,459	1,746,132,010	13,494,455	255,739,563	1,371,918	42,459,409	(1,129,877,005)	3,535,669,000
Net assets	-	-	6,176,204	10,906,631	-	848,543	1,515,186	161,940,133	-	181,386,697
Equity including non-controlling interest										181,386,697
Contingencies and commitments	137,249,361	230,283,930	79,773,852	391,608,905	718	54,966,306	495,725	4,284,623	-	898,663,420

The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.

* Others include head office related activities.

	2023									
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Subsidiaries	Others*	Elimination	Total
	(Rupees in '000)									
Consolidated statement of profit and loss account										
Net mark-up / return/ profit	(73,546,184)	15,006,727	26,825,045	153,382,874	5,579	7,334,876	(118,482)	(2,938,545)	-	125,951,890
Inter segment revenue - net	151,307,607	3,688,895	(782,277)	(155,344,030)	7,644,757	515,729	-	2,520,086	(9,550,767)	-
Non mark-up / return / interest income	8,321,648	4,094,945	2,087,865	11,268,823	1,441,359	1,124,650	647,777	1,810,537	(16,462)	30,781,142
Total income	86,083,071	22,790,567	28,130,633	9,307,667	9,091,695	8,975,255	529,295	1,392,078	(9,567,229)	156,733,032
Segment direct expenses	24,509,797	4,354,142	9,678,031	959,880	3,324,433	3,424,167	495,932	20,940,621	(16,462)	67,670,541
Inter segment expense allocation	13,665,682	1,552,339	4,075,065	499,771	1,768,606	478,948	-	(20,940,621)	(1,099,790)	-
Total expenses	38,175,479	5,906,481	13,753,096	1,459,651	5,093,039	3,903,115	495,932	-	(1,116,252)	67,670,541
Credit loss allowance / provision / (reversals)	5,552,846	2,757,880	96,717	(769,666)	45,664	(451)	1,125,000	1,779,000	(262,236)	10,324,754
Profit / (loss) before tax	42,354,746	14,126,206	14,280,820	8,617,682	3,952,992	5,072,591	(1,091,637)	(386,922)	(8,188,741)	78,737,737

	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Subsidiaries	Others*	Elimination	Total
	(Rupees in '000)									
Consolidated statement of financial position										
Cash and bank balances	107,505,103	20,666,132	33,920,116	-	801,318	56,947,383	512,336	-	(669,800)	219,682,588
Investments	-	3,609,787	214,732,021	1,743,435,218	-	104,537,703	19,201	5,822,837	-	2,072,156,767
Inter segment lending - net	973,612,195	87,039,833	-	-	11,390,718	-	-	124,249,350	(1,196,292,096)	-
Lendings to financial institutions	-	-	32,832,027	94,864,225	-	13,960,199	-	-	(22,102,342)	119,554,109
Advances - performing	207,915,194	299,248,029	161,980,731	-	80,881	44,106,831	10,318	16,460,775	-	729,802,759
- non-performing	2,955,353	1,449,384	589,393	-	8,333	177,923	-	78,682	-	5,259,068
Others	21,680,353	30,738,634	41,414,392	62,367,729	1,333,206	9,780,632	940,554	35,034,535	(77,529)	203,212,506
Total assets	1,313,668,198	442,751,799	485,468,680	1,900,667,172	13,614,456	229,510,671	1,482,409	181,646,179	(1,219,141,767)	3,349,667,797
										-
Borrowings	23,956,020	88,567,733	40,501,991	747,762,555	-	31,762,975	672,579	-	(23,007,821)	910,216,032
Subordinated debt	-	-	-	-	-	-	-	14,000,000	-	14,000,000
Deposits and other accounts	1,243,732,370	305,616,623	365,397,636	-	13,355,298	157,205,824	-	-	(366,494)	2,084,941,257
Inter segment borrowing - net	-	-	22,614,166	1,144,470,847	-	29,207,083	-	-	(1,196,292,096)	-
Others	45,979,808	48,567,443	53,942,917	9,462,016	259,158	12,072,324	1,595,603	28,483,357	524,644	200,887,270
Total liabilities	1,313,668,198	442,751,799	482,456,710	1,901,695,418	13,614,456	230,248,206	2,268,182	42,483,357	(1,219,141,767)	3,210,044,559
Net assets	-	-	3,011,970	(1,028,246)	-	(737,535)	(785,773)	139,162,822	-	139,623,238
Equity including non-controlling interest										139,623,238
Contingencies and commitments	127,717,077	220,203,714	66,758,549	447,453,464	8	61,147,942	450,000	5,313,913	-	929,044,667

The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.

* Others include head office related activities.

45.2 Segment details with respect to geographical locations

GEOGRAPHICAL SEGMENT ANALYSIS

	2024					
	Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total
	----------(Rupees in '000)----------					
Consolidated statement of profit and loss account						
Net mark-up / return/ profit	118,213,277	4,045,095	3,578,984	944,581	-	126,781,937
Inter segment revenue - net	(324,975)	556,841	(224,724)	9,798	(16,940)	-
Non mark-up / return / interest income	41,917,269	2,931,072	921,912	5,003	-	45,775,256
Total income	159,805,571	7,533,008	4,276,172	959,382	(16,940)	172,557,193
Segment direct expenses	83,325,093	1,321,061	1,801,817	590,654	-	87,038,625
Inter segment expense allocation	(769,293)	287,252	367,953	114,088	-	-
Total expenses	82,555,800	1,608,313	2,169,770	704,742	-	87,038,625
Credit loss allowance / provision / (reversals)	(37,392)	100,367	(5,805)	214,058	-	271,228
Profit / (loss) before tax	77,287,163	5,824,328	2,112,207	40,582	(16,940)	85,247,340

	Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total
	----------(Rupees in '000)----------					
Consolidated statement of financial position						
Cash and bank balances	171,734,072	48,389,609	6,375,307	12,172,584	8,910,575	247,582,147
Investments	1,872,868,727	84,153,241	27,248,234	11,912,059	-	1,996,182,261
Inter segment lending - net	31,984,986	-	-	-	(31,984,986)	-
Lendings to financial institutions	140,677,403	1,392,639	5,710,367	-	(46,782,086)	100,998,323
Advances - performing	1,055,288,239	20,258,316	36,064,734	-	(5,571,000)	1,106,040,289
- non-performing	3,238,559	-	67,755	-	29,939	3,336,253
Others	262,710,736	(68,625)	1,196,679	1,715,207	(2,637,573)	262,916,424
Total assets	3,538,502,722	154,125,180	76,663,076	25,799,850	(78,035,131)	3,717,055,697
Borrowings	1,158,005,265	25,153,364	3,527,833	-	(44,485,753)	1,142,200,709
Subordinated debt	14,000,000	-	-	-	-	14,000,000
Deposits and other accounts	1,951,291,042	111,830,117	55,148,867	18,214,886	(380,214)	2,136,104,698
Inter segment borrowing - net	-	11,537,236	14,626,037	5,798,564	(31,961,837)	-
Others	234,668,261	5,663,358	3,417,977	821,324	(1,207,327)	243,363,593
Total liabilities	3,357,964,568	154,184,075	76,720,714	24,834,774	(78,035,131)	3,535,669,000
Net assets	180,538,154	(58,895)	(57,638)	965,076	-	181,386,697
Equity including non-controlling interest						181,386,697
Contingencies and commitments	843,695,114	50,841,551	3,398,029	728,726	-	898,663,420

	2023					
	Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total
	----------(Rupees in '000)----------					
Consolidated statement of profit and loss account						
Net mark-up / return/ profit	118,617,014	3,545,622	2,659,583	1,129,671	-	125,951,890
Inter segment revenue - net	(450,298)	321,200	42,296	152,233	(65,431)	-
Non mark-up / return / interest income	29,656,492	600,573	834,858	(310,781)	-	30,781,142
Total income	147,823,208	4,467,395	3,536,737	971,123	(65,431)	156,733,032
Segment direct expenses	64,246,374	1,119,334	1,736,173	568,660	-	67,670,541
Inter segment expense allocation	(478,948)	206,372	191,996	80,580	-	-
Total expenses	63,767,426	1,325,706	1,928,169	649,240	-	67,670,541
Credit loss allowance / provision / (reversals)	10,325,205	(56,449)	(118,006)	174,004	-	10,324,754
Profit / (loss) before tax	73,730,577	3,198,138	1,726,574	147,879	(65,431)	78,737,737

	2023					
	Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total
	----------(Rupees in '000)----------					
Consolidated statement of financial position						
Cash and bank balances	163,265,021	36,544,091	5,067,845	15,335,447	(529,816)	219,682,588
Investments	1,967,619,064	70,253,061	20,546,627	13,738,015	-	2,072,156,767
Inter segment lending - net	29,207,083	-	-	-	(29,207,083)	-
Lendings to financial institutions	127,696,252	5,496,054	8,464,145	-	(22,102,342)	119,554,109
Advances - performing	685,695,928	4,371,015	39,735,816	-	-	729,802,759
- non-performing	5,081,145	-	177,923	-	-	5,259,068
Others	193,431,767	6,534,521	1,513,904	1,732,207	107	203,212,506
Total assets	3,171,996,260	123,198,742	75,506,260	30,805,669	(51,839,134)	3,349,667,797
Borrowings	901,460,878	31,722,558	40,417	-	(23,007,821)	910,216,032
Subordinated debt	14,000,000	-	-	-	-	14,000,000
Deposits and other accounts	1,928,046,054	77,608,972	55,747,264	23,849,588	(310,621)	2,084,941,257
Inter segment borrowing - net	-	7,810,660	15,692,690	5,703,733	(29,207,083)	-
Others	188,128,555	6,849,207	4,025,889	1,197,228	686,391	200,887,270
Total liabilities	3,031,635,487	123,991,397	75,506,260	30,750,549	(51,839,134)	3,210,044,559
Net assets	140,360,773	(792,655)	-	55,120	-	139,623,238
Equity including non-controlling interest						139,623,238
Contingencies and commitments	867,896,725	54,522,269	5,888,268	737,405	-	929,044,667

46 TRUST ACTIVITIES

The Holding Company undertakes trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Holding Company and, are therefore, not included as such in these consolidated financial statements. Assets held under trust in Investor Portfolio Securities Accounts (IPS) accounts are shown in the table below:

Category	Number of IPS Accounts	2024			
		Securities held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Ijarah Sukuks	
		----------(Rupees in '000)----------			
Asset management companies / mutual funds	103	291,767,045	29,723,400	127,000	321,617,445
Corporates	131	111,457,680	89,986,900	-	201,444,580
Individuals	5,729	10,537,545	972,615	980,300	12,490,460
Insurance companies	14	1,896,070	90,035,500	-	91,931,570
NGO / charitable organisation	13	7,976,635	9,351,500	-	17,328,135
Pension & employee funds	84	37,791,160	26,077,000	500,000	64,368,160
Others	286	3,447,605	-	-	3,447,605
	6,360	464,873,740	246,146,915	1,607,300	712,627,955

Category	Number of IPS Accounts	2023			
		Securities held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Ijarah Sukuks	
		----------(Rupees in '000)----------			
Asset management companies / mutual funds	99	85,312,425	48,054,950	325,000	133,692,375
Corporates	125	74,646,785	13,909,300	75,000	88,631,085
Individuals	3,390	6,664,280	781,365	927,000	8,372,645
Insurance companies	16	2,347,250	88,037,000	695,000	91,079,250
NGO / charitable organisation	15	9,018,285	5,295,300	-	14,313,585
Pension & employee funds	88	42,772,275	27,054,000	500,000	70,326,275
Others	132	-	-	-	-
	3,865	220,761,300	183,131,915	2,522,000	406,415,215

47 RELATED PARTY TRANSACTIONS

The Group has related party transactions with its associates, joint ventures, employee benefit plans, its directors, key management personnel and other related parties.

The Group enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	As at December 31, 2024				As at December 31, 2023			
	Directors/ CEO	Key management personnel	Associates	Other related parties	Directors/ CEO	Key management personnel	Associates	Other related parties
	(Rupees in '000)				(Rupees in '000)			
Lendings to financial institutions								
Opening balance	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	-	-	6,332,364
Repaid during the year	-	-	-	-	-	-	-	(6,332,364)
Closing balance	-	-	-	-	-	-	-	-
Investments								
Opening balance	-	-	6,052,472	1,802,909	-	-	4,634,071	1,552,048
Investment made during the year	-	-	-	511,863	-	-	-	683,255
Investment redeemed / disposed off during the year	-	-	-	(331,613)	-	-	-	(504,303)
Revaluation of investment during the year	-	-	-	2,190,383	-	-	-	71,909
Equity method adjustment	-	-	873,265	-	-	-	1,418,401	-
Transfer in / (out) - net	-	-	-	(1,250,354)	-	-	-	-
Closing balance	-	-	6,925,737	2,923,188	-	-	6,052,472	1,802,909
Advances								
Opening balance	14,918	935,186	-	1,925,526	18,062	672,608	-	2,367,924
Addition during the year	1,715	232,432	-	43,510,218	911	604,716	-	90,959,543
Repaid during the year	(5,408)	(194,161)	-	(44,383,312)	(4,055)	(314,643)	-	(90,662,727)
Transfer in / (out) - net	-	(1,988)	-	-	-	(27,495)	-	-
Write off	-	-	-	-	-	-	-	(739,214)
Closing balance	11,225	971,469	-	1,052,432	14,918	935,186	-	1,925,526
Credit loss allowance held against advances	34	3,690	-	1,524	-	-	-	-

	As at December 31, 2024				As at December 31, 2023			
	Directors/ CEO	Key management personnel	Associates	Other related parties	Directors/ CEO	Key management personnel	Associates	Other related parties
	(Rupees in '000)				(Rupees in '000)			
Other assets								
Interest / mark-up accrued	4,593	81,687	-	22,681	2,791	59,977	-	90,690
Receivable from staff retirement fund	-	-	-	1,331,990	-	-	-	440,585
Prepayment / rent receivable	-	-	9,209	-	-	-	6,214	-
Advance against shares	-	-	-	-	-	-	-	140,000
Borrowings								
Opening balance	-	-	-	2,605,576	-	-	-	2,180,207
Borrowings during the year	-	-	-	1,149,273	-	-	-	2,095,000
Settled during the year	-	-	-	(1,290,819)	-	-	-	(1,669,631)
Closing balance	-	-	-	2,464,030	-	-	-	2,605,576
Deposits and other accounts								
Opening balance	406,959	340,757	17,153,420	18,550,205	38,466	184,994	3,078,698	12,308,779
Received during the year	5,668,276	4,582,080	1,211,982,771	276,598,239	1,190,788	3,877,341	840,300,568	318,163,352
Withdrawn during the year	(5,889,395)	(4,524,294)	(1,169,109,527)	(278,997,497)	(822,295)	(3,686,772)	(826,225,846)	(311,950,193)
Transfer in / (out) - net	7	(5,900)	-	(3,617,598)	-	(34,806)	-	28,267
Closing balance	185,847	392,643	60,026,664	12,533,349	406,959	340,757	17,153,420	18,550,205
Subordinated debt								
Opening balance	-	-	-	300,000	-	-	-	300,000
Issued / purchased during the year	-	-	-	-	-	-	-	-
Redemption / sold during the year	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	(300,000)	-	-	-	-
Closing balance	-	-	-	-	-	-	-	300,000

	As at December 31, 2024				As at December 31, 2023			
	Directors/ CEO	Key management personnel	Associates	Other related parties	Directors/ CEO	Key management personnel	Associates	Other related parties
	(Rupees in '000)				(Rupees in '000)			
Other liabilities								
Interest / mark-up payable	226	248	-	126,062	737	1,045	-	130,491
Dividend payable	7	-	-	9	1,975,728	-	-	1,845,246
Payable to defined benefit plan	-	-	-	-	-	-	-	-
Others	-	-	2,532	32,800	-	-	-	54,868
Contingencies and commitments	-	-	-	576,500	-	-	-	1,573,620

	For the year ended December 31, 2024				For the year ended December 31, 2023			
	(Rupees in '000)				(Rupees in '000)			
Income								
Mark-up / return / interest earned	1,860	30,927	-	255,207	1,804	26,530	-	342,444
Fee and commission income	94	832	514,653	6,953	9	267	205,025	13,080
Dividend income	-	-	434,993	648,370	-	-	298,495	249,043
Gain / (loss) on sale of securities	-	120	-	(11,676)	-	7	-	25,986
Rent on property	-	-	3,899	-	-	-	4,223	-
Gain on sale of property and equipment - net	1,152	220	11,525	-	-	-	5,588	-
Expense								
Mark-up / return / interest paid	24,495	29,217	757,955	2,509,104	13,215	28,611	981,133	2,149,270
Operating expenses								
Fee and remuneration	1,586,523	1,608,130	-	-	409,936	1,242,197	-	-
Clearing and custodian charges	-	-	-	109,686	-	-	-	-
Software maintenance	-	-	-	208,022	-	-	-	195,239
Communication cost	-	-	-	696,409	-	-	-	269,105
Donations	-	-	-	50,000	-	-	-	50,000
Charge for defined benefit plan	-	-	-	771,603	-	-	-	413,244
Contribution to defined contribution plan	-	-	-	878,699	-	-	-	730,931
Training and subscription	-	-	-	694	-	-	-	8,737
Reversal of credit loss allowance against loans & advances	(37)	(3,242)	-	(4,691)	-	-	-	-
Reversal of credit loss allowance against off-balance sheet obligations	-	-	-	(51)	-	-	-	-
Other information								
Dividend paid	6,055,313	19,156	13,954	5,944,564	1,159,554	11,062	10,136	2,209,369
Insurance premium paid	-	-	1,403,346	-	-	-	1,134,115	-
Insurance claims settled	-	-	891,123	-	-	-	701,346	-

48 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2024	2023
	-------(Rupees in '000)-------	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	15,771,651	15,771,651
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	146,742,124	112,301,515
Eligible Additional Tier 1 (ADT 1) Capital	13,551,002	13,550,000
Total eligible tier 1 capital	160,293,126	125,851,515
Eligible tier 2 capital	44,256,145	35,171,385
Total eligible capital (tier 1 + tier 2)	204,549,271	161,022,900
Risk weighted assets (RWAs):		
Credit risk	859,896,850	783,469,384
Market risk	47,911,688	18,233,250
Operational risk	243,639,025	177,472,700
Total	1,151,447,563	979,175,334
Common equity tier 1 capital adequacy ratio	12.74%	11.47%
Tier 1 capital adequacy ratio	13.92%	12.85%
Total capital adequacy ratio	17.76%	16.44%

In line with Basel III capital adequacy guidelines, the following capital requirements are applicable to the Holding Company:

	2024	2023
Common Equity Tier 1 Capital Adequacy ratio	6.00%	6.00%
Tier 1 Capital Adequacy Ratio	7.50%	7.50%
Total Capital Adequacy Ratio	11.50%	11.50%

For Capital adequacy calculation, the Holding Company has adopted Standardised Approach for credit and market risk related exposures and Alternate Standardised Approach (ASA) for operational risk.

