KPMG Taseer Hadi & Co.
Chartered Accountats

Pakistan Banking Perspective 2025

May 2025 | home.kpmg/pk

Contents

Foreword

Welcome to the 2025 edition of our annual Pakistan Banking Perspective. This year's edition provides an intriguing view of the banking sector in Pakistan and the continuously evolving challenges and opportunities industry leaders face.

Pakistan's economic and financial landscape is currently marked by considerable uncertainty within the broader geopolitical and macroeconomic context. While stabilization remains a shared aspiration, there are encouraging domestic indicators. Monetary policy appears to be effectively curbing inflationary pressures, and energy costs are exhibiting a downward trend. Despite these positive signs, the banking sector maintains a cautiously optimistic outlook regarding national and industry-specific growth prospects.

The reduction in interest rates presents a complex challenge for financial institutions. While potentially stimulating economic activity, it also coincides with escalating operational expenses, particularly in talent acquisition and technological investment. Furthermore, banks must navigate the complexities of supporting financially stressed customers and managing the inherent volatility impacting capital market operations.

As banking institutions strive to reconcile the often-divergent interests of shareholders, clients, employees, regulators, and the wider community, strategic investment, particularly in technology and innovation, becomes paramount. This must be balanced against the prudent management of a spectrum of existing and emergent risks.

This publication analyzes the financial results, as of 31 December 2024, of 21 leading commercial banks across Pakistan, comparing their performances among those and to the previous year. The list of included banks can be found on page number 50 of this document.

We invite you to explore these perspectives in the following pages. We are available to discuss these trends, and specific topics that interest you, to help guide your organization on its path to sustainable success.

We extend our gratitude to our colleagues and industry partners who contributed to this document.

KPMG Taseer Hadi & Co. Chartered Accountants

08 May 2025

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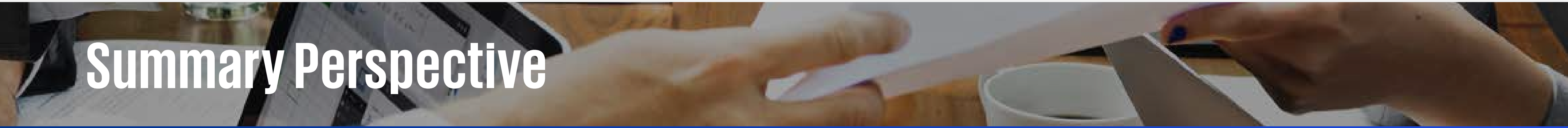
Summary Perspective



Summary Perspective

The Pakistan Banking Perspective 2025 provides insights into the banking sector's performance and outlook. Despite economic uncertainty, the sector showed resilience with 8.2% profit growth despite declining interest rates. Key highlights include asset and deposit growth, the ADR issue, IFRS-9 Implementation and the ongoing transition to Islamic banking. Digital banking initiatives are gaining traction, aiming to improve financial inclusion and meet changing customer needs. In view of the economic environment, it also emphasizes the need for economic reforms in agriculture & energy sectors, and privatization of state-owned enterprises. Furthermore, it underscores the importance of talent management in adapting to the changing banking landscape and the high cost of cash in Pakistan's economy.

The global economic outlook faces significant downside risks. Escalating trade wars and policy uncertainty could further hinder growth. Global growth is projected to decrease to 2.8% in 2025 and 3% in 2026, down from previous forecasts of 3.3%, due to increasing trade tensions between the USA and China and policy uncertainty. Pakistan's GDP growth forecast for 2025 has been revised downward to 2.6% by the IMF and 2.5% by the ADB, with a rebound to 3.6% expected in 2026. As inflation continues to decline, market expectations anticipate further interest rate cuts, potentially stimulating business activity and private credit growth. However, this monetary easing cycle could fuel impor demand and pressure exchange rate stability. Prudent fiscal management will be crucial to contain demand growth, prevent economic overheating, and safeguard external balances. Close monitoring of geopolitical developments and global commodity prices, particularly oil, is warranted given their potential to disrupt economic stability. Key initiatives for stability and growth include fiscal discipline, energy and agriculture sector reforms, improving value-added exports, privatizing SOEs, and leveraging digital banking for financial inclusion.
See more on page 08 : Economic Overview

Pakistan's banking sector continues to be resilient amidst shifting macroeconomic conditions, achieving a 8.2% growth in profits despite a significant reduction in policy rates. Total assets and deposits grew by 14.9% and 7.9% respectively, reflecting public trust. NPL increased by 12%, aligning with asset growth and impact of adoption of expected credit loss model under IFRS. Banks are now adjusting strategies to maintain growth when rates are lower forcing deposits outflow, compliance costs are high, and network expansion is continuing. Customers demand innovative digital solutions and regulators enforce conversion to Islamic Banking; all these make talent management an imperative.
See more on page 13 : Financial Performance Highlights

26th Constitutional Amendment, mandates the elimination of interest (Riba) by January 1, 2028, accelerating the transformation of Pakistan's financial sector in line with Islamic principles. Banks to realign strategies and operations to achieve full conversion while dealing with challenges like need for Shariah-compliant government funding, treatment of retained earnings from conventional operations, and the impact on government initiatives and foreign investments. Success depends on timely and effective support from the SBP, the government, and Shariah scholars.
See more on page 23 : Islamic Banking Transformation or Compliance

Pakistan's digital banking initiative is ambitious and essential. The SBP's framework aims to disrupt traditional banking practices and promote financial inclusion. Success will depend on effective execution, drawing lessons from global innovators. Through strategic partnerships, scalable technology, and a commitment to customer service, digital banks can transform Pakistan's financial landscape. Their ability to turn regulatory intent into sustainable success will be crucial.
See more on page 26 : Digital banks Initiative to Impact

The long-anticipated adoption of the IFRS 9 has finally materialized this year, following a lengthy period marked by numerous discussions, deferrals, and delays. The move from incurred loss models to forward-looking ECL framework demands a fundamental shift in how banks assess and manage credit risk and how it is reflected in pricing of loans. The Banking sector's ECL vis-à-vis regional averages is passable: ECL on performing loans is around 0.5 percent, ECL on underperforming loans is 5.5 percent, and almost 88 percent is provided on NPLs.
See more on page 32 : IFRS 9 Implementation From Deferrals to Disclosures

Summary Perspective

National Financial Inclusion Strategy aims to expand account ownership, improve access to affordable credit, and encourage the adoption of digital payment channels. Collaborations between banks and mobile network operators have expanded branchless banking. Digital payment infrastructure has enhanced banks' interoperability, incentivizing micro and small merchants to open low-cost accounts. Still, the high level of cash in circulation remains a major economic challenge, driven by macroeconomic instability and tax evasion. Banks and the government face significant costs related to currency handling and production, highlighting the need for a shift towards digital payments to reduce these expenses and improve economic efficiency. By optimizing cash-related costs and promoting digital transactions, banks can enhance operational efficiency and support long-term economic development.
See more on page 37 : Economic Development through Digital Payment Transformation

Driven by evolving consumer needs, technologies, and business models, the banking workforce is undergoing significant transformation. Effective talent management is crucial, especially with the rise of digital colleagues and the shift towards Islamic banking. CHROs and stakeholders must assess current workforce skills, prioritize upskilling and reskilling initiatives, and drive talent transformation aligned with digital adoption, new business models, and customer satisfaction. Executive leadership buy-in is essential to ensure HR's pivotal role in both talent and enterprise transformation, ultimately creating stakeholder value and shaping the future of banking.
See more on page 43 : Talent & Transformation Shaping the Future

In the later part of the document, you will find compilation of the financial positions of 21 banks for 2024 providing an industry-wide view of financial performance extracted from published, audited, consolidated financial statements. In addition, key financial ratios and numbers are presented for a bank to bank and prior year comparative reference.
See more on page 50 : Industry Numbers & Ratios

In the interest of the readers, we have included a summary of key developments in the banking industry that made the headlines during the year 2024 and around. Some interesting lines are:

Pakistan's Shadow Economy Surpasses $500 Billion, surpassing the formal GDP of ~$374 billion, concentrating in unregistered real estate and cash-based retail transactions. If formalized, can get good PKR 1.5 trillion in taxes to the government.

Raast Hits 892 Million Transactions SBP launches 'Raast P2M' service

Google Wallet Debuts in Pakistan, Unlocking Secure Contactless Payments

Easypaisa Transforms into Pakistan's First Digital Retail Bank

See more on page 46 : News making Headlines

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Read Banking Perspective 2025

Economic Environment

The Pakistan Perspective

Economic Environment - The Pakistan Prespective

World Economic Outlook

Global economic growth is expected to decrease to 2.8% in 2025 and 3% in 2026, down from previous projections of 3.3%. This downgrade is mainly due to increasing tensions between USA and China on trade tariffs and policy uncertainty. The projected growth is significantly below the historical average of 3.7%.