	2024	2023
	-------(Rupees in '000)-------	
Leverage Ratio (LR):		
Eligible tier-1 capital	160,293,126	125,851,515
Total exposures	4,077,780,148	3,541,562,293
Leverage ratio	3.93%	3.55%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	1,197,167,258	1,082,954,156
Total net cash outflow	626,056,805	488,388,254
Liquidity coverage ratio	191%	222%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	1,690,754,449	1,634,520,450
Total required stable funding	1,340,991,900	1,012,638,563
Net stable funding ratio	126%	161%

48.1 The full disclosures on the Capital Adequacy, Leverage Ratio & Liquidity Requirements as per the SBP instructions have been placed on the website. The link to the full disclosure is available at https://www.bankalfalah.com/financial-reports/.

49 RISK MANAGEMENT

The variety of business activities undertaken by the Group require effective identification, measurement, monitoring, integration and management of different financial and non-financial risks that are constantly evolving as business activities change in response to concurrent internal and external developments. The Board Risk Management Committee (BRMC) is appointed and authorised by the Board of Directors (BOD) to assist in design, regularly evaluating and timely updating the risk management framework of the Holding Company. The Board has further authorised the management committees i.e. Central Management Committee (CMC), Central Credit Committee (CCC) and Digital Council to supervise risk management activities within their respective scopes. CMC has further established sub-committees such as Assets & Liabilities Committee (ALCO), Investment Committee (IC), Information Technology Steering Committee (ITSC), Control & Compliance Committee (C&CC), Process Improvement Committee (PIC) and Governance Committee for Overseas Operations etc.

The risk management framework endeavours to be a comprehensive and evolving guideline to cater to changing business dynamics. The framework includes:

- Clearly defined risk management policies, procedures, responsibilities and accountabilities;

- Well constituted organisational structure, in the form of separate risk management departments within the Credit and Risk Management Group, which ensure that individuals responsible for risk approval are independent from risk taking units i.e. Business Units; and

- Mechanism for ongoing review of policies and procedures and risk exposures.

The primary objective of this architecture is to inculcate risk management into the organisation flows to ensure that risks are accurately identified & assessed, properly documented, approved, and adequately monitored & managed in order to enhance long term earnings and to protect the interests of the Group's depositors and shareholders.

The Group's risk management framework has a well-defined organisational structure for effective management of credit risk, market risk, liquidity risk, operational risk, information security risk, trade pricing, environment and social risk. Further, there is an advanced focus on optimal utilisation of capital while ensuring compliance with capital requirements. The results of stress tests and internal capital adequacy assessment process and recovery plans are given due consideration in capital and business planning.

49.1 Credit Risk

Credit risk is the identification of probability that counterparty will cause a financial loss to the Group due to its inability or unwillingness to meet its contractual obligation. This credit risk arises mainly from lending, hedging, settlement and other financial transactions. The credit risk management processes encompass identification, assessment, measurement, monitoring and control of the Group's exposure to credit risk. The Group's credit risk management philosophy is based on the Group's overall business strategy / direction as established by the Board. The Group is committed to the appropriate level of due diligence to ensure that credit risks have been properly analysed, fully disclosed to the approving authorities and appropriately quantified, also ensuring that the credit commitment is appropriately structured, priced (in line with market practices) and documented.

The Group has built and maintained a sound loan portfolio in terms of well-defined credit policy approved by the Board of Directors (BOD). Its credit evaluation system comprises of well-designed credit appraisal, sanctioning and review procedures for prudence in lending activities and ensuring the high quality of asset portfolio. In order to have an effective and efficient risk assessment, and to closely align its functions with Business, Credit Division has separate units for Corporate banking, Islamic banking, Retail & SME banking (including Agricultural financing) and Overseas Operations & Financial Institutions. For Consumer & Digital products, loans are booked against defined eligibility criteria as per product programs / credit policy and these have a separate credit risk function.

The Group manages its portfolio of loan assets with a view to limit concentrations in terms of risk quality, industry, maturity and large exposure. Portfolio analysis is also conducted on regular basis. This portfolio level oversight is maintained by the Credit & Risk Management Group.

For domestic operations, the Group determines the amount for provisions / expected credit loss as per the IFRS 9 guidelines / Prudential Regulations issued by the SBP and the management best estimates. Provisions at overseas branches are held to meet the requirements of the regulatory authorities of the respective countries in which the overseas branches operates.

A sophisticated internal credit rating system is in place, which is capable of quantifying counter-party and transaction risk in accordance with the best practices. The risk rating system takes into consideration qualitative and quantitative factors of the counter-party, transaction structure & security and generates internal ratings at obligor and facility levels. Furthermore, this system has an integrated loan origination module, which is currently being used in Corporate Banking, Islamic Banking and Retail segments. The system is regularly reviewed for improvements as per the SBP's guidelines for Internal Credit Rating and Risk Management.

The risk rating system incorporates comprehensive obligor risk rating models for the Corporate, Commercial, Small & Medium Enterprises, Agricultural, and Project Finance portfolios. These models are designed using a diverse array of qualitative and quantitative variables, each assigned specific weights or scores. The aggregate score of these variables is mapped to determine the final obligor risk rating. Additionally, the scorecard-based models include a provision for management-level overrides, enabling the incorporation of any critical information or risk factors into the final assessment.

Furthermore, the Holding Company also validates Internal Ratings based on statistical tests for all portfolios. It covers both discrimination and calibration statistical tests as per best practices. The system is backed by secured database with backup support and is capable of generating MIS reports providing snapshot of the entire portfolio for strategizing and decision making. The system is enhanced to compute the ECL calculation for IFRS 9 and risk weighted assets for quarterly credit risk related Basel submissions.

A centralised Credit Administration Division (CAD) under Credit and Risk Management Group is working towards ensuring that terms of approval of credit sanctions and regulatory stipulations are complied with, all documentation including security documentation is regular and fully enforceable and all disbursements of approved facilities are made only after necessary authorisation by CAD.

Credit Policy and Portfolio Management under Credit and Risk Management Group keeps a watch on the quality of the credit portfolio in terms of borrowers' behaviour, identifies weakening accounts relationships and report them to the appropriate authorities with a view to address further deterioration.

To handle the specialised requirements of managing delinquent and problem accounts, the Holding Company has a separate client facing unit to negotiate repayment / settlement of the Holding Company's non-performing exposure and protect the interests of the Holding Company's depositors and stakeholders. The priority of the Special Asset Management Group (SAMG) is recovery of amounts and / or to structure an arrangement (such as rescheduling, restructuring, settlement or a combination of these) by which the interests of the Group are protected. Where no other recourse is possible, SAMG may proceed with legal recourse so as to maximise the recovery of the Holding Company's assets. The Credit and Risk Management Group also monitors the NPL portfolio of the Holding Company and reports the same to CCC / BRMC.

49.1.1 Credit risk - general disclosures Basel specific

The Group is using Standardised Approach (SA) of the SBP's Basel accord for the purpose of estimating credit risk weighted assets. Under SA, banks are allowed to take into consideration external rating(s) of counter-parties for the purpose of calculating risk weighted assets. A detailed procedural manual specifying processes for deriving Credit Risk Weighted Assets in accordance with the SBP Basel Standardised Approach is in place and firmly adhered to by the Group.

49.1.2 Disclosures for portfolio subject to the standardised approach & supervisory risk weights

49.1.2.1 External ratings

The SBP Basel III guidelines require banks to use ratings assigned by specified External Credit Assessment Institutions (ECAIs) namely Pakistan Credit Rating Agency Limited (PACRA), VIS and Moody's, Fitch and Standard & Poor's.

The SBP through its letter number BSD/BAI-2/201/1200/2009 dated December 21, 2009 accorded approval to the Holding Company for use of ratings assigned by Credit Rating Agency of Bangladesh (CRAB) and Credit Rating Information and Services Limited (CRISL). The Holding Company uses these ECAIs to rate its exposures denominated in Bangladeshi currency on certain corporate exposures and banks incorporated in Bangladesh.

The Holding Company uses external ratings for the purpose of mapping risk weights as per the Basel III framework. Instances whereby an exposure is rated by two or more ratings agencies, mapping into different risk weights, instructions outlined in Regulatory guidelines on BASEL framework shall be adhered to for selection of applicable rating.

49.1.3 Disclosures with respect to credit risk mitigation for standardised approach

49.1.3.1 Credit risk mitigation policy

The Group defines collateral as the assets or rights provided to the Group by the borrower or a third party in order to secure a credit facility. The Group would have the rights of secured creditor in respect of the assets / contracts offered as security for the obligations of the borrower / obligor.

49.1.3.2 Collateral valuation and management

As stipulated in the SBP Basel guidelines, the Group uses the comprehensive approach for collateral valuation. Under this approach, the Group reduces its credit exposure to a counterparty when calculating its capital requirements to the extent of risk mitigation provided by the eligible financial collateral as specified in the Basel guidelines. In line with Basel guidelines, the Group makes adjustments in eligible collaterals for possible future fluctuations in the value of the collateral. These adjustments, also referred to as 'haircuts', to produce volatility adjusted amounts for collateral, are reduced from the exposure to compute the capital charge based on the applicable risk weights.

49.1.3.3 Types of collaterals

The Group determines the appropriate collateral for each facility based on the type of product and counterparty. In case of corporate and SME financing, fixed assets are generally taken as security for long tenure loans and current assets for working capital finance usually backed by mortgage or hypothecation. For project finance, security of the assets of the borrowers and assignment of the underlying project contracts are generally obtained. Additional security such as pledge of shares, cash collateral, TDRs, SSC/DSCs, charge on receivables may also be obtained. Moreover, in order to cover the entire exposure personal guarantees of directors / borrowers are also obtained generally by the Group. For retail products, the security to be taken is defined in the product policy for the respective products. Housing loans and automobile loans are secured by the property and automobile being financed respectively.

The Group also offers products which are primarily based on collateral such as shares, specified securities and pledged commodities. These products are offered in line with the SBP prudential regulations and approved product policies which also deal with types of collateral, valuation and margining.

The decision on the type and quantum of collateral for each transaction is taken by the credit approving authority as per the credit approval authorisation approved by the CCC under its delegation powers. For facilities provided as per approved product policies (retail products, loan against shares etc.), collateral is taken in line with the policy.

49.1.3.4 Types of eligible financial collateral

For credit risk mitigation purposes (capital adequacy purposes), the Group considers all types of financial collaterals that are eligible under the SBP Basel III accord. This includes cash / TDRs, gold, securities issued by Government of Pakistan such as T-Bills and PIBs, National Savings Certificates, certain debt securities rated by recognised credit rating agencies, mutual fund units where daily Net Asset Value (NAV) is available in public domain and guarantees from certain specified entities (Government of Pakistan, Banks etc.) under substitution effect of Basel.

49.1.3.5 Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz. industry, geography, and single/group borrower exposures. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single borrower, group borrowers and related parties. Moreover, in order to restrict the industry concentration risk, the Holding Company's annual credit plan spells out the maximum allowable exposure that it can take on specific industry. Additionally, the Internal Rating System allows the Holding Company to monitor risk rating concentration of borrowers against different grades / scores ranging from 1 - 12 (1 being the best and 12 being loss category).

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

49.1.3.6 Methodologies and models used for the measurement of Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

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

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

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

Forward looking information

The Holding Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for Wholesale & Retail portfolio.

These economic variables and their associated impact on the PD vary by the portfolio.

The rating band / DPD bucket wise PDs are computed through migration analysis using alteast 5 years historical transition matrices of respective portfolio. Furthermore, a detailed regression analysis is carried out using Marco Economic variables (i.e. Average Inflation rate and GDP Growth rate were regressed against Bank's Internal Default Rates) in order to attain forward-looking PDs for each following year.

In addition to the base economic scenario, the Holding Company also uses other possible scenarios along with scenario weightings. The number of scenarios and their attributes are reassessed at each reporting date. The scenario weightings are determined by a combination of statistical analysis and expert credit judgment, taking account of the range of possible outcomes each chosen scenario is representative of.

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

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

- GDP growth
- Consumer price index

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), discounted at an approximation to the EIR, defined as follows:

Probability of Default (PD):

The Probability of default (PD) represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- For corporate, commercial, SME and agriculture loan portfolios (collectively referred to as the "Wholesale Portfolio"), the Holding Company has used a obligor risk rating (ORR) transition based approach to determine the segment wise PDs for each ORR.

- For auto loans, housing, personal installment loans and credit cards (collectively referred to as the "Retail Portfolio"), a days-past-due ("DPD") based migration approach has been used; and these PD's for wholesale & retail portfolio are then adjusted with forward looking information to arrive at point in time (PIT) PDs;

- For other financial assets (i.e. investments, lending to financial institutions, balances with other banks etc.), historical PDs were estimated on the basis of global default Rates taken from s&P rating-wise transition matrices. These annual default Rates were converted into forward-looking PDs using the vasicek model. the forecast global macro-economic variables were derived using historical regression between global macro-economic variables and Pakistan macro-economic variables.

Exposure at Default (EAD)

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

Loss Given Default (LGD):

LGD represents an estimate of the loss incurred on a facility in the event of default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Holding Company expects to receive. It is expressed as a percentage of the EAD. Holding Company has estimated segment wise LGDs for Corporate/Commercial, SE, ME & Agri Portfolio as well as product wise LGDs for Auto Finance, Personal Loan, Home Finance and Credit Card portfolio. The LGDs are determined using workout approach, based on vintage recovery data for the defaulted portfolio; these recoveries are then discounted back to date of default, to factor in time value of money.

The Holding Company has converted the estimates for segment / product wise historical LGDs (Through the cycle LGDs) into forward looking point in time LGDs,through use of term structure of Point in time PDs.

49.1.3.7 ECL Principles, Grouping and Calculations

The ECL is determined by projecting the PD, LGD and EAD for each future repayment date and for each individual exposure. These three components are multiplied together, effectively calculating an ECL for each future repayment date, which is then discounted back to the reporting date and summed.

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

When estimating the ECLs, the Holding Company considers three scenarios (a base, best and a worst case). Each of these scenario's is based on different macro-economic forecasts and is associated with different set of PDs & LGD.

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

- History of legal certainty & enforceability
- History of recovery

The Holding Company's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs. Furthermore, The credit exposure (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

Impact on Regulatory Capital:

The introduction of IFRS 9 has resulted in reduction in regulatory capital of the Group, which has reduced their lending capacity and ability to support their clients. In order to mitigate the impact of ECL models on capital, SBP has permitted Banks to opt for transitional arrangement for the ECL impact on regulatory capital from the application of ECL accounting. Annexure B of the 'Application Instructions' issued by SBP has detailed the transitional arrangement.

Accordingly, Holding Company has opted for transition arrangement to phase in ECL impact and below tabulated is the impact on key ratios, had the transitional arrangement not applied.

Key Ratios	With Transitional arrangement	Without Transitional arrangement
Total Capital to total RWA (CAR)	17.76%	17.50%
Leverage Ratio	3.93%	3.86%

49.1.3.8 ECL Modeling and staging criteria/ Significant increase in ECLs

Significant increase in credit risk (SICR): A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument compared to the risk of default expected at the time of initial recognition.

The Holding Company uses a number of qualitative and quantitative measures in assessing SICR including, inter alia, the deterioration of Obligor Risk Ratings (ORR), in line with Holding Company's internally approved grid outlining specific notches downgrade for each ORR / external rating, payments being past due by 60 days, and other qualitative factors (such as watchlisting or restructuring of account).

49.1.4 Loans and advances definitions and methodologies of categorisation, credit loss allowance stages and movements between stages

Backward Transition:

In line with Holding Company's IFRS 9 Policy and Regulatory guidelines, financial assets shall be reclassified out of Stage 3 if they fulfill the criteria outlined in the Prudential Regulations (PR) issued by the State Bank of Pakistan (SBP). Similarly, financial assets classified under Stage 2 shall be reclassified to Stage 1 if the conditions that led to a significant increase in credit risk (SICR) no longer exist. However, a minimum period of three months from the initial downgrade is mandatory before any facility can be moved back to Stage 1 from Stage 2.

For a facility to transition from Stage 3 to Stage 2, it must meet the declassification requirements specified in the relevant Prudential Regulations. An exposure cannot be directly upgraded from Stage 3 to Stage 1; instead, it must first transition to Stage 2 and subsequently complete a cooling-off period of three months before being reclassified to Stage 1.

49.1.5 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Credit loss allowance /provision held					
					Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Specific
	2024	2023	2024	2023	2024	2024	2024	2023	2023	2023
	(Rupees in '000)									
Public Sector	11,982,500	4,027,280	-	-	486	-	-	-	-	-
Private Sector	89,016,702	115,527,272	-	-	393	-	-	443	-	-
	100,999,202	119,554,552	-	-	879	-	-	443	-	-

49.1.6 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Credit loss allowance /provision held					
					Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Specific
	2024	2023	2024	2023	2024	2024	2024	2023	2023	2023
	(Rupees in '000)									
Textile	201,628	211,285	201,628	211,285	-	-	201,628	-	-	211,285
Chemical and Pharmaceuticals	27,126	149,107	27,126	149,107	-	-	27,126	-	-	149,107
Electronics and electrical appliances	1,785	1,785	1,785	1,785	132	-	1,785	-	-	1,785
Engineering	846,035	703,913	-	-	-	-	-	255	-	-
Power (electricity), Gas, Water, Sanitary	2,231,203	1,124,734	-	-	471	-	-	243	-	-
Transport, Storage and Communication	-	-	-	-	-	-	-	-	-	-
Financial	24,043,784	23,201,242	83,768	373,688	6,987	2,145,627	83,768	7,053	2,355,129	373,688
Others (see note 49.1.6.1)	78,661,614	81,306,274	-	-	77,750	-	-	109,012	-	-
	106,013,175	106,698,340	314,307	735,865	85,340	2,145,627	314,307	116,563	2,355,129	735,865

Credit risk by public / private sector

	Gross investments		Non-performing investments		Credit loss allowance /provision held					
					Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Specific
	2024	2023	2024	2023	2024	2024	2024	2023	2023	2023
	(Rupees in '000)									
Public Sector	78,661,614	81,306,274	-	-	77,750	2,145,627	-	109,012	2,355,129	-
Private Sector	27,351,561	25,392,066	314,307	735,865	7,590	-	314,307	7,551	-	735,865
	106,013,175	106,698,340	314,307	735,865	85,340	2,145,627	314,307	116,563	2,355,129	735,865

49.1.6.1 This includes Pakistan Euro Bonds and foreign government securities.

49.1.7 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Credit loss allowance /provision held							
					Stage 1	Stage 2	Stage 3	General	Specific	Stage 1	General	Specific
	2024	2023	2024	2023	2024	2024	2024	2024	2024	2023	2023	2023
	(Rupees in '000)											
Agriculture, forestry, hunting and fishing	270,007,590	42,245,315	2,058,728	2,195,786	139,192	44,792	1,800,611	-	-	-	-	1,763,083
Automobile and transportation equipment	10,786,305	13,111,601	1,329,115	585,652	15,383	33,685	1,274,884	-	-	-	-	442,455
Cement	8,537,975	14,660,856	-	-	11,912	9,399	-	-	-	-	-	-
Chemical and pharmaceuticals	38,373,631	31,604,793	542,177	565,324	61,454	23,313	539,064	-	-	-	-	314,324
Construction	19,448,646	16,086,433	2,862,541	2,131,976	54,580	54,185	2,861,912	-	-	-	-	1,244,649
Electronics and electrical appliances	17,072,367	13,129,926	1,329,680	1,383,771	7,258	15,012	1,326,398	-	-	-	-	1,220,711
Exports / imports	2,669,426	3,376,008	215,646	424,851	3,837	9,173	194,502	-	-	-	-	405,666
Financial	85,551,503	16,338,942	629,971	672,979	75,917	1,649	629,971	-	-	23,788	-	672,979
Food & allied products	84,424,442	70,858,865	6,358,528	4,922,137	128,255	102,209	6,329,001	-	-	-	-	3,907,695
Footwear and leather garments	3,992,209	3,469,613	74,748	85,591	5,152	265	74,502	-	-	-	-	83,597
Glass and ceramics	903,446	325,393	-	42,563	1,964	1,199	-	-	-	-	-	42,563
Individuals	130,236,463	123,983,150	2,653,137	1,664,731	1,156,608	466,669	1,673,756	-	-	451	1,689,833	977,568
Insurance	517,652	646,757	-	-	-	380	-	-	-	-	-	-
Metal & allied industries	29,062,770	32,955,827	5,455,436	3,018,184	17,934	23,001	5,444,587	-	-	-	-	2,127,622
Mining and quarrying	4,751,764	5,179,359	13,116	15,579	1,432	292	10,088	-	-	-	-	6,275
Oil and allied	43,158,591	33,122,647	6,143,132	4,280,774	5,151	3,651	5,143,887	-	-	-	-	4,280,774
Paper and board	9,690,665	8,935,585	-	2,710	15,910	29,984	-	-	-	-	-	2,710
Plastic and allied industries	6,588,177	5,416,600	145,200	203,241	13,219	28,207	141,329	-	-	-	-	185,675
Power (electricity), gas, water, sanitary	64,395,584	55,067,488	1,732,762	1,823,960	87,497	141,137	1,732,762	-	-	1,394	-	1,823,960
Services	18,474,211	15,387,756	1,489,295	1,156,410	40,233	46,766	1,457,291	-	-	-	-	863,705
Sugar	20,456,948	16,493,548	434,517	471,497	20,211	10,513	434,517	-	-	-	-	471,497
Technology and related services	177,720	118,811	4,949	3,363	523	1,596	2,832	-	-	-	-	841
Textile	184,360,367	175,602,739	5,561,642	7,556,916	186,497	139,668	4,944,846	-	-	-	-	7,525,101
Transport, storage and communication	41,054,494	27,500,328	9,680	31,871	54,936	143,449	3,358	-	-	-	-	25,391
Wholesale & retail trade	45,321,391	34,445,196	2,205,335	3,208,838	103,169	36,205	2,050,217	-	-	-	-	2,992,687
Others	16,248,573	17,235,028	1,115,167	1,185,304	24,730	21,684	370,244	4,237,082	587,690	37	8,146,294	993,412
	1,156,262,910	777,298,564	42,364,502	37,634,008	2,232,954	1,388,083	38,440,559	4,237,082	587,690	25,670	9,836,127	32,374,940

Credit risk by industry sector

	Gross advances		Non-performing advances		Credit loss allowance /provision held							
					Stage 1	Stage 2	Stage 3	General	Specific	Stage 1	General	Specific
	2024	2023	2024	2023	2024	2024	2024	2024	2024	2023	2023	2023
	(Rupees in '000)											
Public sector	293,763,995	63,785,213	252,552	259,965	26,982	47,628	201,852	-	-	-	-	202,265
Private sector	862,498,915	713,513,351	42,111,950	37,374,043	2,205,972	1,340,455	38,238,707	4,237,082	587,690	25,670	9,836,127	32,172,675
	1,156,262,910	777,298,564	42,364,502	37,634,008	2,232,954	1,388,083	38,440,559	4,237,082	587,690	25,670	9,836,127	32,374,940

		2024	2023
49.1.8	**Contingencies and Commitments**	-------(Rupees in '000)-------	
	Credit risk by industry sector		
	Agriculture, forestry, hunting and fishing	2,521,658	1,848,473
	Automobile and transportation equipment	24,901,209	19,602,523
	Cement	1,435,118	3,068,456
	Chemical and pharmaceuticals	28,717,183	30,308,191
	Construction	49,152,061	44,745,753
	Electronics and electrical appliances	8,537,620	11,792,799
	Exports / imports	645,335	720,820
	Financial	406,890,234	478,001,996
	Food & allied products	26,330,807	25,554,148
	Footwear and leather garments	1,274,443	802,011
	Glass and ceramics	1,012,427	1,388,762
	Individuals	5,517,879	6,001,242
	Insurance	901,691	974,534
	Metal & allied industries	18,893,027	16,725,353
	Mining and quarrying	7,186,882	1,821,151
	Oil and allied	72,371,816	74,238,814
	Paper and board	3,704,026	4,851,180
	Plastic and allied industries	3,720,775	3,300,225
	Power (electricity), gas, water, sanitary	48,541,082	51,013,812
	Services	4,336,041	5,989,950
	Sugar	4,118,531	1,347,784
	Technology and related services	3,640,895	2,653,385
	Textile	76,462,818	53,815,517
	Transport, storage and communication	12,127,967	12,492,880
	Wholesale and retail trade	41,853,930	29,919,837
	Others	43,867,965	46,065,071
		898,663,420	929,044,667
	Credit risk by public / private sector		
	Public/ Government	75,628,540	61,573,645
	Private	823,034,880	867,471,022
		898,663,420	929,044,667

49.1.9 Concentration of Advances

The Holding Company's top 10 exposures on the basis of total funded and non-funded exposures aggregated to Rs. 468,501.847 million (2023: Rs. 157,762.230 million) are as following:

	2024	2023
	-------(Rupees in '000)-------	
Funded	381,239,490	61,314,267
Non Funded	87,262,357	96,447,963
Total Exposure	468,501,847	157,762,230

The sanctioned limits against these top 10 exposures aggregated to Rs. 608,466.300 million (2023: Rs. 263,838.992 million).

None of the top 10 exposures are classified.

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

49.1.10 Advances - province / region-wise disbursement & utilisation

Province/Region	2024						
	Disbursements	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	2,513,709,219	2,473,196,030	22,611,100	821,849	21,607	17,048,793	9,840
Sindh	2,267,413,093	18,676,583	2,247,412,632	906,383	367,735	49,760	-
KPK including FATA	28,354,738	261,032	-	27,313,263	-	780,443	-
Balochistan	8,701,243	4,000	18,226	-	8,679,017	-	-
Islamabad	267,859,146	94,001,091	10,220,253	28,450,651	-	135,187,151	-
AJK including Gilgit-Baltistan	2,182,801	2,197	-	-	6,564	-	2,174,040
Total	5,088,220,240	2,586,140,933	2,280,262,211	57,492,146	9,074,923	153,066,147	2,183,880

Province/Region	2023						
	Disbursements	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	1,953,021,686	1,906,355,593	28,438,675	670,214	9,846	17,432,385	114,973
Sindh	2,366,198,001	24,146,765	2,330,427,282	583,804	40,159	10,995,947	4,044
KPK including FATA	26,152,414	57	-	26,152,357	-	-	-
Balochistan	5,964,281	-	2,223	-	5,962,058	-	-
Islamabad	284,745,769	129,403,030	2,987,588	30,478,187	2,519	121,874,445	-
AJK including Gilgit-Baltistan	1,099,420	1,343	1,000	-	8,868	-	1,088,209
Total	4,637,181,571	2,059,906,788	2,361,856,768	57,884,562	6,023,450	150,302,777	1,207,226

49.2 Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to movements in market prices. It results from changes in interest rates, exchange rates and equity prices as well as from changes in the correlations between them. To manage and control market risk, a comprehensive Board approved Market & Liquidity Risk Management Policy, is in place. The policy outlines a well-defined risk control structure, responsibilities of relevant stakeholders with respect to market risk management and methods to measure and control market risk at a portfolio level. These controls include limits on exposure to individual market risk variables as well as limits on concentrations of tenors. This structure is reviewed, adjusted and approved periodically.

Under the BoD approved policy, the Group's Asset and Liability Committee (ALCO) and Investment Committee (IC) are primarily responsible for the oversight of market risk, supported by Market & Liquidity Risk Department of Risk Management Division (RMD). Furthermore, the Group carries out risk assessment via diversified tools including Value at Risk (VaR), PVBP (Price Value per Basis Point) and Duration on a regular basis. The Group also ascertains the impact of market risk on relevant portfolios through stress testing and the Internal Capital Adequacy Assessment processes.

49.3 Foreign exchange risk

Foreign exchange (FX) risk arises from fluctuation in the value of financial instruments due to changes in foreign exchange rates. The Group's FX Risk is largely mitigated by taking a matched funding positions.

The Group manages FX risk by setting and monitoring through approved currency wise net open position limits and Foreign Exchange Exposure Limit (FEEL). Foreign exchange risk is controlled and monitored through limits approved by ALCO, within the overall FEEL limit advised by the SBP.

The analysis below represents the concentration of the Group's foreign currency risk for on and off balance sheet financial exposure:

	2024				2023			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)				(Rupees in '000)			
United States Dollar	159,224,411	177,508,595	17,763,697	(520,487)	134,406,696	170,337,516	36,143,329	212,509
Great Britain Pound Sterling	4,123,220	10,516,911	6,421,132	27,441	3,821,446	9,724,464	5,966,219	63,201
Euro	5,351,227	8,683,527	3,396,000	63,700	5,213,422	9,399,107	4,354,620	168,935
Japanese Yen	7,082	261,585	312,095	57,592	15,181	877	-	14,304
Other currencies	152,570,740	151,799,596	(222,958)	548,186	111,498,770	111,236,817	94,049	356,002
	321,276,680	348,770,214	27,669,966	176,432	254,955,515	300,698,781	46,558,217	814,951

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% adverse movement in foreign exchange rates on				
- Profit and loss account	-	1,764	-	(8,150)
- Other comprehensive income	(302,624)	-	(309,098)	-

49.3.1 Balance sheet assets split by trading and banking books

	2024			2023		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	227,868,901	-	227,868,901	202,692,503	-	202,692,503
Balances with other banks	19,713,246	-	19,713,246	16,990,085	-	16,990,085
Lendings to financial institutions	100,998,323	-	100,998,323	119,554,109	-	119,554,109
Investments	1,706,466,894	289,715,367	1,996,182,261	1,792,469,951	279,686,816	2,072,156,767
Advances	1,109,376,542	-	1,109,376,542	735,061,827	-	735,061,827
Property and equipment	63,673,849	-	63,673,849	41,854,091	-	41,854,091
Right-of-use assets	25,365,699	-	25,365,699	19,966,957	-	19,966,957
Intangible assets	1,559,640	-	1,559,640	1,380,144	-	1,380,144
Deferred tax assets	-	-	-	3,619,475	-	3,619,475
Other assets	170,141,646	2,175,590	172,317,236	133,077,605	3,314,234	136,391,839
	3,425,164,740	291,890,957	3,717,055,697	3,066,666,747	283,001,050	3,349,667,797

49.3.2 Equity position risk

Equity position risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in the prices of individual stocks or market indices. The Group's equity investments are classified as fair value through other comprehensive income (FVOCI) / available for sale (AFS) and fair value through profit and loss (FVPL) / held for trading (HFT) investments. The objective of classifying investments as FVPL / HFT is to take advantage of short term capital gains, while the FVOCI / AFS portfolio is maintained with a medium term view of capital gains and dividend income. The Group's Investment Committee is primarily responsible for the oversight of the equity investment risk. The Group has an active and regular monitoring mechanism for utilisation against approved portfolio limits, scrip wise limits, sector limits, loss triggers and timely escalation of Management Action Trigger Levels (MAT).