The global economic outlook faces significant downside risks. Escalating trade wars and policy uncertainty could further hinder growth. Following the announcement of sweeping US tariffs on 02 April, weakened policy buffers make economies more vulnerable to shocks. Shifting policy stances and declining sentiment could trigger asset repricing, currency fluctuations, and capital flow volatility, particularly in debt-burdened economies, potentially leading to broader financial instability. Demographic changes, high debt levels, and limited development assistance pose further challenges to growth and fiscal sustainability, especially for emerging markets and low-income countries. The lingering effects of the cost-of-living crisis could also reignite social unrest.

On the upside, a de-escalation from current tariff rates and new agreements providing clarity and stability in trade policies could lift global growth.

Moving forward requires clear and coordinated efforts. Countries should work together to create a stable trade environment, help with debt restructuring, and tackle common challenges. Fixing domestic policies and structural issues is key to maintaining economic stability. This will help balance growth and inflation, rebuild financial reserves, and boost long-term growth, while also reducing global economic imbalances. Restoring fiscal health and managing public debt sustainably are crucial, requiring credible long-term fiscal plans. Reforms in labor, product, and financial markets will support debt reduction and reduce differences between countries.

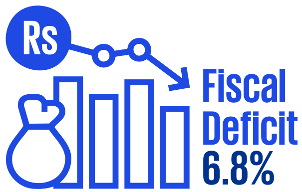
Central banks need to adjust their monetary policies to maintain price and financial stability, even with tough trade-offs. Managing foreign exchange volatility might need specific actions, as suggested by the IMF. Tools to manage financial risks should be used when necessary to prevent vulnerabilities and support during crises.

Pakistan Economy

Pakistan's economic recovery, initially projected at 3% GDP growth for 2025, faces headwinds from escalating trade tensions and global uncertainty. The IMF and ADB have revised their 2025 growth forecasts downward for Pakistan to 2.6% and 2.5%, respectively. While this growth rate is insufficient to significantly raise per capita incomes, a rebound to 3.6% is anticipated in 2026, contingent on the success of ongoing economic reforms and the global economic environment. Key performance highlights of the Pakistani economy follow.

Fiscal Performance

Pakistan's fiscal position improved significantly in 2024, with the fiscal deficit narrowing to 6.8% of GDP from 7.8% in 2023. A primary surplus of 0.9% of GDP was achieved, compared to a deficit of 1.0% in the previous year. Government revenues increased by 38%, driven by growth in both tax and non-tax collections. This positive momentum continued into the first five months of the current fiscal year (July-November 2024), resulting in a fiscal surplus of 0.4% of GDP and a substantial primary surplus of 3% of GDP.

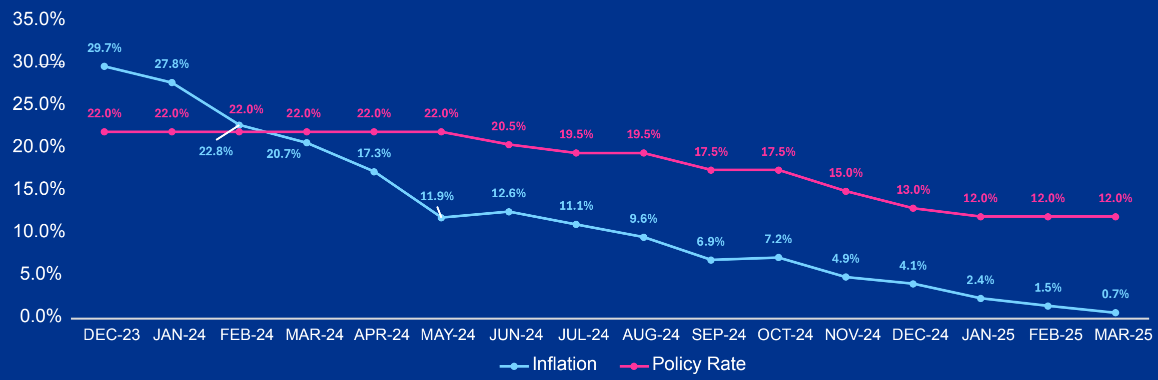


External Account

Pakistan's external position strengthened considerably in 2024 and the first half of 2025. The current account deficit narrowed to USD 0.7 billion in 2024, down from USD 3.3 billion in 2023, driven by 11.5% growth in goods exports, a modest 0.9% increase in imports (aided by lower oil prices), and a 10% rise in worker remittances. This positive trend continued into the first five months of 2025 (July-November), with the current account registering a surplus of USD 944 million, compared to a deficit of USD 1.7 billion in the same period of 2024. This surplus was fueled by a robust 33.6% year-on-year increase in worker remittances. Supported by the strong current account performance and the successful IMF Extended Fund Facility (EFF) program, foreign exchange reserves reached USD 16.4 billion by December 2024, up from USD 12.7 billion a year earlier. Fiscal and monetary tightening, coupled with import management strategies and growth in exports and remittances, have contributed significantly to this improved external position.

Inflation and Monetary Policy

As inflation continues to decline, market expectations anticipate further interest rate cuts, potentially stimulating business activity and private credit growth. However, this monetary easing cycle could fuel import demand and pressure exchange rate stability. Prudent fiscal management will be crucial to contain demand growth, prevent economic overheating, and safeguard external balances. Close monitoring of geopolitical developments and global commodity prices, particularly oil, is warranted given their potential to disrupt economic stability.



PSX Performance

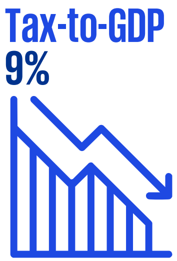
The Pakistan Stock Exchange (PSX) achieved a record-breaking performance in 2024, with the KSE-100 index surpassing 100,000 points for the first time and closing the year at 115,127 points. This represents an exceptional 84% increase from the 2023 closing level of 62,451 points, placing the PSX among the top-performing global indices. This remarkable rally was primarily driven by improving economic fundamentals and strong investor confidence.

Access to Finance

Pakistan's economy remains dependent on external support expecting continued debt rollovers from friendly countries, disbursements from the IMF program, and potential multilateral financing for climate resilience. Despite recent improvements, Pakistan's credit ratings remain below investment grade, hindering access to international funding. Sustained reform implementation, consistent accumulation of foreign exchange reserves, and successful completion of IMF reviews are crucial for further credit rating upgrades and improved access to financing.

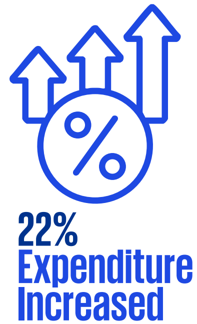
Fiscal Discipline

Pakistan faces significant fiscal challenges, including high non-development expenditures (primarily debt servicing), underperforming state-owned enterprises (SOEs), energy sector inefficiencies, and a large government footprint. The country's low tax-to-GDP ratio of 9%, among the lowest in the region, contributes to rising public debt. Key sectors like real estate and agriculture remain under-taxed. Comprehensive tax reforms, improved revenue mobilization, and addressing SOE inefficiencies are crucial for raising the tax-to-GDP ratio to at least 12%. The Federal Board of Revenue's (FBR) ambitious revenue target of Rs. 12.97 trillion requires aggressive measures and tax base expansion.



Economic Resilience and Strategic Initiatives

While measures such as interest rate reductions, increased tax collection targets, government streamlining, and privatization of state-owned enterprises (SOEs) contribute to economic stability, Pakistan faces significant structural challenges. A 22% increase in total expenditure in 2024, primarily driven by debt servicing, constrained development spending, which grew by only 2%. Furthermore, Pakistan's resilience to global crises, climate change, and geopolitical shifts remains limited. Critical areas for development include water resource management, agricultural and manufacturing innovation, human capital development, and political stability. Attracting technology-focused foreign direct investment (FDI) to generate exportable output requires a skilled workforce and a stable political environment, which are crucial for breaking the cycle of economic dependency.



Achieving Economic Stability and Growth

Economic stability is expected to result in moderate growth, provided coordinated monetary and fiscal policies effectively manage demand and prevent overheating. The following initiatives are critical for achieving sustainable economic prosperity.

Energy Sector Reforms

Pakistan's energy sector faces challenges with cost recovery in electricity and gas, contributing to a growing circular debt problem. This debt undermines the energy supply chain and threatens economic stability. More comprehensive reforms are needed to ensure the sector's long-term sustainability, only tariff adjustments may not be sufficient towards addressing the issue.

Agriculture Sector Reforms

Within the context of global food security and supply chain dynamics, agricultural sector reforms are essential for enhancing productivity, improving rural livelihoods, and driving economic growth. Despite the sector's significant contribution to GDP and employment, challenges such as low productivity, outdated farming practices, and inadequate infrastructure persist. Policymakers are prioritizing improvements in agricultural productivity through reforms focused on modernizing farming techniques, developing efficient storage infrastructure, enhancing water management, and expanding access to financial services. These reforms are crucial for strengthening food security and building more resilient agricultural supply chains.

Improve Value Added Exports

In the context of current trade tariff challenges faced by developing countries, enhancing Pakistan's export competitiveness is crucial for achieving sustainable economic growth and managing the trade deficit. Improved export performance can generate higher foreign exchange earnings, stimulate industrial development, and create employment opportunities. To achieve this, Pakistan must prioritize enhancing the quality and value of its exports through technological advancements and adherence to international standards. While historically reliant on traditional exports like textiles and unprocessed agricultural products, Pakistan should capitalize on the recent growth in IT exports by fostering stronger public-private partnerships. This diversification into higher-value-added exports is essential for navigating the complexities of the current global trade landscape.

Privatizing SOEs

Substantial losses from state-owned enterprises (SOEs) continue to constrain Pakistan's fiscal space. While there is broad agreement on the need for privatization, previous efforts have faced challenges. Renewed momentum is evident, with plans to privatize 24 SOEs by 2029. The market is closely monitoring the privatization of Pakistan International Airlines, as its success could significantly boost investor confidence.

Banking Sector Role

In today's customer-centric business environment, organizations must adapt their models to evolving customer needs. The banking industry must innovate to better serve a broader customer base, moving beyond its traditional focus on government lending. Digital banking offers significant opportunities for transformation. The mandated transition to Islamic banking by 2028 will further reshape the financial sector. Digital financial inclusion aims to improve access to capital for the agriculture and SME sectors by disintermediating traditional lending channels.

Key economic indicators

01 Current account showing surplus.

02 Inflation was as low as 2.4% and is predicted to stay between 5-10%.

03 GDP growth expected to be above 3 percent.

04 Declining oil prices may keep the balance of trade within planned limits.

05 Strong flow of remittances continues to support the current account.

06 Interest rates are low helping reduce debt-servicing costs providing respite to current expenditure.

Pakistan Banking Sector

Financial Performance Highlights

Pakistan's banking sector has demonstrated remarkable resilience in the face of fluctuating macroeconomic conditions. Last year, the sector navigated through double-digit inflation and soaring policy rates. This year, particularly in the second half, the scenario reversed with inflation reaching a decade low and policy rates being reduced by 1000 basis points. Despite these shifts, the banking sector achieved a 8.2% growth in net profit.

A significant portion of the sector's investments remains in government bonds, driven by intensified government borrowings for deficit financing. In the last quarter, banks focused on increasing advances to manage the ADR threshold imposed by the government, which was subsequently withdrawn on the last day of the year.
Total assets surged from PKR 44 trillion to PKR 51 trillion, and total deposits grew from PKR 29 trillion to PKR 31 trillion, reflecting the public's trust and confidence in banking institutions. Non-performing loans (NPLs) increased by 12%, which aligns with the growth in assets.

In the current year, banks are adjusting their strategies to manage the outflow of deposits to the stock market and other ventures due to lower rates. They are also addressing the costs of compliance and expanding their branch networks. Prioritizing innovative banking through digital service channels and back-office process automation is becoming essential. Additionally, banks are tackling challenges such as converting to Islamic banking and managing workforce expectations.

By adapting to these evolving conditions, Pakistan's banking sector continues to maintain its stability and growth trajectory.

14.9% ▲
Total Assets
Up from PKR 44.7 trillion LY to PKR 51.4 trillion CY

26.0% ▲
Advances
Up from PKR 12.3 trillion LY to PKR 15.5 trillion CY

14.5% ▲
Investments
Up from PKR 24.9 trillion LY to PKR 28.5 trillion CY

8.2% ▲
Net profit
Up from PKR 589 billion LY to PKR 636 billion CY

7.9% ▲
Deposits
Up from PKR 29.2 trillion LY to PKR 31.5 trillion CY

39.5%
Avg. ADR
Down from 40.9% LY

5.4%
NIM
Down from 5.6% LY

1.48%
ROA
Down from 1.59% LY

22.2%
ROE
Down from 25.01% LY

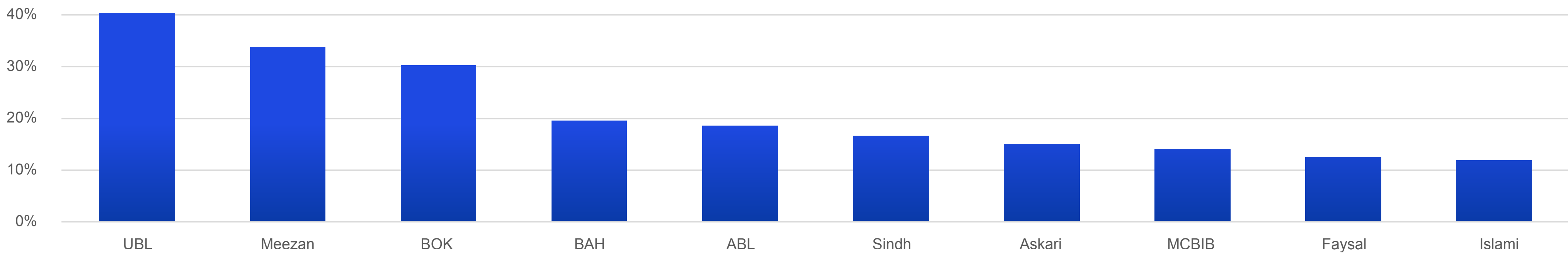
12.0% ▲
NPL
Up from PKR 877 billion LY to PKR 982 billion CY

7.2%
Infection Ratio
Down from 8.3% LY

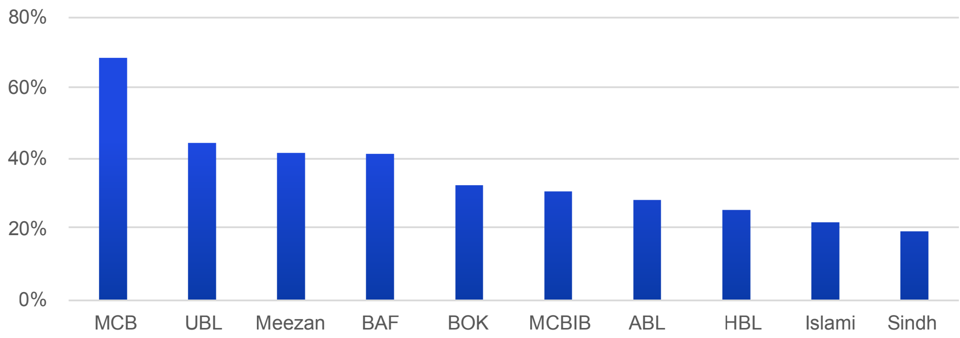
19.8%
CAR
Up from 19.4% LY

Top Performing Banks

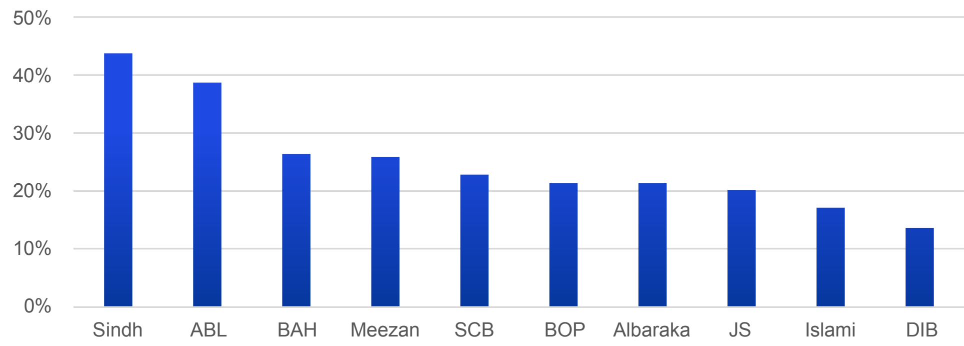
Top 10 Bank with highest growth in total assets



Top 10 Banks with highest growth in gross advances



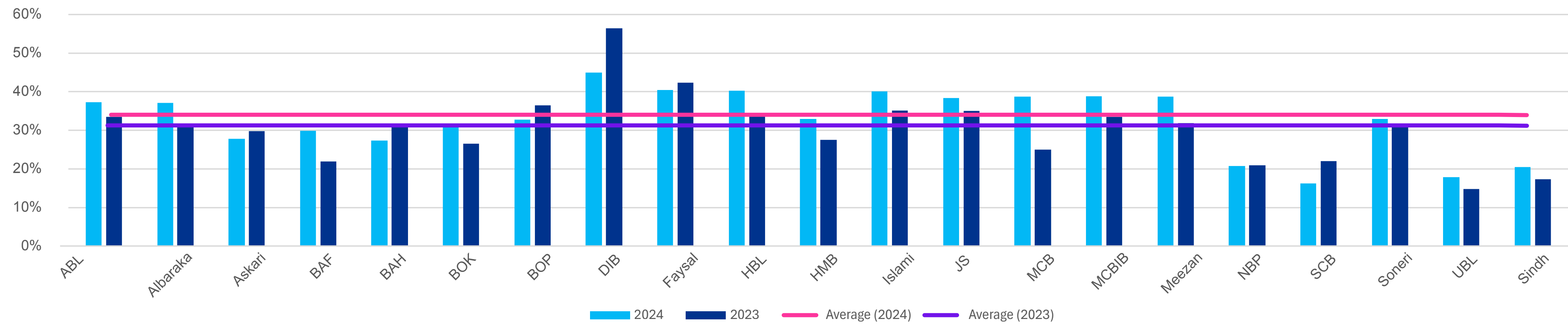
Top 10 Banks with highest growth in deposits