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% adverse movement in equity prices on				
- Profit and loss account	-	(179,246)	-	(12,402)
- Other comprehensive income	(761,424)	-	(201,777)	-

49.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Interest Rate Risk is the adverse impact on the Group's shareholder's equity due to changes in the interest rates. It may be further elaborated as changes in the present value of the asset, liabilities and commitments due to changes in interest rates, including changes in the shape of yield curves The Group is exposed to interest rate risk primarily as a result of mismatches in the amounts of assets, liabilities and off-balance sheet interest sensitive instruments within a certain range of maturity or re-pricing (whichever is earlier). The Group has formulated a separate Interest Rate Risk Management (IRRM) framework which establishes aggregate and tenor-wise balance sheet level PVBP (Price Value per basis points) limits to manage interest rate risk within the Board approved risk appetite. Treasury and Capital Markets Group is primarily responsible for management of interest rate risk on a daily basis, and the Asset and Liability Committee (ALCO) oversees the interest rate risk at Group level. Market Risk Department of Risk Management Division independently monitors, analyses and reports various limits including management action point limits and re-pricing of the assets and liabilities on a regular basis.

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% increase in interest rates on				
- Profit and loss account	(2,553,743)	(4,655,830)	834,822	(1,873,290)
- Other comprehensive income	(16,800,740)	-	(10,346,287)	-

49.4.1 Mismatch of Interest Rate Sensitive Assets and Liabilities

	2024											
	Effective Yield/ Interest rate	Total	Exposed to Yield / Interest risk									Non-interest bearing financial instruments
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
On-balance sheet financial instruments	(Rupees in '000)											
Assets												
Cash and balances with treasury banks	0.00%	227,868,901	12,652,660	-	-	-	-	-	-	-	-	215,216,241
Balances with other banks	3.38%	19,713,246	509,281	-	-	-	-	-	-	-	-	19,203,965
Lending to financial institutions	15.19%	100,998,323	95,601,099	399,924	4,997,300	-	-	-	-	-	-	-
Investments	18.35%	1,996,182,261	180,967,039	288,403,810	730,065,802	165,681,067	157,240,131	127,222,674	174,592,781	132,559,486	-	39,449,471
Advances	17.00%	1,109,376,542	611,170,359	136,366,580	155,184,943	52,303,953	16,094,965	19,215,964	29,849,145	66,260,011	19,748,383	3,182,239
Other assets	-	155,453,910	-	-	-	-	-	-	-	-	-	155,453,910
		3,609,593,183	900,900,438	425,170,314	890,248,045	217,985,020	173,335,096	146,438,638	204,441,926	198,819,497	19,748,383	432,505,826
Liabilities												
Bills payable	-	41,768,326	-	-	-	-	-	-	-	-	-	41,768,326
Borrowings	16.35%	1,142,200,709	972,124,538	9,103,713	37,275,251	57,210,197	4,261,703	3,619,377	13,462,044	44,957,913	185,973	-
Deposits and other accounts	11.18%	2,136,104,698	1,062,676,824	109,136,439	54,656,520	36,128,705	988,608	1,336,147	6,025,141	-	-	865,156,314
Lease liabilities	14.40%	29,555,307	88,592	310,266	491,422	1,171,388	2,398,647	2,709,681	5,959,004	14,061,984	2,364,323	-
Subordinated debt	22.28%	14,000,000	-	7,000,000	7,000,000	-	-	-	-	-	-	-
Other liabilities	-	95,070,686	-	-	-	-	-	-	-	-	-	95,070,686
		3,458,699,726	2,034,889,954	125,550,418	99,423,193	94,510,290	7,648,958	7,665,205	25,446,189	59,019,897	2,550,296	1,001,995,326
On-balance sheet gap		150,893,457	(1,133,989,516)	299,619,896	790,824,852	123,474,730	165,686,138	138,773,433	178,995,737	139,799,600	17,198,087	(569,489,500)

	2024											
	Effective Yield/ Interest rate	Total	Exposed to Yield / Interest risk									Non-interest bearing financial instruments
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
Off-balance sheet financial instruments		(Rupees in '000)										
Documentary credits and short-term trade-related transactions		402,528,699	-	-	-	-	-	-	-	-	-	402,528,699
Commitments in respect of:												
- Forward exchange contracts - purchase		144,906,210	82,323,609	47,360,862	14,967,644	254,095	-	-	-	-	-	-
- Forward exchange contracts - sale		(122,031,856)	(79,019,016)	(21,826,844)	(13,829,134)	(7,356,862)	-	-	-	-	-	-
- Forward security - purchase		55,393,978	5,461,630	25,217,982	-	-	-	-	11,215,131	13,499,235	-	-
- Forward security - sale		(94,135,406)	-	(24,529,560)	-	(5,407,620)	(4,212,576)	(1,884,925)	(3,754,454)	(54,346,271)	-	-
- Interest Rate Swaps - purchase		23,054,358	13,834,353	9,220,005	-	-	-	-	-	-	-	-
- Interest Rate Swaps - sale		(23,054,358)	-	(584,955)	(580,164)	-	(2,808,564)	(4,596,075)	(7,799,400)	(6,685,200)	-	-
- Cross Currency Swaps - purchase		10,412,144	-	10,412,144	-	-	-	-	-	-	-	-
- Cross Currency Swaps - sale		(10,412,144)	-	-	-	(227,144)	-	-	-	(10,185,000)	-	-
Off-balance sheet gap		386,661,625	22,600,576	45,269,634	558,346	(12,737,531)	(7,021,140)	(6,481,000)	(338,723)	(57,717,236)	-	402,528,699
Total Yield/Interest Risk Sensitivity Gap			(1,111,388,940)	344,889,530	791,383,198	110,737,199	158,664,998	132,292,433	178,657,014	82,082,364	17,198,087	(166,960,801)
Cumulative Yield/Interest Risk Sensitivity Gap			(1,111,388,940)	(766,499,410)	24,883,788	135,620,987	294,285,985	426,578,418	605,235,432	687,317,796	704,515,883	537,555,082

	2023											
	Effective Yield/ Interest rate	Total	Exposed to Yield / Interest risk									Non-interest bearing financial instruments
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
On-balance sheet financial instruments		(Rupees in '000)										
Assets												
Cash and balances with treasury banks	0.00%	202,692,503	13,922,762	-	-	-	-	-	-	-	-	188,769,741
Balances with other banks	0.38%	16,990,085	60,488	-	-	-	-	-	-	-	-	16,929,597
Lending to financial institutions	10.92%	119,554,109	119,554,109	-	-	-	-	-	-	-	-	-
Investments	12.71%	2,072,156,767	331,561,798	484,177,739	675,557,953	226,168,506	78,688,167	110,344,862	87,916,510	59,475,219	7,671	18,258,342
Advances	11.24%	735,061,827	335,697,260	125,540,210	84,494,282	34,933,381	10,606,775	14,047,333	31,784,487	83,567,661	9,131,370	5,259,068
Other assets	-	125,447,855	-	-	-	-	-	-	-	-	-	125,447,855
		3,271,903,146	800,796,417	609,717,949	760,052,235	261,101,887	89,294,942	124,392,195	119,700,997	143,042,880	9,139,041	354,664,603
Liabilities												
Bills payable	-	26,004,538	-	-	-	-	-	-	-	-	-	26,004,538
Borrowings	9.54%	910,216,032	717,922,000	40,785,871	14,488,021	545,708	46,335,220	5,916,921	13,967,794	70,054,570	199,927	-
Deposits and other accounts	6.32%	2,084,941,257	872,460,119	106,689,827	63,873,584	190,365,008	839,901	776,267	31,124	-	-	849,905,427
Lease liabilities	12.92%	22,899,808	138,432	182,402	624,418	907,029	2,119,854	2,196,031	4,826,476	10,013,470	1,891,696	-
Subordinated debt	14.64%	14,000,000	-	7,000,000	7,000,000	-	-	-	-	-	-	-
Other liabilities	-	88,168,289	-	-	-	-	-	-	-	-	-	88,168,289
		3,146,229,924	1,590,520,551	154,658,100	85,986,023	191,817,745	49,294,975	8,889,219	18,825,394	80,068,040	2,091,623	964,078,254
On-balance sheet gap		125,673,222	(789,724,134)	455,059,849	674,066,212	69,284,142	39,999,967	115,502,976	100,875,603	62,974,840	7,047,418	(609,413,651)

	2023										
	Effective Yield/ Interest rate	Total	Exposed to Yield / Interest risk								Non-interest bearing financial instruments
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
On-balance sheet financial instruments	----------(Rupees in '000)----------										
Documentary credits and short-term trade-related transactions		369,828,072	-	-	-	-	-	-	-	-	-	369,828,072
Commitments in respect of:												
- Forward exchange contracts - purchase		198,859,218	89,146,811	72,036,819	37,173,352	502,236	-	-	-	-	-	-
- Forward exchange contracts - sale		(151,805,082)	(86,073,414)	(42,076,834)	(23,654,834)	-	-	-	-	-	-	-
- Forward security - purchase		20,461,347	1,790,376	2,125,301	15,374,572	-	-	1,171,098	-	-	-	-
- Forward security - sale		(88,746,368)	(1,790,375)	(38,881,280)	(36,898,765)	(10,905,413)	-	(270,535)	-	-	-	-
- Interest Rate Swaps - purchase		39,466,304	25,063,222	14,403,082	-	-	-	-	-	-	-	-
- Interest Rate Swaps - sale		(39,466,304)	-	-	(3,946,050)	(3,100,466)	(2,624,208)	(2,877,882)	(7,187,448)	(19,730,250)	-	-
- Cross Currency Swaps - purchase		11,683,894	-	11,683,894	-	-	-	-	-	-	-	-
- Cross Currency Swaps - sale		(11,683,894)	-	(11,683,894)	-	-	-	-	-	-	-	-
Off-balance sheet gap		348,597,187	28,136,620	7,607,088	(11,951,725)	(13,503,643)	(2,624,208)	(1,977,319)	(7,187,448)	(19,730,250)	-	369,828,072
Total Yield/Interest Risk Sensitivity Gap			(761,587,514)	462,666,937	662,114,487	55,780,499	37,375,759	113,525,657	93,688,155	43,244,590	7,047,418	(239,585,579)
Cumulative Yield/Interest Risk Sensitivity Gap			(761,587,514)	(298,920,577)	363,193,910	418,974,409	456,350,168	569,875,825	663,563,980	706,808,570	713,855,988	474,270,409

49.4.2 Reconciliation of financial assets and liabilities exposed to yield / interest rate risk with total assets and liabilities

	2024	2023
	-------(Rupees in '000)-------	
Total financial assets as per note 49.4.1	3,609,593,183	3,271,903,146
Add: Non financial assets		
Property and equipment	63,673,849	41,854,091
Right-of-use assets	25,365,699	19,966,957
Intangibles	1,559,640	1,380,144
Deferred tax assets	-	3,619,475
Other assets	16,863,326	10,943,984
Total assets as per statement of financial position	3,717,055,697	3,349,667,797
Total financial liabilities as per note 49.4.1	3,458,699,726	3,146,229,924
Add: Non financial liabilities		
Deferred tax liabilities	19,459,032	-
Other liabilities	57,510,242	63,814,635
Total liabilities as per statement of financial position	3,535,669,000	3,210,044,559

49.5 Operational Risk

Basel defines Operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Operational Risk Management Framework, policy and Standards of the Group duly approved by the Central Management Committee and the Board, cover the processes, structure and functions of operational risk management and provides guidelines to identify, assess, monitor, control and report operational risk in a consistent and transparent manner across the Group.

49.5.1 Operational Risk Disclosures - Basel Specific

The Holding Company is among the first few banks in the industry to secure the SBP approval for adoption of Alternative Standardized Approach (ASA) under Basel guidelines for determining capital charge on operational risk in December 2013. The Holding Company started calculating its capital charge for operational risk using ASA from December 31, 2013.

The SBP approval stipulated a capital floor i.e. operational risk charge under ASA should not fall below as a certain percentage of operational risk capital charge calculated under Basic Indicator Approach for initial three years. These floors were 90% for 2013 and 2014, 80% for 2015 and 70% for 2016. However, removal of capital floor for calculation of capital charge under ASA was extended in line with international developments and consultations of the Basel Committee on Banking Supervision (BCBS).

Embedding a sustainable risk culture remains our core objective, which includes effective management of operational issues and emerging risks across the Group and in our overseas operations via deployment of required resources, tools and continuous supervision. The new Operational Risk Framework, Policy and Standards, duly approved by the Board, have been rolled out along with new system platforms (Operational Risk System) for recording and tracking of risk events, including non-financial risks. The Group is implementing a new process and risk based Risk & Control Self-Assessment (RCSA) mechanism to ensure effective assessment of controls and to manage operational risks within the organization. The Group has also deployed the First Line Operational Risk teams to perform controls self-assessments and reviews, especially for the processes and activities, that may significantly impact the Group's risk appetite. Furthermore, new and amended products, systems, activities and processes are subject to comprehensive operational risk assessments before implementation and launch.

49.5.2 Information Security Risk

Cyber risk is now amongst the top ranked risks that all organizations face and the Holding Company is cognizant of its significance and possible impacts. The Holding Company's Board IT Committee (BITC) and management level IT Steering Committee (ITSC) provide oversight of cyber security matters. The Holding Company has in place a well-defined Information Security Risk Management Policy / Framework, duly approved by the Board of Directors. The framework is supplemented with comprehensive Information Security Risk Management procedures approved by the executive management The framework is directly aligned with regulatory advisories and international standards, as well as best practices.

A dedicated Information Security Division within the Credit & Risk Management Group is responsible for managing information security risks to the Holding Company's information assets. This division ensures compliance with established information security standards and baselines, continuously monitors cyber threats, and investigates security incidents through a purpose-built Security Operations Centre, which operates 24/7/365 days.

Through periodic Cyber Security Risk Assessments, the Holding Company has implemented a multi-layered Cybersecurity Action Plan that addresses all key domains of information security. Identified threats and vulnerabilities are appropriately mitigated and revalidated. Additionally, the Holding Company regularly conducts Cyber Risk awareness campaigns for both staff and customers, and has established clear standards for the Acceptable Use of Information and Technology Resources.

49.5.3 Environmental Risk Unit

The Holding Company has integrated sustainable finance approach in its lending activities. In this regard, Green Banking Policy and Environmental & Social Management System (ESMS) have been put in place.

The ESMS Framework essentially requires that any relevant lending opportunity is to be reviewed and evaluated under:

- International Finance Corporation exclusion list;
- Applicable national laws on environment, health, safety and social issues; and
- International Finance Corporation performance standards.

This framework is an integral part of the credit approval process. All relevant credit proposals require Environmental & Social review prior to approval of the competent authority.

During 2022, the SBP has issued Environmental & Social Risk Management (ESRM) Implementation Manual, based on IFC performance standards, which is applicable to all banks in Pakistan. From November 20, 2023, the Holding Company has implemented the afore-mentioned SBP manual in letter and spirit.

49.5.4 Country risk

Country risk refers to the possibility that economic and political conditions in a foreign country could adversely impact the Group's exposure in that country. For the Group, country risk arises as a result of the Group's net investment in foreign operations, foreign currency lending, trade and treasury business with counterparties domiciled in other countries as well as investments and capital transactions. In order to manage the risk, Group has in place a comprehensive country risk management framework. Under this framework, the transfer risk is measured using financial market and economic factors. Political risk is measured using a variety of indicia indicative of country's willingness to honour its foreign obligations. Based on this framework, risk limits are assigned to countries within the Board approved limits. The limits and their utilisation are monitored and managed at head office level and country risk exposures are reported to the relevant committees at a defined frequency.

49.6 Liquidity Risk

Liquidity is a financial institution's capacity to meet its obligations as they fall due without incurring losses. Liquidity risk is the risk to an institution's earnings, capital and reputation arising from its inability (real or perceived) to meet its contractual obligations in a timely manner without incurring unacceptable losses when they come due.

With reference to the SBP Basel III Liquidity Standards issued under BPRD circular # 08 dated June 23, 2016, the Group calculates Liquidity Coverage Ratio (LCR) on a monthly basis. Based on the financial statements as at December 31, 2024, the Group's LCR is 1.35 or 135% against the SBP minimum requirement of 100%, with Total Stock of High Quality Liquid Assets (HQLA) of Rs. 1,002,124.577 million and Net Cash Outflows of Rs. 741,767.855 million.

Moreover, under the same circular the Banks are expected to calculate Net Stable Funding Ratio (NSFR) on quarterly basis. Based on December 31, 2024 numbers the Group's NSFR is 1.26 or 126% against SBP minimum requirement of 100%, with Total Available Stable Funding of Rs. 1,690,754.449 million and Total Required Stable Funding of Rs. 1,340,991.900 million.