Asset Quality

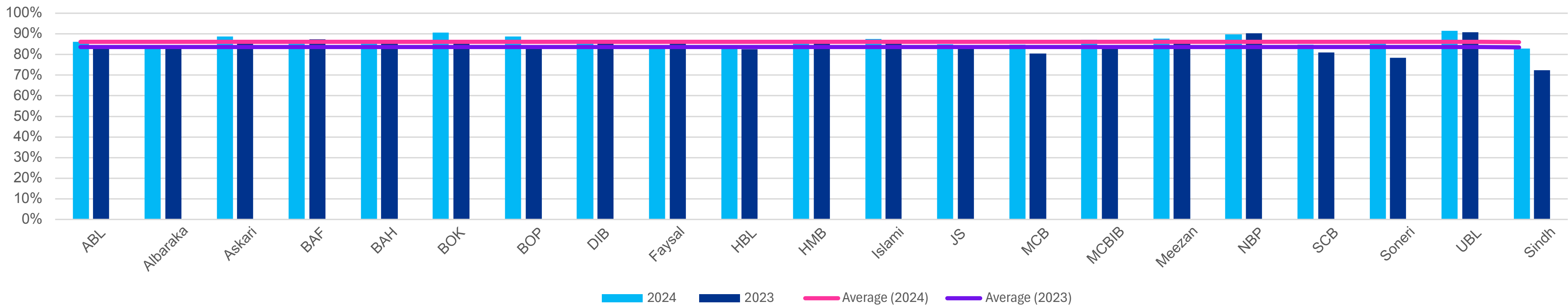
Advances to Total Assets

Average: 32.6%
(2023: 30.4%)



Earning Assets to Total Assets

Average: 86.6%
(2023: 84.2%)

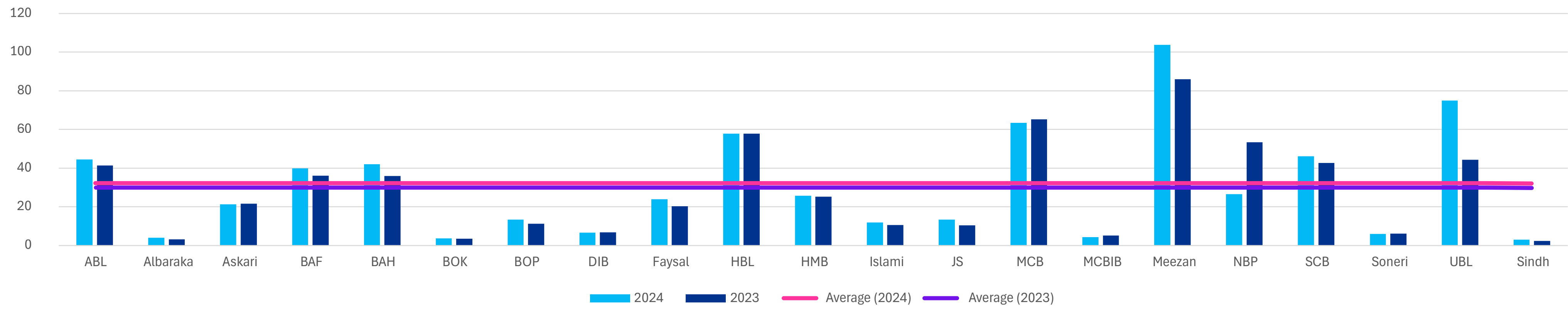


Profitability

Profit After Tax

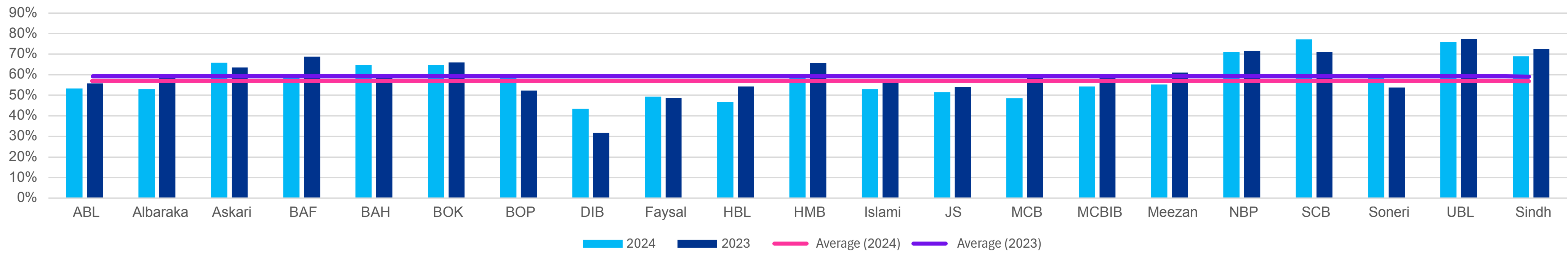
Average: 30,285
(2023:28,034)

Amount in Billion



Liquid Assets to Total Assets

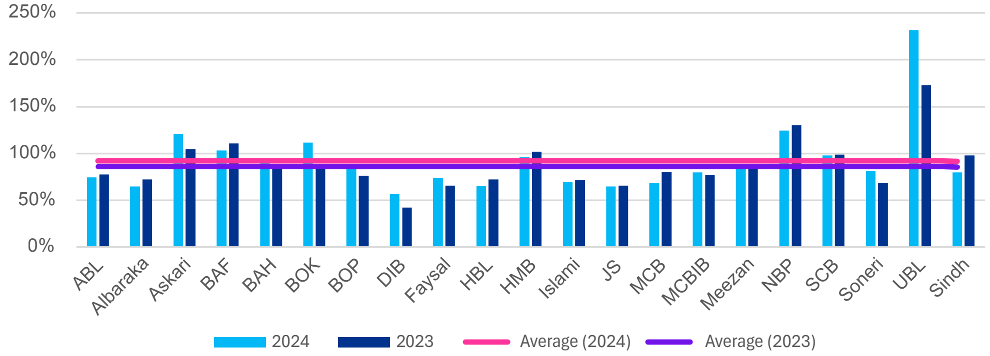
Average: 58.8%
(2023: 60.1%)



Liquidity

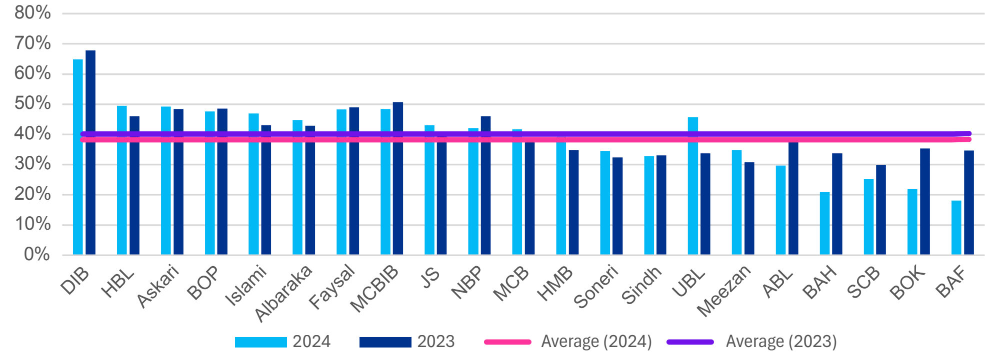
Liquid Assets to Total Deposits

Average: 91.7%
(2023: 87.6%)