The Group manages and controls liquidity risk through a detailed risk management framework, which includes BoD approved policy, the management level procedural document and Asset & Liability Committee (ALCO) level guidelines. Under this framework, various liquidity metrics are implemented and monitored on a regular basis.

The Board approves the Holding Company's overall liquidity risk appetite and broad liquidity risk strategy through Annual Business Plan. The Group's ALCO is primarily responsible for the implementation of Board's strategy through oversight of the asset liability function including liquidity management. Treasury front office manages the Group's liquidity on day to day basis and is the Group's first line of defence against liquidity risk. Under Risk Management Division, Liquidity Risk Management Department is responsible for independent monitoring of the overall liquidity risk in line with regulatory requirements and Group's own risk appetite.

The Group's overall funding strategy is based on the principles of diversification and stability. The Group has a diverse funding base, which includes stable funding in the form of equity, sub-ordinated loans, retail and small business deposits and non-stable funding in form of large volume depositors. The Group has in place internally approved limits to monitor and manage risk emanating from volatile funding concentration. Moreover, the Group is fully compliant with Basel III LCR and NSFR, which ensure sufficient stock of high quality liquidity assets in relation to its liability profile.

Stress testing is used in an attempt to highlight the vulnerability of the Group's statement of financial position to hypothetical stress events and scenarios. Based on the scenarios, liquidity risk factors are given major shocks and their resulting impact on the statement of financial position is calculated. The Group carries out the stress testing based on SBP stress tests and internal defined scenarios to gauge the potential impacts of different liquidity stress scenarios and share the results with the senior management, the BoD and the regulator.

At the Group, Contingency Funding Plan (CFP), are in place for all jurisdictions to address liquidity issues in times of stress / crises situations. The Treasury division prepares the CFPs for all operations on annual basis for identifying the stress scenarios and the funding plan for such scenarios along with early warning indicators. These plans are reviewed by the Risk Management Division and are approved by the ALCO annually.

Main drivers of LCR results are High Quality Liquid Assets (HQLA) and Net Cash Outflow. HQLA is defined by the liquidity quality of the Group's assets and net cash outflow is mainly determined through volatility of the Group's liability profile. The table below showcases the composition of HQLA as of December 31, 2024.

HQLA*	Market Value	Weighted Amount
	-------(Rupees in '000)-------	
Level 1 Assets	990,177,457	990,177,457
Level 2A Assets	3,174,211	2,698,080
Level 2B Assets	17,572,037	9,249,041
	1,010,923,705	1,002,124,578

* These have been defined in detail in the SBP Circular No. 08, dated June 23, 2016.

49.6.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Group

	2024													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	227,868,901	227,868,901	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	19,713,246	19,713,246	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	100,998,323	-	8,385,187	18,336,152	68,879,760	399,924	-	4,997,300	-	-	-	-	-	-
Investments	1,996,182,261	157,568	5,128,902	1,318,078	5,337,721	9,011,738	28,943,912	75,238,204	150,231,135	116,974,460	473,299,812	142,640,067	559,711,577	428,189,087
Advances	1,109,376,542	380,551,043	9,657,172	34,471,524	34,905,916	40,804,493	73,316,034	125,650,872	16,362,850	95,321,483	27,687,469	44,620,864	71,520,320	154,506,502
Property and equipment	63,673,849	28,145	168,340	196,289	475,567	793,694	735,810	2,146,920	2,149,363	2,110,420	4,760,969	4,159,824	5,203,246	40,745,262
Right-of-use assets	25,365,699	330,053	78	90	15,956	689,687	31,871	978,827	80,714	1,857,278	3,589,654	3,324,767	5,552,122	8,914,602
Intangible assets	1,559,640	2,177	13,068	15,247	36,990	60,767	66,693	192,712	191,867	189,440	301,264	246,522	236,893	6,000
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	172,317,236	9,239,031	21,913,353	25,506,688	69,528,059	14,280,347	7,819,205	7,125,726	1,183,414	3,631,775	5,731,339	1,173,154	1,848,630	3,336,515
	3,717,055,697	637,890,164	45,266,100	79,844,068	179,179,969	66,040,650	110,913,525	216,330,561	170,199,343	220,084,856	515,370,507	196,165,198	644,072,788	635,697,968
Liabilities														
Bills payable	41,768,326	41,768,326	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,142,200,709	17,225,724	166,663,374	4,665,365	783,570,075	3,765,303	5,338,410	37,275,251	49,794,857	7,415,340	4,261,703	3,619,377	13,462,044	45,143,886
Deposits and other accounts	2,136,104,698	1,698,073,135	67,698,581	50,162,601	88,703,151	58,323,916	58,672,456	59,599,147	20,740,551	25,745,688	1,010,684	1,337,247	6,037,541	-
Lease liabilities	29,555,307	73,441	75	88	14,988	282,920	27,346	491,422	36,400	1,134,988	2,398,647	2,709,681	5,959,004	16,426,307
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	-	-	-	-	14,000,000
Deferred tax liabilities	19,459,032	-	-	-	-	-	-	-	-	19,459,032	-	-	-	-
Other liabilities	152,580,928	2,540,492	17,165,653	19,837,298	39,480,508	15,186,637	5,737,866	10,291,339	5,797,221	13,294,163	1,678,719	110,683	9,221,366	12,238,983
	3,535,669,000	1,759,681,118	251,527,683	74,665,352	911,768,722	77,558,776	69,776,078	107,657,159	76,369,029	67,049,211	9,349,753	7,776,988	34,679,955	87,809,176
Net assets	181,386,697	(1,121,790,954)	(206,261,583)	5,178,716	(732,588,753)	(11,518,126)	41,137,447	108,673,402	93,830,314	153,035,645	506,020,754	188,388,210	609,392,833	547,888,792

Share capital	15,771,651
Reserves	43,466,925
Surplus on revaluation of assets	33,820,479
Unappropriated profit	88,305,939
Non-controlling interest	21,703
	181,386,697

	2023													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	202,692,503	202,692,503	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	16,990,085	16,990,085	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	119,554,109	2,644,802	111,818,663	4,833,824	256,820	-	-	-	-	-	-	-	-	-
Investments	2,072,156,767	7,844	47,047	2,253,862	7,903,422	20,143,390	173,817,408	155,827,112	63,535,491	307,665,378	212,387,878	457,538,612	376,723,110	294,306,213
Advances	735,061,827	169,015,758	27,427,295	5,043,321	56,702,929	32,382,179	70,510,841	42,886,245	10,966,932	4,182,057	35,198,906	38,056,017	70,160,858	172,528,489
Property and equipment	41,854,091	503,225	245,068	286,099	657,593	865,646	884,703	1,609,305	1,584,223	1,535,442	3,253,022	2,672,057	3,307,188	24,450,520
Right-of-use assets	19,966,957	338,364	-	-	17,809	282,118	280,012	824,039	808,887	791,376	2,984,099	2,614,408	4,462,250	6,563,595
Intangible assets	1,380,144	2,160	12,943	15,099	36,162	63,524	64,235	189,571	188,587	181,814	255,316	182,025	186,208	2,500
Deferred tax assets	3,619,475	-	-	-	-	-	-	-	-	3,619,475	-	-	-	-
Other assets	136,391,839	4,243,003	19,998,449	23,411,965	58,907,895	6,709,538	8,453,741	3,626,438	2,458,525	2,297,491	2,755,540	894,354	1,316,700	1,318,200
	3,349,667,797	396,437,744	159,549,465	35,844,170	124,482,630	60,446,395	254,010,940	204,962,710	79,542,645	320,273,033	256,834,761	501,957,473	456,156,314	499,169,517
Liabilities														
Bills payable	26,004,538	26,004,538	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	910,216,032	5,902,920	15,156,141	562,421,636	134,441,303	8,631,161	32,154,710	14,488,021	97,400	448,308	46,335,220	5,916,921	13,967,794	70,254,497
Deposits and other accounts	2,084,941,257	1,520,143,293	78,939,699	19,451,339	57,534,396	74,883,308	69,339,081	66,901,002	50,797,416	145,266,806	847,451	798,342	39,124	-
Lease liabilities	22,899,808	119,624	-	-	1,652	48,078	134,324	624,418	517,599	389,430	2,119,854	2,196,031	4,852,363	11,896,435
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	-	-	-	-	14,000,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	151,982,924	3,702,783	16,921,220	20,326,366	45,676,441	7,479,381	6,003,331	6,448,966	27,037,073	3,070,330	1,934,739	1,484,756	11,897,538	-
	3,210,044,559	1,555,873,158	111,017,060	602,199,341	237,653,792	91,041,928	107,631,446	88,462,407	78,449,488	149,174,874	51,237,264	10,396,050	30,756,819	96,150,932
Net assets	139,623,238	(1,159,435,414)	48,532,405	(566,355,171)	(113,171,162)	(30,595,533)	146,379,494	116,500,303	1,093,157	171,098,159	205,597,497	491,561,423	425,399,495	403,018,585

Share capital	15,771,651
Reserves	41,401,130
Surplus on revaluation of assets	11,272,770
Unappropriated profit	71,472,352
Non-controlling interest	(294,665)
	139,623,238

Current and saving deposits have been classified under maturity upto one day as these do not have any contractual maturity. Further, the Group, on the basis of behavioural pattern, estimates these deposits are a core part of its liquid resources with long term maturity profile reflected in note 49.6.1, and will not fall below the current year's level.

49.6.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

	2024									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	227,868,901	141,757,060	6,117,146	5,404,441	10,323,918	20,399,175	3,133,513	6,266,760	15,666,767	18,800,121
Balances with other banks	19,713,246	19,713,246	-	-	-	-	-	-	-	-
Lending to financial institutions	100,998,323	95,601,099	399,924	4,997,300	-	-	-	-	-	-
Investments	1,996,182,261	11,942,269	37,955,650	75,238,204	267,205,595	473,299,812	142,640,067	559,711,577	420,113,350	8,075,737
Advances	1,109,376,542	454,579,897	114,138,785	125,717,776	111,945,206	25,281,023	48,025,472	98,270,233	98,718,466	32,699,684
Property and equipment	63,673,849	868,341	1,529,504	2,146,920	4,259,783	4,760,969	4,159,824	5,203,246	6,122,150	34,623,112
Right-of-use assets	25,365,699	346,177	721,558	978,827	1,937,992	3,589,654	3,324,767	5,552,122	8,042,975	871,627
Intangible assets	1,559,640	67,482	127,460	192,712	381,307	301,264	246,522	236,893	6,000	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	172,317,236	126,187,131	22,099,552	7,125,726	4,815,189	5,731,339	1,173,154	1,848,630	3,336,515	-
	3,717,055,697	851,062,702	183,089,579	221,801,906	400,868,990	533,363,236	202,703,319	677,089,461	552,006,223	95,070,281
Liabilities										
Bills payable	41,768,326	41,768,326	-	-	-	-	-	-	-	-
Borrowings	1,142,200,709	972,124,538	9,103,713	37,275,251	57,210,197	4,261,703	3,619,377	13,462,044	44,957,913	185,973
Deposits and other accounts	2,136,104,698	242,103,099	183,812,446	159,823,258	246,934,460	413,043,138	64,409,641	132,182,328	315,361,967	378,434,361
Lease liabilities	29,555,307	88,592	310,266	491,422	1,171,388	2,398,647	2,709,681	5,959,004	14,061,984	2,364,323
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	14,000,000
Deferred tax liabilities	19,459,032	-	-	-	19,459,032	-	-	-	-	-
Other liabilities	152,580,928	79,023,951	20,924,503	10,291,339	19,091,384	1,678,719	110,683	9,221,366	12,238,983	-
	3,535,669,000	1,335,108,506	214,150,928	207,881,270	343,866,461	421,382,207	70,849,382	160,824,742	386,620,847	394,984,657
Net assets	181,386,697	(484,045,804)	(31,061,349)	13,920,636	57,002,529	111,981,029	131,853,937	516,264,719	165,385,376	(299,914,376)

Share capital	15,771,651
Reserves	43,466,925
Surplus on revaluation of assets	33,820,479
Unappropriated profit	88,305,939
Non-controlling interest	21,703
	181,386,697

	2023									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	202,692,503	114,534,588	9,546,660	7,324,282	17,563,379	17,274,692	2,638,067	5,203,217	13,003,463	15,604,155
Balances with other banks	16,990,085	16,990,085	-	-	-	-	-	-	-	-
Lending to financial institutions	119,554,109	119,554,109	-	-	-	-	-	-	-	-
Investments	2,072,156,767	10,212,175	193,960,798	155,827,112	371,200,869	212,387,878	457,538,612	376,723,110	286,896,071	7,410,142
Advances	735,061,827	199,631,453	118,845,643	71,483,879	37,998,364	26,445,992	37,982,245	70,277,427	143,071,356	29,325,468
Property and equipment	41,854,091	1,691,985	1,750,349	1,609,305	3,119,665	3,253,022	2,672,057	3,307,188	3,782,987	20,667,533
Right-of-use assets	19,966,957	356,173	562,130	824,039	1,600,263	2,984,099	2,614,408	4,462,250	5,900,401	663,194
Intangible assets	1,380,144	66,364	127,759	189,571	370,401	255,316	182,025	186,208	2,500	-
Deferred tax assets	3,619,475	-	-	-	3,619,475	-	-	-	-	-
Other assets	136,391,839	106,561,312	15,163,279	3,626,438	4,756,016	2,755,540	894,354	1,316,700	1,318,200	-
	3,349,667,797	569,598,244	339,956,618	240,884,626	440,228,432	265,356,539	504,521,768	461,476,100	453,974,978	73,670,492
Liabilities										
Bills payable	26,004,538	26,004,538	-	-	-	-	-	-	-	-
Borrowings	910,216,032	717,922,000	40,785,871	14,488,021	545,708	46,335,220	5,916,921	13,967,794	70,054,570	199,927
Deposits and other accounts	2,084,941,257	201,834,577	203,922,468	156,451,118	375,164,456	368,997,931	56,350,717	111,143,873	277,761,871	333,314,246
Lease liabilities	22,899,808	121,276	182,402	624,418	907,029	2,119,854	2,196,031	4,852,363	10,004,739	1,891,696
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	14,000,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	151,982,924	86,626,810	13,482,712	6,448,966	30,107,403	1,934,739	1,484,756	11,897,538	-	-
	3,210,044,559	1,032,509,201	258,373,453	178,012,523	406,724,596	419,387,744	65,948,425	141,861,568	357,821,180	349,405,869
Net assets	139,623,238	(462,910,957)	81,583,165	62,872,103	33,503,836	(154,031,205)	438,573,343	319,614,532	96,153,798	(275,735,377)
Share capital	15,771,651									
Reserves	41,401,130									
Surplus on revaluation of assets	11,272,770									
Unappropriated profit	71,472,352									
Non-controlling interest	(294,665)									
	139,623,238									

In line with the SBP BSD Circular Letter No. 03 of 2011 on "Maturity and Interest Rate Sensitivity Gap Reporting" the Holding Company conducted a behavioural study of non-maturity deposits (non-contractual deposits) and performed regression analysis to determine deposit withdrawal pattern on Current and Savings Accounts (CASA). Regression analysis is used to investigate the relationship between time, the amount of deposits and deposits withdrawals in order to arrive at an estimated deposits withdrawals pattern. This methodology is in line with the industry best practices and regulatory guidance.

49.7 Derivative Risk

The Group deals in derivative instruments including Interest Rate Swaps and Cross Currency Swaps for hedging and market making purposes within Group's risk appetite. Interest rate swaps are primarily conducted to hedge interest rate risk present in the Group's foreign currency bond portfolio.

Additionally, to facilitate client business enabling them to hedge long term foreign currency exposure, the Group offers solutions through Cross Currency Swaps subject to approval from the State Bank of Pakistan. The counterparty risk associated in the cross currency swaps is approved by the relevant Credit Approval Authority.

Market & Liquidity Risk Department under the Risk Management Division performs hedge effectiveness testing of foreign currency bonds portfolio against interest rate swaps on a periodic basis. For Cross Currency Swaps, Market & Liquidity Risk Department monitors the revaluation and counterparty exposures on regular basis. The results are then shared with the concerned stakeholders and strategies are devised/revisited in coordination with Treasury to align the outcomes with established risk parameters.

49.8 Trade Pricing Risk

Trade Pricing Risk – TPRD established under the umbrella of Risk Management Division – RMD is responsible to ascertain commodity price of trade transactions to curb under / over invoicing on best effort basis through various reliable sources such as internet search, custom valuation ruling, newspaper, goods declaration, Bloomberg etc.

The unit has been established as required by the SBP framework for managing risk of Trade Based Money Laundering and Terrorist Financing.

50 AFGHANISTAN OPERATIONS

Bank Alfalah maintains a two-branch presence in Afghanistan. The Board and the management of the Holding Company continue to closely monitor the evolving situation in Afghanistan which has been hampered due to the country's frozen reserves and uncertainty regarding international recognition which prevent normal flows in and out of Afghanistan. The Holding Company has taken impairment against net assets where there is an indication that carrying amount may be higher than its recoverable amount. The Holding Company remains focused on maintaining its control standards i.e. both onshore and through Head Office oversight.

51 BANGLADESH OPERATIONS

During the year, a non-binding indicative offer was received from Bank Asia Limited, Dhaka, Bangladesh ("Bank Asia") to acquire the Holding Company's Bangladesh Operations (assets and liabilities). In this regard, the Holding Company has been granted an in-principle approval by the State Bank of Pakistan to facilitate conduct of due diligence exercise by Bank Asia.

Further, non-binding offer was also received from Hatton National Bank of Sri Lanka ("HNB") to acquire the Holding Company's Bangladesh Operations (assets and liabilities). In this regard regulatory approvals to commence due diligence exercise are in process.

52 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Holding Company in its meeting held on January 30, 2025 has announced final cash dividend of Rs. 2.50 per share i.e. 25% (2023: Rs. 5 per share i.e. 50%). This appropriation will be approved in the forthcoming Annual General Meeting. The consolidated financial statements for the year ended December 31, 2024 do not include the effect of this appropriation which will be accounted for in the consolidated financial statements for the year ending December 31, 2025. The Board had earlier declared and paid cumulatively an interim cash dividend of Rs. 6.0 (2023: interim cash dividend: Rs. 3.0) per share.

53 DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on January 30, 2025 by the Board of Directors of the Holding Company.

54 GENERAL

54.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated financial statements, wherever necessary to facilitate comparison.

The effects of reclassification, rearrangement, restatement in the comparative information presented in these consolidated financial statements due to adoption of revised forms for the preparation of financial statements as mentioned in note 2.3 are as follows:

Description of item	Nature	(Rupees in '000)	From	To
Right-of-use assets	Asset	19,966,957	Property and equipment	Right-of-use assets
Lease liabilities against right-of-use-assets	Liability	22,899,808	Other liabilities	Lease liabilities
IBFT charges	Expense	54,304	Commission on remittances including home remittances	Communication
Agent commission	Expense	497,285	Commission on Benazir Income Support Programme (BISP)	Brokerage and commission
Verification cost	Expense	142,237	Commission on Benazir Income Support Programme (BISP)	CNIC verification
Optional issuer fee	Income	854,192	Foreign exchange income	Card related fees (debit and credit cards)
Conversion fee	Expense	347,921	Foreign exchange income	Card related fees (debit and credit cards)
Conversion fee	Expense	174,142	Foreign exchange income	Card acquiring business

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

ANNEXURE-I

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED DECEMBER 31, 2024

Details of advances written-off for the year ended December 31, 2024 are disclosed in Annexure I of the unconsolidated financial statements.

ANNEXURE-II

ISLAMIC BANKING BUSINESS (DOMESTIC)

Details of the Islamic banking business (domestic) for the year ended December 31, 2024 are disclosed in Annexure II of the unconsolidated financial statements.

ANNEXURE-III

DISPOAL OF PROPERTY AND EQUIPMENTS TO RELATED PARTIES

Details of disposal of property and equipments to related parties for the year ended December 31, 2024 are disclosed in Annexure III of the unconsolidated financial statements.

Pattern of Shareholding

As at December 31, 2024

Number of Shareholders	Shareholding From		To	Number of Shares Held
2193	1	-	100	65,123
1985	101	-	500	554,679
1624	501	-	1000	1,191,144
3547	1001	-	5000	10,617,947
914	5001	-	10000	6,703,228
231	10001	-	15000	2,883,898
130	15001	-	20000	2,354,502
122	20001	-	25000	2,832,292
65	25001	-	30000	1,824,784
46	30001	-	35000	1,505,953
32	35001	-	40000	1,215,559
33	40001	-	45000	1,409,138
47	45001	-	50000	2,305,872
25	50001	-	55000	1,339,412
25	55001	-	60000	1,444,391
15	60001	-	65000	936,186
17	65001	-	70000	1,156,472
16	70001	-	75000	1,180,029
14	75001	-	80000	1,093,556
10	80001	-	85000	831,519
12	85001	-	90000	1,056,490
7	90001	-	95000	643,466
18	95001	-	100000	1,795,629
6	100001	-	105000	613,216
8	105001	-	110000	869,650
9	110001	-	115000	1,023,189
2	115001	-	120000	239,131
7	120001	-	125000	862,606
7	125001	-	130000	899,218
3	130001	-	135000	398,090
13	135001	-	140000	1,793,655
4	140001	-	145000	576,073
11	145001	-	150000	1,629,193
4	150001	-	155000	612,567

Number of Sharehoders	Shareholding From		To	Number of Shares Held
3	155001	-	160000	472,875
2	160001	-	165000	328,384
4	165001	-	170000	673,836
2	170001	-	175000	348,978
8	175001	-	180000	1,428,651
5	180001	-	185000	919,122
4	185001	-	190000	745,256
15	195001	-	200000	2,996,351
3	200001	-	205000	607,705
6	210001	-	215000	1,275,269
5	215001	-	220000	1,095,754
1	220001	-	225000	220,752
2	225001	-	230000	450,074
4	230001	-	235000	928,000
3	235001	-	240000	718,306
4	245001	-	250000	1,000,000
5	250001	-	255000	1,261,755
2	255001	-	260000	513,883
3	260001	-	265000	784,570
2	265001	-	270000	532,925
1	270001	-	275000	273,280
2	280001	-	285000	561,145
1	285001	-	290000	290,000
2	290001	-	295000	584,700
4	295001	-	300000	1,200,000
2	300001	-	305000	603,891
2	305001	-	310000	618,318
3	310001	-	315000	940,500
2	320001	-	325000	648,798
3	325001	-	330000	988,640
1	330001	-	335000	333,205
1	335001	-	340000	338,800
3	340001	-	345000	1,027,300
4	345001	-	350000	1,394,883
1	350001	-	355000	353,100
1	355001	-	360000	360,000
1	365001	-	370000	367,500
1	375001	-	380000	379,790

Number of Shareholders	Shareholding From		To	Number of Shares Held
2	380001	-	385000	768,000
1	385001	-	390000	387,696
1	390001	-	395000	392,000
2	395001	-	400000	798,343
1	400001	-	405000	400,301
1	405001	-	410000	410,000
1	410001	-	415000	412,164
1	425001	-	430000	426,800
1	435001	-	440000	440,000
1	440001	-	445000	445,000
1	445001	-	450000	450,000
1	460001	-	465000	461,745
1	465001	-	470000	466,000
1	475001	-	480000	477,245
1	480001	-	485000	484,000
1	485001	-	490000	487,860
4	495001	-	500000	2,000,000
1	500001	-	505000	502,000
1	510001	-	515000	513,199
2	515001	-	520000	1,035,100
2	520001	-	525000	1,047,843
1	525001	-	530000	529,340
1	530001	-	535000	530,001
1	535001	-	540000	535,610
2	545001	-	550000	1,100,000
1	550001	-	555000	551,830
3	560001	-	565000	1,692,609
1	570001	-	575000	572,890
1	590001	-	595000	591,311
1	595001	-	600000	599,075
1	600001	-	605000	600,696
1	605001	-	610000	606,000
1	615001	-	620000	619,000
1	620001	-	625000	623,170
2	630001	-	635000	1,262,564
1	635001	-	640000	638,500
1	640001	-	645000	643,423
1	645001	-	650000	645,400

Number of Shareholders	Shareholding From		To	Number of Shares Held
1	660001	-	665000	664,217
1	675001	-	680000	677,333
2	685001	-	690000	1,377,756
1	690001	-	695000	692,875
1	715001	-	720000	719,000
1	735001	-	740000	738,283
1	745001	-	750000	750,000
2	770001	-	775000	1,545,100
1	780001	-	785000	784,400
2	805001	-	810000	1,613,677
1	835001	-	840000	836,952
1	860001	-	865000	861,469
1	880001	-	885000	882,227
1	885001	-	890000	888,463
1	900001	-	905000	904,789
2	905001	-	910000	1,816,411
2	985001	-	990000	1,974,374
4	995001	-	1000000	3,999,000
1	1005001	-	1010000	1,008,000
1	1020001	-	1025000	1,023,550
1	1030001	-	1035000	1,034,000
1	1045001	-	1050000	1,050,000
1	1060001	-	1065000	1,064,306
1	1075001	-	1080000	1,080,000
2	1095001	-	1100000	2,200,000
1	1135001	-	1140000	1,138,236
1	1145001	-	1150000	1,150,000
1	1150001	-	1155000	1,151,000
1	1205001	-	1210000	1,208,000
1	1225001	-	1230000	1,226,646
1	1280001	-	1285000	1,285,000
1	1330001	-	1335000	1,330,421
1	1360001	-	1365000	1,361,149
1	1370001	-	1375000	1,374,065
1	1395001	-	1400000	1,400,000
1	1400001	-	1405000	1,401,618
1	1420001	-	1425000	1,420,500
1	1460001	-	1465000	1,464,246

Number of Shareholders	Shareholding From		To	Number of Shares Held
1	1465001	-	1470000	1,465,510
3	1495001	-	1500000	4,500,000
1	1520001	-	1525000	1,524,805
1	1540001	-	1545000	1,543,434
1	1550001	-	1555000	1,550,500
1	1585001	-	1590000	1,589,644
1	1595001	-	1600000	1,600,000
1	1630001	-	1635000	1,634,091
1	1690001	-	1695000	1,692,500
1	1770001	-	1775000	1,774,779
1	1775001	-	1780000	1,775,450
2	1795001	-	1800000	3,595,600
1	1855001	-	1860000	1,857,004
1	1895001	-	1900000	1,899,221
1	1985001	-	1990000	1,987,191
2	1995001	-	2000000	4,000,000
1	2100001	-	2105000	2,101,000
1	2180001	-	2185000	2,181,339
1	2395001	-	2400000	2,399,871
2	2865001	-	2870000	5,735,748
1	2935001	-	2940000	2,938,159
1	3225001	-	3230000	3,227,603
1	3710001	-	3715000	3,712,500
1	3820001	-	3825000	3,822,400
1	3830001	-	3835000	3,831,797
1	3880001	-	3885000	3,884,505
1	4100001	-	4105000	4,101,077
1	4235001	-	4240000	4,240,000
1	4255001	-	4260000	4,259,116
1	4365001	-	4370000	4,369,400
1	4430001	-	4435000	4,434,424
1	4495001	-	4500000	4,500,000
1	4740001	-	4745000	4,743,749
1	4790001	-	4795000	4,791,994
1	4865001	-	4870000	4,868,445
1	5185001	-	5190000	5,187,064
1	5295001	-	5300000	5,300,000
1	5995001	-	6000000	6,000,000

Number of Sharehoders	Shareholding From		To	Number of Shares Held
1	6305001	-	6310000	6,310,000
1	6475001	-	6480000	6,478,050
1	6760001	-	6765000	6,765,000
1	7580001	-	7585000	7,583,114
1	9005001	-	9010000	9,006,562
1	9995001	-	10000000	10,000,000
1	11480001	-	11485000	11,483,178
1	12185001	-	12190000	12,187,792
1	12800001	-	12805000	12,804,672
1	13005001	-	13010000	13,008,399
1	13075001	-	13080000	13,079,584
1	13465001	-	13470000	13,469,118
1	14155001	-	14160000	14,158,000
1	14345001	-	14350000	14,348,036
1	14555001	-	14560000	14,558,053
1	14845001	-	14850000	14,850,000
1	18095001	-	18100000	18,098,340
1	18740001	-	18745000	18,744,676
1	21040001	-	21045000	21,041,084
1	35360001	-	35365000	35,364,941
1	40360001	-	40365000	40,363,866
1	42420001	-	42425000	42,422,788
1	44640001	-	44645000	44,643,661
1	58395001	-	58400000	58,399,658
1	59360001	-	59365000	59,362,875
1	60505001	-	60510000	60,508,888
1	60545001	-	60550000	60,548,683
1	61400001	-	61405000	61,401,643
1	75685001	-	75690000	75,685,854
1	77095001	-	77100000	77,097,533
1	83255001	-	83260000	83,255,882
1	113525001	-	113530000	113,528,781
1	244715001	-	244720000	244,718,557
11492				1,577,165,119

Categories of Shareholders

As at December 31, 2024

S.No.	Categories of Shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer their Spouse(s) and Minor Children, if any.	441,112,516	27.97
2	Associated Companies, Undertakings and Related Parties	428,945,534	27.20
3	NIT and ICP	4,926,019	0.31
4	Banks Development Financial Institutions, Non Banking Financial Institutions	81,355,750	5.16
5	Insurance Companies	98,067,268	6.22
6	Modarabas and Mutual Funds	59,441,996	3.77
7	General Public		
	a) Local	188,759,137	11.97
	b) Foreign	80,888,650	5.13
8	Others		
	a) Foreign Companies	50,770,065	3.22
	b) Joint Stock Companies	123,956,864	7.86
	c) Provident Funds, Pension Funds, GratuityFunds and other entities	18,941,320	1.20
		1,577,165,119	100.00

Shareholders holding 10% or more shares

	Shareholding	Percentage
H.H. Sheikh Nahayan Mabarak Al Nahayan, Chairman	338,483,156	21.46

Sale/Purchase of Shares of the Bank

By its Directors/Executives and their Spouses and minor children during the year 2024

The following transactions were reported by the Directors/Executives to the Company Secretary of the Bank during the year 2024:

Sr. No.	Name	Date	No. of Shares		Rate (Rs.)	Nature of Transaction
			Sale	Purchase		
1	Ms. Mehreen Ahmed	23-May-24	27,716	-	63.05	Sold
		24-May-24	50,000	-	63.75	Sold
2	Mr. Faisal Farooq Khan	20-Jun-24	-	11,800	69.50	Purchased
3	Mr. Aasim Wajid Jawad	06-Dec-24	10,000	-	86.00	Sold
4	Mr. Syed Muhammad Asif	24-May-24	57,387	-	65.00	Sold
		14-Jun-24	25,000	-	66.12	Sold
		14-Jun-24	33,227	-	65.00	Sold
		20-Jun-24	25,000	-	69.50	Sold
		19-Dec-24	10,000	-	80.09	Sold
		23-Dec-24	25,000	-	81.40	Sold
		30-Dec-24	15,000	-	85.00	Sold

As required under Rule Book of Pakistan Stock Exchange Limited, the threshold for Executives, set by the Board of Directors of the Bank for the purpose of disclosure of trades in shares of the Bank means the Key Executives (as defined in SBP's Corporate Governance Regulatory Framework) and Employees of Bank Alfalah Limited in the grades SEVP-I & SEVP-II.

NOTICE OF THE 33rd ANNUAL GENERAL MEETING

NOTICE is hereby given that the 33rd Annual General Meeting ("**AGM**") of Bank Alfalah Limited ("**the Bank**") will be held on Thursday, 20th March 2025 at 10:30 AM at Movenpick Hotel, Karachi as well as through electronic means/web link to transact the following businesses:

Ordinary Business:

1. To confirm Minutes of the Extra-Ordinary General Meeting held on 27th May 2024.

2. To receive, consider and adopt the audited Annual Accounts of the Bank for the year ended 31st December 2024 together with Chairman's Review Report, Directors' Report and Auditors' Report thereon including post-facto approval of remuneration paid to the non-executive directors for attending Board and Board Committees meetings as reported under Note No. 42 of the Annual Accounts, in compliance with SBP's Regulatory Framework.

   The Annual Report 2024 including Financial Statements of the Bank for the year ended 31st December 2024 has been placed at the Bank's website at www.bankalfalah.com/financial-reports/ and can also be accessed through scanning of following QR enable Code:

3. To approve, as recommended by the Board of Directors, payment of the Final cash dividend at the rate of Rs. 2.50 per share i.e. 25% for the year ended 31st December 2024. This is in addition to the already paid three Interim Cash Dividends @ 20% each (cumulative 85% i.e Rs. 8.5/- per share up to 31st December 2024).