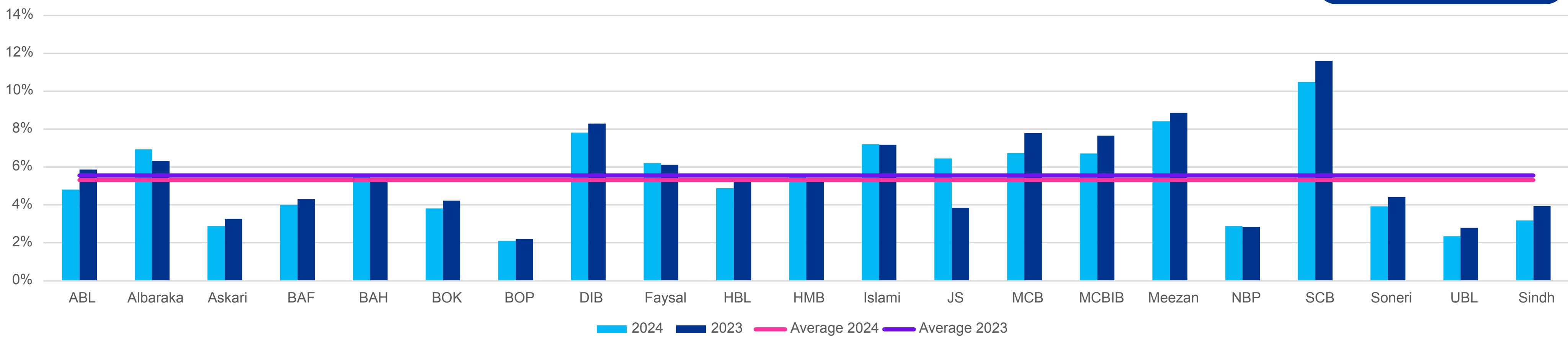
Advances to Deposits Ratio

Average: 39.5%
(2023: 40.9%)



Net Interest Margin

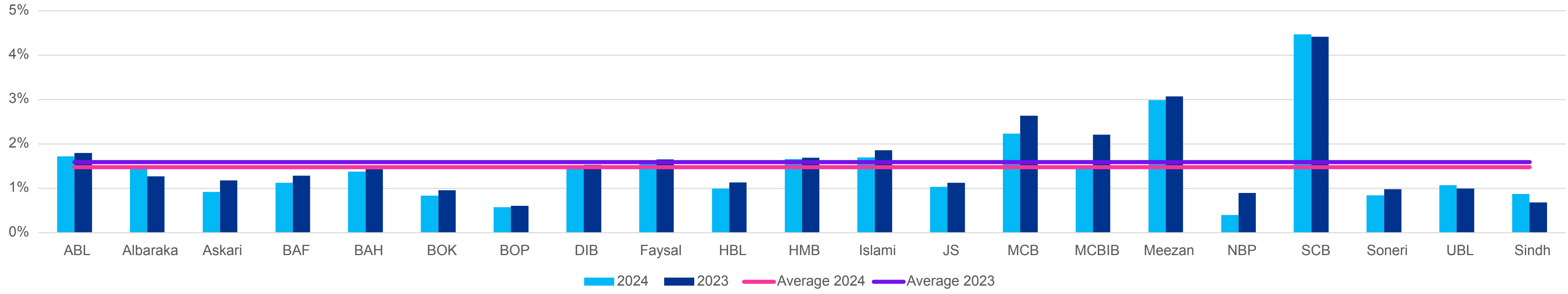
Average: 5.4%
(2023: 5.6%)



Profitability

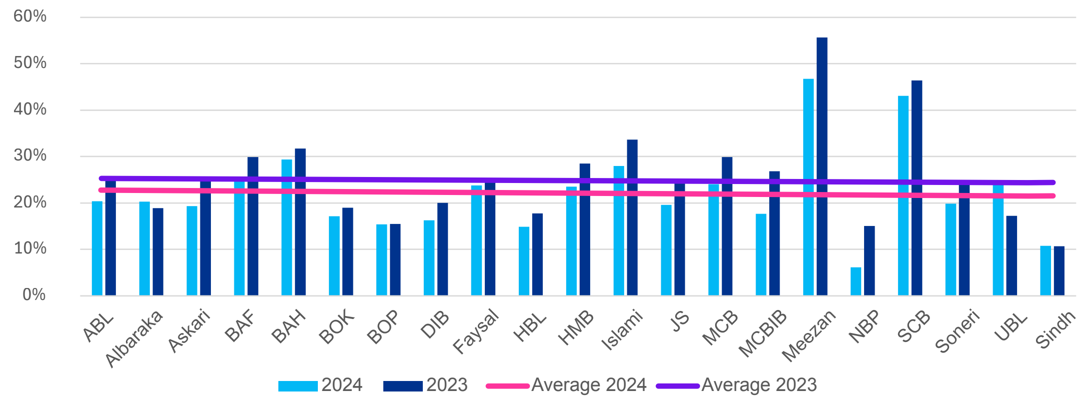
Return on Average Asset

Average: 1.48%
(2023: 1.59%)



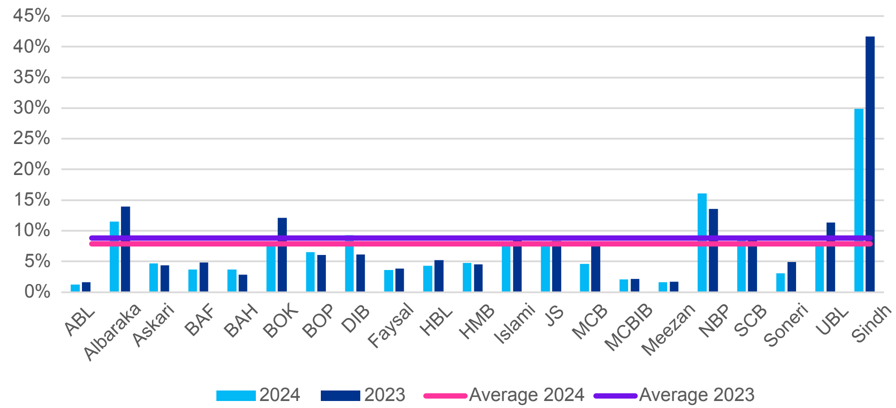
Return on Average Equity

Average: 22.2%
(2023: 25.01%)



Infection Ratio

Average: 7.2%
(2023: 8.3%)



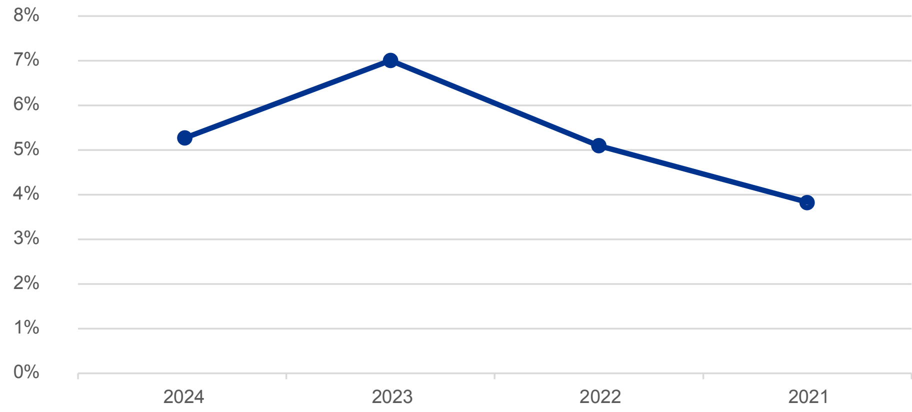
Efficiency

Capital Adequacy Ratio

Average: 19.8%
(2023: 19.4%)

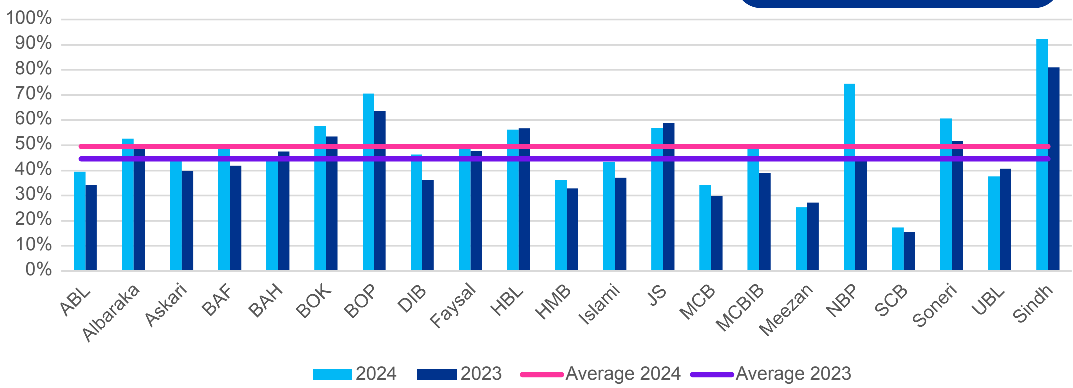
Spread Analysis

Average: 5.29%
(2023: 7.15%)



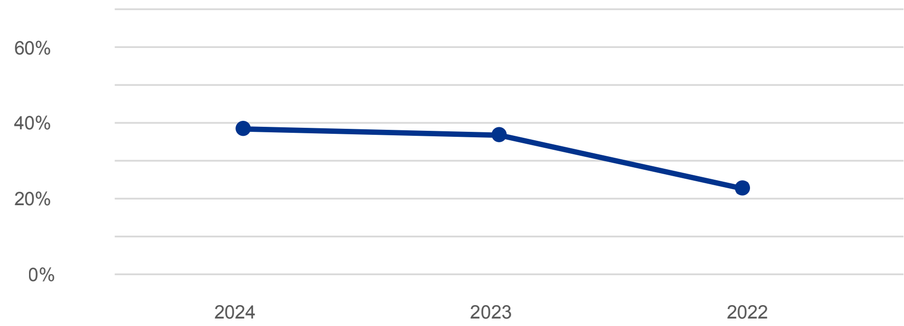
Cost to income ratio

Average: 49.53%
(2023: 44.21%)