4. To appoint auditors of the Bank for the year ending 31st December 2025 and to fix their remuneration.

5. To transact any other business with the permission of the Chair.

Special Business:

Ordinary Resolutions:

6. To consider, and if deemed fit, to pass with or without modification, the following resolutions, as ordinary resolutions, in accordance with Section 183(3)(b) of the Companies Act, 2017 to approve and authorize the Bank to sell its entire shareholding in its subsidiary, Alfalah Securities (Private) Limited ("**Alfalah Securities**") (i.e. 324,999,912 shares constituting 95.59% of the issued and paid up share capital of Alfalah Securities) to Optimus Capital Management (Private) Limited, for an amount equivalent to the sum of PKR 313,042,698/- (Pak Rupees Three Hundred and Thirteen Million, Forty-Two Thousand, Six Hundred and Ninety-Eight Only), subject to adjustment based on the net equity as of the closing date:

"RESOLVED THAT pursuant to Section 183(3) of the Companies Act, 2017, Bank Alfalah Limited ("**the Bank**") be and is hereby authorized to sell its entire shareholding in its subsidiary, Alfalah Securities (i.e. 324,999,912 shares constituting 95.59% of the issued and paid up share capital of Alfalah Securities) to Optimus Capital Management (Private) Limited for an amount equivalent to the sum of PKR 313,042,698/- (Pak Rupees Three Hundred and Thirteen Million, Forty-Two Thousand Six Hundred and Ninety Eight Only), subject to adjustment based on the net equity as of the closing date.

FURTHER RESOLVED THAT the Chief Executive Officer, the Chief Financial Officer and Group Head Strategy, Transformation, Customer Experience & VC Investments of the Bank and the Company Secretary of the Bank ("**Authorized Representatives**") be and are hereby jointly and severally, authorized to take all necessary steps and to do all such acts deeds and things for and on behalf of, and in the name of the Bank, as may be necessary or required as they may think fit for or in connection with or incidental for the purposes of the above-mentioned resolution, as well as carry out any other act, deed, matter or step which may be ancillary and / or incidental to the above and necessary to fully achieve the objects of the aforesaid resolution and / or the proposed transaction

FURTHER RESOLVED THAT all actions taken by the Authorized Representatives and / or the Board of Directors of the Bank in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects."

The Statement of material facts under Section 134(3) of the Companies Act, 2017 in respect of the aforesaid Special Business to be considered at the Annual General Meeting is being sent to the members along with the Notice.

Karachi

By Order of the Board

Dated: 27th February 2025

MUHAMMAD AKRAM SAWLEH
Company Secretary

NOTES:

1. **Closure of Share Transfer Books**
   The Share Transfer Books of the Bank will be closed from 12th March 2025 to 20th March 2025 (both days inclusive). Transfers received at the office of the Share Registrar of the Bank, M/s. F. D. Registrar Services (Pvt.) Limited, Room No. 1705, 17th Floor, Saima Trade Tower "A", I.I. Chundrigar Road, Karachi-74000 Phone: (92-21) 32271905-6 and (92-21) 32213243 Fax: (92-21) 32621233 before the close of business on 11th March 2025 will be treated in time for the purpose of above entitlement to the transferees and of attending the meeting.

   Shareholders having shares in physical form are requested to notify any change in their address and/or email address, to our Share Registrar, in writing, whereas CDC account holders are requested to contact their CDC Participant/CDC Investor Account Services.

2. **Participation in AGM through electronic means**
   The shareholders who wish to participate through online platform/facility (either in person or through proxy) are requested to provide below information at Bank's designated Email: cosec@bankalfalah.com, at least 48 hours before the time of AGM.

Folio/CDC Account No.	Name	CNIC No.	Cell No.	Email address

The login details will be sent to such shareholders through email enabling them to join the AGM on given time through web/internet.

3. Members' Right to Appoint Proxy

Members appointing proxies are requested to submit their proxy forms along with attested copies of proxy's CNIC/Passport mentioning folio/CDC account # of proxy holder at the Office of Share Registrar of the Bank, not less than 48 hours before the time of the Meeting. A corporation appointing a proxy must also submit their proxy forms along with a Power of Attorney or other authority (if any) under which it is signed, or notarized copy of such Power of Attorney.

4. Voting through Postal Ballot and E-Voting

Pursuant to the Companies (Postal Ballot) Regulations, 2018, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through E-voting, in accordance with the requirements and procedure contained in the aforesaid Regulations. The Ballot Paper and procedures for e-Voting facility and voting through Postal Ballot are annexed to this notice.

The Bank has also placed the Notice of AGM along with Proxy Form and Postal Ballot Paper on its website: www.bankalfalah.com.

5. Payment of Cash Dividend Electronically (e-Dividend)/Dividend Mandate

In accordance with the Companies (Distribution of Dividends) Regulations, 2017, the Bank is required to withhold dividend payment of those shareholders who have not yet provided their dividend mandate/bank account details and/or CNIC details. Such shareholders are requested to provide their CNIC details and/or their dividend mandate information including 1) IBAN number 2) Title of Bank Account; 3) Bank Account number; 4) Bank Code and Branch Code; 5) Bank Name, Branch Name and Address; 6) Cell Number; 7) CNIC number; and 8) Email Address to Bank's Share Registrar (if shares are held physically), whereas CDC account holders are requested to contact their CDC Participant/CDC Investor Account Services.

6. Un-claimed Dividends/ Shares

In accordance with Section 244 of the Companies Act, 2017 and the Unclaimed Shares, Modaraba Certificates, Dividend, Other Instruments and Undistributed Assets Regulations, 2017, the companies are required to deposit cash dividends to the credit of the Federal Government and shares to the Commission, which are undelivered/ unclaimed for a period of three (3) years or more from the date it is due and payable. The notices to this fact have already been dispatched to the relevant shareholders. Shareholders who have not yet collected/received their dividends/shares are advised to contact our Share Registrar for details.

Attention is sought from those shareholders who have not yet provided their complete and correct information such as address, CNIC number, email, cell number and/or bank mandate etc. They are again requested to furnish the required information to the Share Registrar at the earliest.

7. Withholding Tax on dividends

Withholding Tax on cash dividend of those shareholders, whose name will not appear (at the time of issuance/process of dividend) in the Active Taxpayers List, will be subject to higher rate of tax deduction as required under prevailing Income Tax Laws. Corporate shareholders are also required to update their NTN

number in CDC records or provide copy of their NTN certificate to Bank's Share Registrar (if shares are held in physical form).

8. Tax in case of Joint Shareholders

In accordance with the instructions of Federal Board of Revenue, the tax on dividend income of joint holders of shares will be deducted in accordance with their shareholding proportion or in equal proportion, if such proportion is not provided. Therefore, shareholders are requested to provide, if not provided earlier, shareholding proportion of each joint shareholder(s) to the Bank's Share Registrar latest by 11th March 2025 in the following manner:

Folio / CDC A/c No.	Name of Shareholders (Joint Holders)	No. of shares (proportion)	CNIC No. (valid copy attached)	Signature
	1)			
	2)			
	.....			
Total Shares				

9. Conversion of Physical Shares into Book Entry Form

As per provisions of Section 72(2) of the Companies Act, 2017 and as per the instructions issued by SECP vide its Letter No. CSD/ED/Misc./2016-639-640 date March 26, 2021, every existing company is required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission. Respective shareholders are requested to arrange to convert their physical shares into book-entry-form. For this purpose, the shareholder shall be required to have an account either with Central Depository Company of Pakistan Limited (CDC) or with any Trading Rights Entitlement Certificate holder of Pakistan Stock Exchange Limited/CDC Participant.

The benefits associated with the Book-Entry-Form Shares includes "readily available for trading, whereas trading of physical scrips is currently not permitted", "no risk of damaged, lost, forged or duplicate certificates", "reduced stamp duty on physical to book-entry-form transfers", "Instantaneous transfer of ownership", "Instant receipt/credit of dividends and other corporate entitlements (i.e. bonus, rights and new issues etc.)" and convenient pledging of securities etc.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 PERTAINING TO THE SPECIAL BUSINESS BEING TRANSACTED

Agenda Item No. 6:

Sale of entire Shareholding of Bank Alfalah Limited in its Subsidiary Alfalah Securities (Private) Limited

The Bank seeks approval from its shareholders to pass the ordinary resolutions in respect of the special business stated in Agenda Item No. 6 of the Notice of Annual General Meeting approving sale of its entire shareholding in its subsidiary, Alfalah Securities (Private) Limited ("**Alfalah Securities**"), (i.e. 324,999,912 shares constituting 95.59% of the issued and paid up capital of Alfalah Securities) to Optimus Capital Management (Private) Limited ("**Optimus**") for an amount equivalent to the sum of PKR 313,042,698/- (Pak Rupees Three Hundred and Thirteen Million, Forty-Two Thousand, Six Hundred and Ninety-Eight Only), subject to adjustment based on the net equity as of the closing date (the "**Proposed Transaction**"). The Proposed Transaction has been approved by the Board of Directors of the Bank in its meeting held on 26th September 2024.

The Board has undertaken and confirmed that the necessary due diligence for the disposal of Alfalah Securities has been carried out and recommended to the members of the Bank to pass the resolutions (as detailed in the notice) to permit the said transaction.

In compliance with the relevant provisions of the prevalent laws, the requisite information/disclosure regarding the proposed transaction is as under:

Description	Relevant Information
Name of the subsidiary	Alfalah Securities (Private) Limited
Cost and book value of investment in subsidiary	Cost: PKR 1,505 million Book value: PKR Nil (as fully provided)
Total market value of subsidiary based on value of the shares of the subsidiary company (in case of non-listed subsidiary: value determined by a registered valuer, who is eligible to carry out such valuation along with name of the valuer)	The value determined by the third-party (approved valuator) amounts to PKR 250 million arrived using discounted cash flow method.
Net worth of subsidiary as per latest audited financial statements and subsequent interim financial statements, if available	The net book value based on the audited financial statements for the year ended 31st December 2023 was (PKR 711 million). While, the net book value for the half-yearly reviewed financial statements for the period ended 30th June 2024 was PKR 290 million.

Total consideration for disposal of investment in subsidiary, basis of determination of the consideration and its utilization	**Total consideration:** The total consideration for disposal will be PKR 313,042,698/- (Pak Rupees Three Hundred and Thirteen Million, Forty-Two Thousand, Six Hundred and Ninety-Eight Only), subject to adjustment based on the net equity as of the closing date. **Basis of determination:** The price has been calculated based on the net equity of the Company determined on the basis of the reviewed financial statements of the Company as at 30th June 2024 and certain adjustments.
Quantitative and qualitative benefits expected to accrue to the Members	The proposed transaction will allow the Bank to focus its efforts and resources on its core operations related to commercial banking.

The Board of Directors of the Bank have no direct or indirect interest in the Special Business, except and to the extent of their respective shareholding in the Bank

Glossary and Definition of Terms

Acceptances

Promise to pay created when the drawee of a time draft stamps or writes the words 'accepted' above his signature and a designated payment date.

Activity/Turnover Ratios

Evaluate the operational efficiency of the company to convert inventory and receivables into cash against time taken to pay creditors, measured in terms of revenue and cost of sales

Basel III

Basel III (or the Third Basel Accord) is a global, voluntary regulatory standard on bank capital adequacy, stress testing and market liquidity risk.

Basis Point

One hundredth of a percent i.e. 0.01 per cent. 100 basis points is 1 percent. Used when quoting movements in interest rates or yields on securities.

Breakup Value per Share

Represents the total worth (equity) of the business per share, calculated as shareholders' equity or Net Assets, excluding the impact of revaluation on fixed assets, divided by the total number of shares outstanding at year end.

Bonus Issue (Scrip Issue)

The issue of new shares to existing shareholders in proportion to their shareholdings. It is the process for converting a company's reserves (in whole or part) into issued capital and hence does not involve an infusion of cash.

Cash Equivalents

Short-term highly liquid investments that are readily convertible to known amounts of cash.

Capital Adequacy Ratio

The relationship between capital and risk weighted assets as defined in the framework developed by the State Bank of Pakistan and Basel Committee.

Call Money Rate

Interbank clean (without collateral) lending/borrowing rates are called Call Money Rates

Capital Structure Ratios

Provide an indication of the long-term solvency of the Company and its cost of debt, in relation to equity and profits.

Coupon Rate

Interest rate payable on bond's par value at specific regular periods. In PIBs they are paid on bi-annual basis.

Call Deposits

These include short notice and special notice deposits.

Computer Software (intangible assets)

An asset consisting of computer programmes, programme descriptions and supporting materials for both systems and applications software; included are purchased software and software developed on own account, if the expenditure is large.

Contingencies

A condition or situation existing at date of Statement of Financial Position where the outcome will be confirmed only by occurrence of one or more future events.

CAGR

An abbreviation for Compound Annual Growth Rate.

Corporate Governance

It is 'the system by which companies are directed and controlled' by the Securities and Exchange Commission of Pakistan. It involves regulatory and market mechanisms, which govern the roles and relationships between a company's management, its board, its shareholders and other stakeholders.

Commitment to Extend Credit

Credit facilities approved but not yet utilized by the client as at the Balance Sheet date.

Cost to Income Ratio

The proportion of admin expenses to total income, represented as combination of net interest income and non interest income.

Currency (cash in hand)

Notes and coins that are of fixed nominal values and accepted as legal tender in an economy that are issued by the central bank and/or government. This category should also include currency that is no longer legal tender, but that can be exchanged immediately for current legal tender.

Credit Risk Spread

The credit spread is the yield spread between securities with the same coupon rate and maturity structure but with different associated credit risks, with the yield spread rising as the credit rating worsens. It is the premium over the benchmark or risk-free rate required by the market to take on a lower credit quality.

Defined Contribution

A post-employment benefit plan under which entity and employee pays fixed contribution into a separate entity (a fund) and will have no legal or constructive obligation to pay further contribution if the fund does not hold sufficient assets to pay all the employee benefits relating to employee service in the current and prior periods.

Derivatives

A financial instrument or a contract where;

- Its value is dependent upon or derived from one or more underlying assets
- Requires no or very little initial net investment
- It is settled at a future date

Defined Benefits

In a defined benefit plan, an employer typically guarantees a worker a specific lifetime annual retirement benefit, based on years of service, final rate of pay, age and other factors. The risks of paying for the plan rest entirely with the plan.

Deferred Taxation

Sum set aside for tax in financial statements that will become payable/receivable in a financial year other than current financial year due to differences in accounting policies and applicable taxation legislations.

Discount Rate

The rate at which SBP provides three-day Repo facility to banks, acting as the lender of last resort.

Dividends

Distribution of earnings to shareholders prorated by the class of security and paid in the form of money, stock, scrip, and rarely company products or property.

Dividend Payout Ratio

Dividends (cash dividend plus bonus shares) paid per share as a fraction of earnings per share (EPS).

Dividend Yield Ratio

Dividend per share (DPS) divided by the market value of share.

Earnings per Share (EPS)

Profit after taxation divided by the weighted average number of ordinary shares in issue.

Expected Credit Loss (ECL)

ECL estimates potential losses on financial assets due to credit defaults, based on the probability of default over the asset's life.

Effective Tax Rate

Provision for taxation excluding deferred tax divided by the profit before taxation.

Electrical, Office and Computer Equipment

All office equipment, other than those acquired through financial leases, that are used for the business, including counting and computing equipment, printers, scanners, photocopiers, fax machines, etc.

Finance Lease

The one in which risk and rewards incidental to the ownership of the leased asset is transferred to lessee but not the actual ownership.

Fixed Deposits

Deposits having fixed maturity dates and a rate of return.

Forced Sale Value (FSV)

The value which fully reflects the possibility of price fluctuations and can currently be obtained by selling the mortgaged/pledged assets in a forced/distressed sale conditions.

Forward Exchange Contract

Agreements between two parties to exchange two designated currencies at a specific time in the future.

Forward Purchase Contract

Forward purchase contract is one in which the exporter enters into the forward booking contract to protect himself from the exchange rate fluctuation at the time of receiving payment.

Forward Sale Contract

In a forward sale contract the importer enters into a transaction to buy foreign currency from the Bank at the predetermined rate to protect himself from the exchange fluctuation at the date the payment.

Furniture and Fixture

All type of furniture and fixtures other than those acquired under financial leases for business are included.

Government Securities

Government Securities shall include such types of Pak. Rupee obligations of the Federal Government or a Provincial Government or of a Corporation wholly owned or controlled, directly or indirectly, by the Federal Government or a Provincial Government and guaranteed by the Federal Government as the Federal Government may, by notification in the Official Gazette, declare, to the extent determined from time to time, to be Government Securities.

Guarantees

A promise to answer for the payment of some debt, or the performance of some duty, in case of the failure of another person, who is, in the first instance, liable to such payment or performance.

Head Office/Branch Adjustment Account

All adjustments made with head offices or branches and are payable.

Historical Cost Convention

Recording transactions at the actual value received or paid.

Impairment

Impairment of an asset is an abrupt decrease of its fair value and measured in accordance with applicable regulations.

Impairment Provisions

A provision held on the balance sheet as a result of the raising of a charge against profit for the incurred loss inherent in the lending book. An impairment allowance may either be identified or unidentified and individual or collective.

Interest Rate Swap (IRS)

An Interest Rate Swap (the swap) is usually 'fixed to floating' or 'floating to floating' exchanges of interest rate between two parties. As per the contract, on each payment date during the swap period, the cash payments based on difference in fixed/floating or floating/floating rates are exchanged by the parties from one another. The party incurring a negative interest rate differential for that leg pays the other counter-party.