Average Operational Efficiency

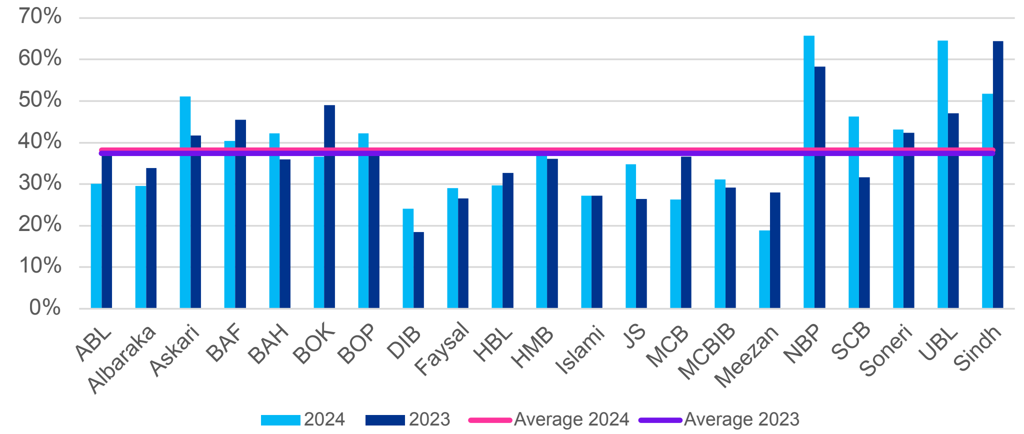
Average: 38.25%
(2023: 37.44%)



Valuation

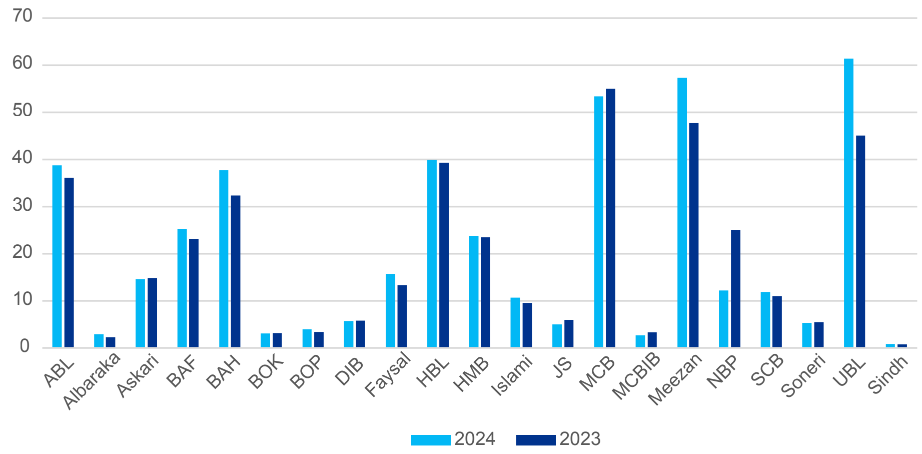
Operational Efficiency

Average: 38.25%
(2023: 37.44%)



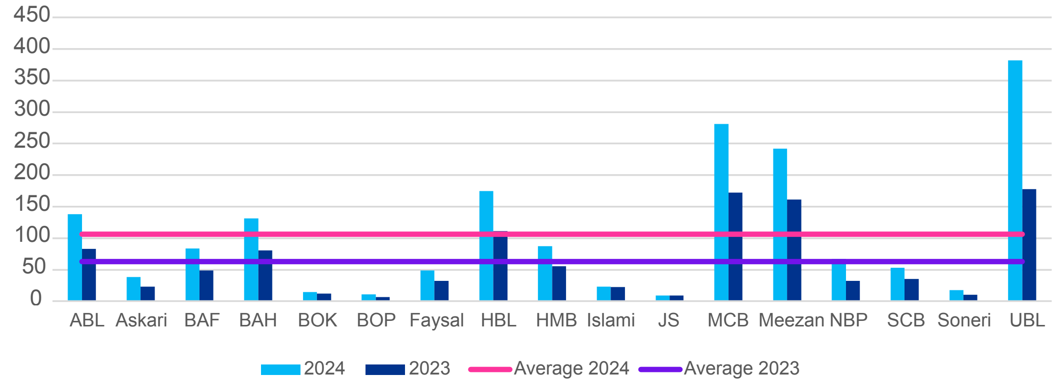
Earning Per Share

Average up by: 20.58%
(2023: 19.33%)

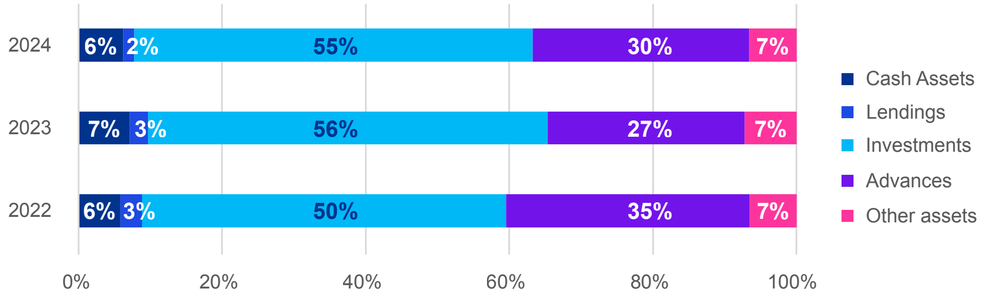


Market Price Per Share

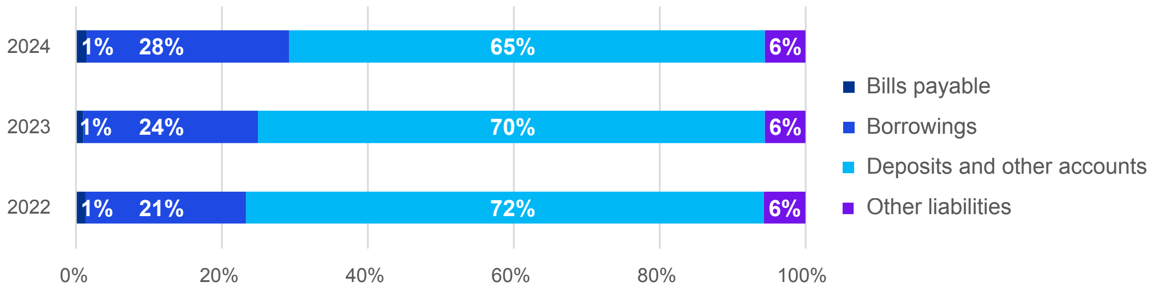
Average up by: 106%
(2023: 63.2%)



Composition of total assets



Composition of total liabilities



Analyzing Key Areas and Strategic Implications

Islamic Banking – Transformation or Compliance

The 26th Constitutional Amendment, ratified in October introduced substantial reforms to Pakistan's legal and financial landscape, notably mandating the elimination of interest (Riba) by January 1, 2028. Article 38(f) of the Constitution of Pakistan explicitly directs the state to eliminate Riba expeditiously. The 26th Amendment strengthens this directive by establishing a firm deadline, accelerating the transformation of the financial sector in line with Islamic principles. Key judicial pronouncements have shaped the trajectory towards this amendment. In April 2022, the Federal Shariat Court (FSC) reiterated the prohibition of all forms of interest under Islamic law and directed the government to eradicate Riba by December 2027.

The FSC unequivocally declared all forms of interest as prohibited under Islamic law, citing their incompatibility with the Quran and Sunnah. The court directed governmental bodies, regulatory authorities, and financial institutions to implement measures for the phased removal of conventional interest-based transactions. This demands transformation of traditional banking models through full adoption of Shariah-compliant banking structures, financial instruments, and investment mechanisms grounded in ethical and interest-free principles.

State Bank of Pakistan through IFPD Circular No. 3 dated June 28, 2024, made it mandatory for all conventional banks to submit an Islamic Conversion Plan and most of the banks complied with the requirement by submitting the board approved plans by the due date extending or starting their journey about full conversion to Islamic Banking.

Progress on Strategic Plan for Islamic Banking Industry 2021-25

SBP has promoted sustainable growth within the Islamic banking industry by issuing a series of five-year Strategic Plans. The third plan 2021-2025 is expected to be completed by the end of 2025. Progress against the headline targets set under the third plan till December 2024, as the share of Islamic Banking in total banking industry was:

Progress Area	Target %	Progress %
Share in Assets	30%	20.6%
Share in Deposits	30%	24.9%
Share in SME Financing	10%	1.8%
Share in Agri Financing	8%	1.6%
Share in Branch Network	35%	32.6%

Source: SBP Islamic Banking Bulletin December 2024

Prevailing regulations stipulate the full conversion of the banking sector by 01 January 2028, a highly challenging scenario considering the progress made in the prior years.

Conversion Readiness

There are six Islamic Banks operating in the country along with sixteen Conventional banks providing Islamic banking services through their Islamic window operations. A branch network of over six thousand (32% of total bank branches) provides sufficient outreach to customers across the country. This existing footprint confirms the availability of necessary operational enablers required for an industry wide conversion specifically:

Governance and Policy Framework – Existence of sharia governance frameworks, policies and procedures in the industry can enable converting banks to adopt these and meet regulatory compliance requirements as well.

Products Portfolio – Islamic banks and windows of conventional banks are offering a wide range of sharia compliant products supported by models and systems as use cases.

Human Capital – Over the years banks have developed capacities around human resources having expertise and operational knowledge of sharia-compliant financial services.

Systems and Technology Platforms – Over the years these banks have acquired and tailored to the needs the banking systems and technology-based tools to deliver sharia compliant banking services.

Above all, Islamic banking models operating in the country are making steady progress, better than the global indicators, in terms of assets, deposits and profitability indicating trust and support from the customers.

Conversion Journey

Banks really need to re-align their strategies and operations to achieve the ambition of converting to Islamic mode of banking. We understand key milestones in this journey will be:

Make the Decision

This is the first step in the journey. Skepticism remains within banking corridors regarding whether this initiative will will truly drive an industry-wide transformation beyond fulfilling legal and regulatory compliance. While regulatory directives are clear and unequivocal, the management of stakeholder expectations, particularly those of shareholders, remains a significant challenge. Nevertheless, the decision ultimately rests with the banks.

Impact Assessment

A detailed operational assessment is needed to identify the impacts of, and impediments to, conversion across strategies, products, policies, procedures, and systems. It must also determine how identified instances of non-compliance will be managed and brought into Shariah compliance. In certain cases, viable alternatives may not be readily available.

Strategy Adjustments

Case studies suggest that conversion to Islamic banking is usually an asset-first strategy, prioritizing the availability of sufficient assets in the market to deploy Islamic deposits. Observations indicate that many banks are aggressively converting branches, primarily deposit-taking units, to the Islamic mode. However, in the absence of adequate opportunities for Islamic-mode lending or the availability of sukuk at the necessary scale, Islamic deposit pools may remain idle, thereby hampering profitability. Banks alone cannot make these strategic adjustments; government policy support and operational guidance from Shariah scholars will be essential.

Capacity Building to handle Islamic Banking

Currently onboarding, training and development of huge workforce in conventional banking seems to be a daunting task. Creating behavioral cognizance and change management is added challenge.

Group Entities

Most banks have subsidiary and associated companies providing financial services requiring conversion. Those outside financial services may have to go through a sharia permissibility review of their businesses. In all cases managing stakeholders and adopting to change will be impactful and would require strategic decision making.

Impediments to Conversion

While Pakistani banks are dedicated to transitioning to Islamic finance, several industry-wide challenges require government policies, shareholder decisions, and guidance from Shariah scholars. Some of the matters requiring attention are:

Government Funding and availability of Sharia Compliant Investments

Pakistani banks heavily invest in government securities (around 60% of their total assets) to fund government debt and expenses. This trend is expected to persist. To align with Islamic finance principles, these conventional securities need to be replaced with Shariah-compliant instruments like Sukuk and other Islamic financing methods. The breakup of Government funding by banks and other financial institutions as of 31 Dec 2024 is as follows:

Amounts in PKR Trillions

Govt Funding Instruments	All Banks	Others	Total	Instruments (%)
PIBs (Conventional)	19.4	6.3	25.7	62%
T-Bills (Conventional)	5.4	4.6	10.0	24%
Sukuks (Islamic)	3.2	2.6	5.8	14%
Total	**28.0**	**13.5**	**41.5**	**100%**

Only 14% of the government instruments are sharia compliant. The availability of Shariah-compliant investment options, especially alternatives to traditional investments, presents a significant hurdle for Pakistan's financial industry. Addressing this requires collaborative efforts: the industry needs to engage in discussions with regulatory bodies, and the government needs to actively facilitate the creation of new Shariah-compliant investment avenues. Specifically, a clear plan from the government outlining the conversion of conventional government bonds (PIBs and T-Bills) into Sukuk (Islamic bonds) is crucial for the industry's progress in offering Islamic alternatives.

Retained Earnings from Conventional Operations

A key challenge in converting conventional banks to fully Shariah-compliant operations is the treatment of retained earnings accumulated from non-Shariah-compliant activities. The proposal to remove these earnings from the books, potentially through donations, raises concerns about the impact on the banks' capital adequacy and overall financial health. Gaining shareholder approval for donating these funds, to which they are entitled, could be a major obstacle, particularly for larger banks that rely on retained earnings to fuel growth and expansion.

The table shows accumulation of retained earnings over the past five years by major banks which are subject to removal from books upon conversion:

Amounts in PKR Billions

Year	HBL	NBL	UBL	BAFL	ABL	MCB	Total
2024	238.8	241.1	116.4	88.3	127.7	120.9	**933.2**
2023	221.8	218.7	97.3	69.4	104.8	102.6	**814.6**
2022	178.4	172.5	96.2	45.1	79.6	72.7	**644.5**
2021	158.4	140.1	89.8	40.8	69.4	64.6	**563.1**
2020	138.2	116.0	87.5	35.1	66.9	70.4	**514.1**

Government initiatives, where banks are the main deployment agencies, will also be impacted by conversion as in most cases these are based on conventional banking principles. Similarly, how foreign investments and contractual obligations of banks and the government will be impacted need immediate attention.

The rapid growth of Pakistan's existing Islamic banking sector, coupled with accelerated conversion plans for conventional banks, holds significant promise. Achieving this desired progress hinges on timely and effective support from the SBP, the government, and shariah scholars.