Interest Spread

Represents the difference between the average interest rate earned and the average interest rate paid on funds.

Interest in Suspense

Interest suspended on non-performing loans and advances.

Investment/Market Ratios

Investment ratios measure the capability of the Company to earn an adequate return for its shareholders. Market Ratios evaluate the current market price of a share versus an indicator of the Company's ability to generate profits.

KIBOR (Karachi Interbank Offered Rate)

The Interbank lending rate between banks in Pakistan and is used as a benchmark for lending.

LIBOR (London Interbank Offered Rate)

The interest rate at which banks can borrow funds, in marketable size, from other banks in the London interbank market. The LIBOR is fixed on a daily basis by the British Bankers' Association. Liquid Assets

Liquid Assets

An asset that can be converted into cash quickly and with minimal impact to the price received.

Liquidity Ratios

The Company's ability to meet its short-term financial obligations. A higher ratio indicates a greater margin of safety to cover current liabilities.

Market Capitalisation

Number of ordinary shares in issue multiplied by the market value of share as at any cut-off date.

Materiality

The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of financial statements.

Medium Enterprise

A Medium Enterprise (E) is a business entity which meets both the following parameters:

Number of employees* more than 50 less than 250
Annual Sales Turnover more than Rs. 150 million but less than Rs. 800 million

*includes contract employees

Non-Performing Loan

A loan that is in default or close to being in default. Loans become non-performing in accordance with provision of prudential regulations issued by SBP.

Non-Performing Loan-Substandard Category

Where mark-up/interest or principal is overdue by 90 days or more from the due date.

Non-Performing Loan-Doubtful Category

Where mark-up/interest or principal is overdue by 180 days or more from the due date.

Non-Performing Loan-Loss Category

Where mark-up/interest or principal is overdue by one year or more from the due date and Trade Bill (Import/ Export or Inland Bills) are not paid/adjusted within 180 days of the due date.

NPLs to Gross Advances/Loans

Represents the infected portfolio of the bank and is calculated by dividing the total non-performing loans by gross advances.

Nostro Account

An accounts held with a bank outside Pakistan

Net Interest Income

The difference between what a bank earns on interest bearing assets such as loans and securities and what it pays on interest bearing liabilities such as deposits, refinance funds and inter-bank borrowings.

Off Balance Sheet Transactions

Transactions that are not recognised as assets or liabilities in the statement of financial position, but which give rise to contingencies and commitments.

Other Deposits

All claims of customers on banks/DFIs other than transferable or restricted deposits in national currency or in foreign currency that are represented by evidence of deposits. Banks/DFIs commonly raise funds through issuing certificate of deposits. This category also includes call deposits and special notice deposits.

Pakistan Investment Bonds (PIBs)

They are the long-term coupon yielding instruments of the Government of Pakistan with tenors available in 3, 5, 10, 15 and 20 year.

Profitability Ratios

Used to assess the Company's ability to generate profits in relation to its sales, assets and equity.

Prudence

Inclusion of degree of caution in the exercise of judgment needed in making the estimates required under conditions of uncertainty, so that assets or income are not overstated and liabilities or expenses are not understated.

Price Earnings Ratio (P/E Ratio)

Market price of a share divided by earnings per share.

Risk Weighted Assets

On Balance Sheet assets and the credit equivalent of off Balance Sheet assets multiplied by the relevant risk weighting factors.

Repurchase Agreement

Contract to sell and subsequently repurchase securities at a specified date and price.

Reverse Repurchase Agreement

Transaction involving the purchase of securities by a bank or dealer, and retsale back to the seller at a future date and specified price.

Return on Average Equity

Net profit for the year, less preference share dividends if any, expressed as a percentage of average ordinary shareholders' equity.

Return on Average Assets

Profit after tax divided by the average assets.

Related Parties

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Retained Earnings

The category of retained earnings shows all earnings (after tax profit) from the overall operations of the banks/DFIs less any amount allocated to general and special reserves, which is established as a capital cushion to cover operational and financial risks of the banks/DFIs.

Revenue Reserves

Reserves set aside for future distribution and investment.

Small Enterprise

A Small Enterprise (SE) is a business entity which meets both the following parameters:

Number of employees* Up to 50
Annual Sales Turnover Up to Rs. 150 million

*includes contract employees

Subordinated Loans

Funds raised by the banks/DFIs from subsidiary companies, managed modarabas, associated undertakings, director or holders have priority in the event of failure of the institution. Such debts are created by a subordination agreement under which a creditor acknowledges that his claim is secondary to the claim of other creditors, such as depositors.

Strategic Investment

Strategic Investment is an investment which a bank / DFI makes with the intention to hold it for a period of minimum 5 years.

Subsidiary Company

A company is a subsidiary of another company, if the parent company holds more than 50% of the nominal value of its equity capital or holds some share in it and controls the composition of its Board of Directors.

Shareholders' Funds

Total of Issued and fully paid share capital and revenue reserves.

Statutory Reserve Funds

A capital reserve created as per the provisions of the Banking Companies Ordinance, 1962.

Treasury bills

These are short-term debt instrument issued by the government treasury to raise funds for the government or to regulate money supply through open market operations of the central bank. The market transactions are managed by the State Bank of Pakistan on behalf of the treasury.

Unrealised Gain on Forward Foreign Exchange Contracts

In a forward contract, the counter parties agree to exchange, on a specified date, a specified quantity of an underlying item (real or financial) at an agreed-upon contract price. Either party to a forward contract is a potential debtor. The unrealised gain to be received due to difference between the rates agreed upon and the rate prevailing in the market should be reported under this item. You lock in today's exchange rate instead of a volatile currency exchange rate in the future that could significantly devalue your purchasing power.

Unrealised Gain on Interest Rate Swaps

It is the exchange of one set of cash flows for another. A pre-set index, notional amount and set of dates of exchange determine each set of cash flows. The most common type of interest rate swap is the exchange of fixed rate flows for floating rate flows.

Vehicles

Vehicles (as assets) other than those acquired through financial leases consist of equipment for moving people and objects, other than any such equipment acquired by households for final consumption. Transport equipment such as motor vehicles, trailers, ships, aircrafts, motorcycles, bicycles, etc.

Weighted Average Cost of Deposits

Percentage of the total interest expense on average deposits of the bank for the period.

Glossary – Acronyms

AGM	Annual General Meeting
BAC	Board Audit Committee
BAFL	Bank Alfalah Limited
BCC	Board Compensation Committee
BHRNC	Board Human Resource and Nomination Committee
BRMC	Board Risk Management Committee
BSFC	Board Strategy and Finance Committee
BCP	Business Continuity Planning
BOD	Board of Directors
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPIs	Critical Performance Indicators
CSR	Corporate Social Responsibility
ECL	Expected Credit Loss
ERP	Enterprise Resource Planning
HRLG	Human Resource and Learning Group
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretation Committee
ITG	Information Technology Governance
NFI	Non Funded Income
NII	Non Interest Income

Bank Alfalah
The Way Forward

BALLOT PAPER

Ballot Paper for Voting through Post for the Special Business at the Annual General Meeting of Bank Alfalah Limited to be held on March 20, 2025 at 10.30 a.m. at Movenpick Hotel, Karachi.

Duly filled/signed ballot paper to be sent to the Chairman, Bank Alfalah Limited, 3rd Floor, B.A. Building, I.I. Chundrigar Road, Karachi (website: www.bankalfalah.com) or by email at cosec@bankalfalah.com:

Folio / CDS Account Number	
Name of Shareholder / Joint Shareholders	
Registered Address	
Number of Shares Held	
CNIC/ NICOP/ Passport Number (copy to be attached)	
Additional information and enclosures (in case of representative of body Corporate, Corporation and Federal Government)	
Name of the Proxy holder	

I/we hereby exercise my / our vote in respect of the special business through ballot by conveying my / our assent or dissent to the resolutions by placing tick (✓) mark in appropriate box below:

Nature and Description of Resolutions	No. of Ordinary shares held	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
Agenda Item No. 6 **Special Business – Ordinary Resolution** The Bank seeks approval from its shareholders to pass the ordinary resolutions in respect of the special business stated in Agenda Item No. 6 of the Notice of Annual General Meeting approving sale of its entire shareholding in its subsidiary, Alfalah Securities (Private) Limited ("**Alfalah Securities**"), (i.e. 324,999,912 shares constituting 95.59% of the issued and paid up capital of Alfalah Securities) to Optimus Capital Management (Private) Limited ("**Optimus**") for an amount equivalent to the sum of PKR 313,042,698/- (Pak Rupees Three Hundred and Thirteen Million, Forty-Two Thousand, Six Hundred and Ninety-Eight Only), subject to adjustment based on the net equity as of the closing date (the "**Proposed Transaction**").			

Place: Date:

Signature
Shareholder / Proxy Holder / Authorized Signatory

Note: The complete text of Resolutions and Statement of Material Facts have already been sent to the members along with Notice of the 33rd Annual General Meeting to be held on 20th March 2025.

Procedure for Electronic Voting Facility and Voting through Postal Ballot on Special Business at the Annual General Meeting of the Bank to be held on March 20, 2025 at 10.30 A.M at Movenpick Hotel, Karachi.

The Members are hereby notified that pursuant to the Companies (Postal Ballot) Regulations, 2018 ("**the Regulations**"), issued by the Securities and Exchange Commission of Pakistan wherein, SECP has directed the listed companies to provide the right to vote through electronic voting facility and voting by post to the Members on all businesses classified as special business.

Accordingly, the members of Bank Alfalah Limited ("**the Bank**") will be allowed to exercise their right to vote through electronic voting facility and voting by post for the special business in its forthcoming Annual General Meeting to be held on Thursday, March 20, 2025 at 10.30 a.m., in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

For the convenience of the members, the ballot paper is also available on the Bank's website at www.bankalfalah.com for download.

SCRUTINIZER:

In compliance with the provisions of the Regulations, the Bank has appointed, M/s. S. M. Suhail & Co. Chartered Accountants, as the Scrutinizer. M/s. S. M. Suhail & Co. have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, and that the firm and all their partners are compliant with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan.

PROCEDURE FOR E-VOTING:

1. Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on Friday, March 14, 2025.
2. The web address, login details, and password, will be communicated to members via email. The security codes will be communicated through SMS from the web portal of Share Registrar/Balloter (the e-voting service provider).
3. Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
4. E-Voting will start from Saturday, March 15, 2025, 09:00 a.m. and shall close on Wednesday, March 19, 2025 at 5:00 p.m. members can cast their votes any time during this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently.

PROCEDURE FOR SUBMISSION OF BALLOT PAPER THROUGH POST:

The members shall ensure that duly filled and signed ballot paper along with copy of CNIC, in case of individual and in case of body corporate, acceptable identification documents should reach the Chairman of the meeting through post at Company Secretariat, Bank Alfalah Limited, 3rd Floor, B.A. Building, I.I. Chundrigar Road, Karachi or by email at cosec@bankalfalah.com one (01) day before the day of voting i.e. March 19, 2025 till 5:00 p.m.

NOTES:

1. Duly filled ballot paper should be sent to the Chairman at (Company Secretariat, Bank Alfalah Limited, 3rd Floor, B.A. Building, I.I. Chundrigar Road, Karachi) or email at cosec@bankalfalah.com
2. Copy of CNIC/ NICOP/ Passport (in case of foreigner) should be enclosed with the postal ballot form.
3. Ballot paper should reach the Chairman within business hours by or before March 19, 2025. Any postal ballot received after this date, will not be considered for voting.
4. Please indicate your vote by ticking (✓) the relevant box.
5. Signature on ballot paper should match with signature on CNIC/ Passport (In case of foreigner).
6. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.
7. In case if both the boxes are marked as (✓), your Ballot Paper shall be treated as "Rejected".
8. In case of a representative of a body Corporate, Corporation or Federal Government, the Ballot Paper must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution / Power of Attorney / Authorization Letter etc.
9. Ballot Paper has also been placed on the website of the Bank at bankalfalah.com Members may download the ballot paper from the website or use an original/photocopy published in newspapers.

FORM OF PROXY

Folio/CDC Account No.

I/We, _____ of _____, being a member of Bank Alfalah Limited, holder of _____ Ordinary Share(s) as per Register Folio No./CDC Account No. _____ hereby appoint Mr. _____ Register Folio No. / CDC Account No. (if member) _____ of _____ or failing him Mr. _____ Register Folio No./CDC Account No. _____ (if member) of _____, as my/our proxy in my/our absence to attend and vote for me/us, on my/our behalf at the 33rd Annual General Meeting of the Bank to be held on Thursday, 20th March, 2025 at 10:30 am and at any adjournment thereof.

Signed under my/our hand this _____ day of _____ 2025.

_____

(Member's signature on Rs. 5/- Revenue Stamp)

Signed in the presence of:

_____

Signature of Witness
Name: _____
CNIC/Passport No. _____
Address: _____

_____

_____

Signature of Witness
Name: _____
CNIC/Passport No.
Address: _____

_____

1. A member entitled to attend, and vote at the Meeting is entitled to appoint another member as a proxy to attend, speak and vote on his/her behalf. A corporation being a member may appoint as its proxy any of its official or any other person whether a member of the Bank or otherwise.

2. An instrument of proxy and a Power of Attorney or other authority (if any) under which it is signed, or notarized copy of such Power of Attorney must be valid and deposited at the Share Registrar of the Bank, M/s. F. D. Registrar Services (Pvt.) Limited, Office No: 1705, 17th Floor, Saima Trade Tower-A, I. I. Chundrigar Road, Karachi-74000, not less than 48 hours before the time of the Meeting.

3. In case of proxy for an individual beneficial owner of CDC, attested copy of beneficial owner's Computerized National Identity Card, Account and Participant's ID numbers must be deposited along with the form of proxy with the Share Registrar. The proxy must produce his/her original identity card at the time of the Meeting. In case of proxy for corporate members, he/she should bring the usual documents required for such purpose.

بینک الفلاح لمیٹڈ

نمائندگی کا فارم (پراکسی فارم)

فولیو / سی ڈی سی اکاؤنٹ نمبر

میں مسمّی / مسمّاۃ _____ فولیو / سی ڈی سی اکاؤنٹ نمبر _____ ساکن _____

ضلع _____ بحیثیت ممبر بینک الفلاح لمیٹڈ مسمّی / مسمّاۃ _____

فولیو / سی ڈی سی اکاؤنٹ نمبر _____ ساکن _____ یا ان کی غیر حاضری کی صورت میں مسمّی / مسمّاۃ

_____ فولیو / سی ڈی سی اکاؤنٹ نمبر _____ ساکن _____

کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے 33ویں سالانہ اجلاسِ عام جو بتاریخ 20 مارچ 2025 بروز جمعرات کو صبح 10:30 بجے منعقد ہو رہا ہے، میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

بتاریخ _____ 2025 کو گواہان کی موجودگی میں دستخط کئے۔

گواہ (وِٹنس) کے دستخط

نام:

شناختی کارڈ نمبر:

پتہ:

گواہ (وِٹنس) کے دستخط

نام:

شناختی کارڈ نمبر:

پتہ:

(ممبر / رکن کے دستخط
5 روپے کی رسیدی ٹکٹ پر)

اہم نکات

1۔ ایسا ممبر جو میٹنگ میں شمولیت اوووٹ دینے کا اہل ہے وہ کسی دوسرے ممبر کو اپنے / اپنی پراکسی کے طور پر میٹنگ میں شمولیت اور ووٹ دینے کے لیے نامزد کر سکتا ہے۔ علاوہ ازیں، کارپوریشن ایسے شخص کو نامزد کر سکتی ہے جو ممبر نہ ہو۔

2۔ ہر لحاظ سے مکمل پراکسی فارم اور پاور آف اٹارنی یا کوئی اور متعلقہ اتھارٹی جس کے تحت اس فارم کو مکمل کیا گیا ہو، لازمی طور پر بینک کے شیئر رجسٹرار سروسز پرائیویٹ لمیٹڈ کے دفتر واقع، آفس نمبر 1705، سترہویں منزل، صائمہ ٹریڈ ٹاور اے، آئی آئی چندریگر روڈ، کراچی پر میٹنگ سے 48 گھنٹے قبل جمع کروا دیا جائے۔

3۔ سی ڈی سی اکاؤنٹ ہولڈر فرد کے لیے ضروری ہے کہ وہ ممبر کی تصدیق شدہ شناختی کارڈ کی کاپی بمع سی ڈی سی اکاؤنٹ کی تفصیل شیئر رجسٹرار کو جمع کروائے۔ جبکہ پراکسی کا میٹنگ کے وقت اصل شناختی کارڈ مہیا کرنا ضروری ہے۔

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Bank Alfalah

The Way Forward

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