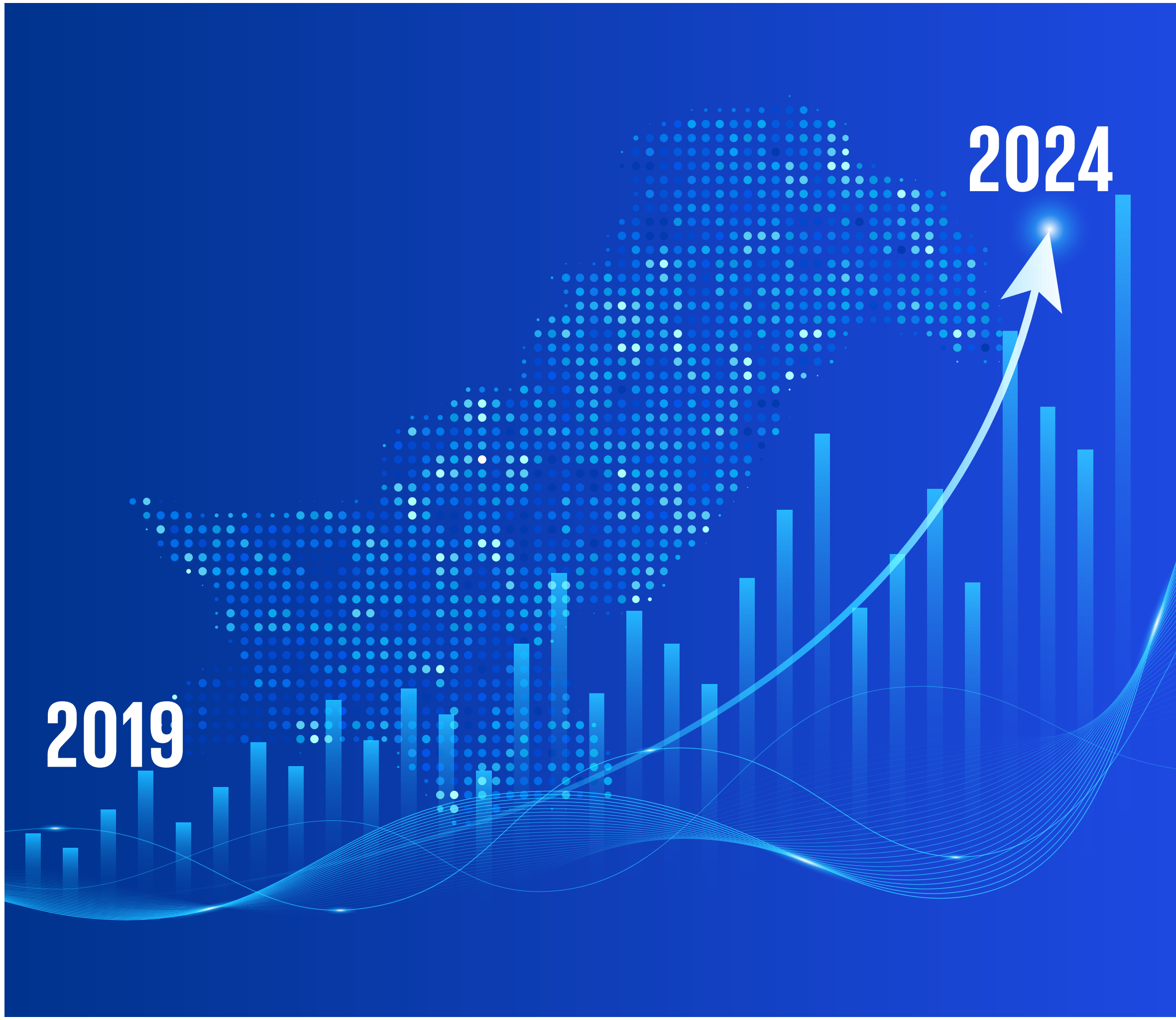
Digital Banks - Initiative to Impact

In recent years, Pakistan's journey toward financial inclusion had demonstrated impressive quantitative gains yet fundamental challenges persisted. Data from the State Bank of Pakistan showed that while formal bank accounts grew by 127% between FY2019 and FY2024, only about 91 million of the country's 241 million citizens held such accounts. Digital banking ideation was emerging as a transformative response to these inefficiencies, and with the recent approvals of digital bank licenses to five pioneering applicants, a new era is on the horizon.

At its core, digital banking represents a paradigm shift from traditional brick-and-mortar interactions to a digital-first ecosystem—where every process, from account creation to loan approvals, is driven by innovation and technology. Unlike traditional face-to-face service models, digital bankers prioritize agility through online platforms and mobile applications. This approach not only ensures 24/7 accessibility and cost efficiency but also leverages advanced security measures, such as biometric authentication and encryption, to enhance trust and safety for consumers.

What sets digital banking apart is the philosophy behind it. Rather than merely adapting to existing customer behaviors, digital-first institutions proactively shape and redefine them. They embrace possibility thinking challenging conventional wisdom and understanding that past methods no longer serve future needs. Regulations, rather than being roadblocks, become catalysts for creative solutions in agile compliance frameworks, fostering an environment where disruption is not incremental but transformative.

As the five approved to become digital licensed banks steadily move toward full-fledged launch, Pakistan's financial services landscape stands on the brink of a groundbreaking evolution one that promises to reimagine service delivery like never. But can this bold shift truly deliver the long-awaited solution to the nation's enduring digital ecosystem challenges?



The Need for Digital Bank: Structural Challenges and the Digital Imperative

The traditional banking model in Pakistan faces significant structural challenges that underscore the necessity for digital banking solutions. Pakistan has approximately 14 commercial bank branches per 100,000 adults, fewer than its regional peers. The country's financial landscape is undergoing a transformative shift, driven by the imperative to include its vast, unbanked, estimated between 161 million and 182 million individuals, geographically dispersed into the formal as well as informal economy. Traditional banks, constrained by the high operational costs of expanding physical branches, have had challenges to penetrate remote and underserved areas. This limitation has left micro, small, and medium enterprises (MSMEs) and rural populations without access to essential financial services. Establishing and maintaining physical branches entails substantial capital and operational expenditures including infrastructure, staffing, and security costs. These expenses can divert resources away from building digital financial-services infrastructure, which would enable banks to expand their outreach across the country. Hence, Digital bank can deliver core functions such as lending, payments, and financial-inclusion initiatives more efficiently and at lower cost, providing the use cases needed to drive widespread adoption.

The COVID-19 pandemic acted as a catalyst for digital adoption globally, and Pakistan was no exception; the economy experienced a surge in digitization. According to the State Bank of Pakistan's Annual Payment Systems Review FY2024, digital-channel adoption continued to accelerate, mobile-app banking users rose by 16% to 18.7 million, internet-banking users grew 25% to 12.0 million, and EMI e-wallet users surged 85% to 3.7 million. Over the same period, the POS network expanded 8.9%, reaching 125,593 terminals, facilitating greater adoption of digital payments at retail outlets. This rapid evolution has prompted regulators to re-examine traditional service delivery models, highlighting digital banking as a transformative force.

Key Indicators of Pakistan's Banking Sector

Mobile-app Banking users	16%
Internet Banking users	25%
EMI e-wallet users	85%
POS terminals	8.9%

Source: State Bank of Pakistan

In Pakistan, a significant disparity exists between mobile connectivity and financial inclusion. This gap underscores the potential for digital banks to bridge financial access, especially in underserved regions. Digital banks, leveraging widespread mobile connectivity, can offer financial services directly through smartphones, reaching populations previously excluded from the formal banking sector. This approach not only reduces operational costs but also provides micro, small, and medium enterprises (MSMEs) with access to vital financial tools, such as supply chain financing and working capital loans. Moreover, digital banks can facilitate partnerships with MSMEs, enabling them to integrate into formal financial systems and access credit facilities previously unavailable to them. By digitizing transactions and offering tailored financial products, digital banks enhance operational efficiency and liquidity for small businesses, fostering economic growth at the grassroots level.

Global Comparisons and Lessons for Pakistan

Comparative studies of digital banks internationally reveal critical insights. In Brazil, Nubank's meteoric rise is attributed to its focus on customer simplicity and transparency—factors that have led to substantial trust and market penetration. Similarly, the agile, community-driven approaches of Monzo and Starling in the United Kingdom demonstrate the value of iterative product development and a strong regulatory framework that supports innovation.

In India, digital banks like Paytm have effectively leveraged government incentives and widespread mobile adoption to access underbanked segments. Research by the Reserve Bank of India and various financial studies suggest that aligning digital innovation with local financial behaviors is paramount for scaling such models. For Pakistan's emerging digital banks, these international models offer a roadmap: the need to build trust, align with consumer habits, and work in close synergy with regulatory guidelines.

Ideation Behind the Digital Bank Licenses: The SBP Digital Banking Framework:

Considering these challenges, the SBP introduced a digital banking licensing framework in 2022 aimed at fostering innovation and bridging the financial inclusion gap. Rather than merely permitting digital channels under an existing license, the SBP conceptualized full-stack digital banks dedicated to transforming both customer experience and operational efficiency. This model—structured in a two-stage licensing process involving an initial pilot phase followed by a commercial license—is in line with global best practices noted in academic literature on digital transformation and financial regulation.

The selection process was rigorous. High-ranking SBP officials convened and made the critical decision to exclude conventional commercial banks from the pool, not as a critique of their capabilities, but to foster innovation through new entrants. Recognizing that these established institutions already possess the necessary infrastructure and resources to develop digital solutions independently, the SBP aimed to encourage fresh perspectives and innovative approaches by inviting non-traditional players into the digital banking space. This strategy is designed to complement the existing banking ecosystem, promoting financial inclusion and technological advancement without undermining the role of conventional banks.

The Final Five: Visionaries Poised for Transformation

After a nine-month evaluation of 20 applications—from incumbent commercial banks to international consortiums and microfinance institutions—**the SBP selected five applicants**. Each was chosen not only for its technological prowess but also for its vision to drive systemic change. Research suggests that digital banking can succeed only if its leadership is committed to long-term, disruptive transformation. For example:

Easypaisa Digital Bank Limited
evolved from Telenor Microfinance Bank into what is now Pakistan's first full-scale digital retail bank. Despite previous losses exceeding $200 million, its backing by Telenor and ANT Financial highlights a commitment to technology transfer and large-scale customer acquisition. With a reported user base exceeding 50 million, research from McKinsey emphasizes that scale combined with robust digital innovation can eventually yield efficient cost models and improved profitability.

Mashreq Bank Pakistan Limited
was selected for its demonstrable expertise in the digital banking arena as evidenced by its operations in the UAE. With robust risk management capabilities and significant capital reserves, Mashreq is testing an AI-driven customer onboarding model tailored to Pakistani market conditions. Industry analysts argue that successful adaptation of international best practices, as Mashreq attempts, is crucial for local acceptance.

HugoBank Limited
aims to capture the digital-savvy youth segment through modern financial wellness tools, a demographic increasingly targeted by next-generation digital banks internationally.

KT Bank Pakistan Limited
were viewed as strategic bets. KT Bank plans to harness Nigerian fintech expertise combined with local distribution to facilitate cross-border transactions between South and East Asia, an approach reinforced by research on emerging market integration

Raqami Islamic Digital Bank Limited
represents a consortium-led initiative focused on Shariah-compliant financial products. Its vision centers on ethical finance, integrating advanced data analytics with principles of Islamic banking. Studies published in the Journal of Islamic Finance have noted that there is significant latent demand for Shariah-compliant financial products in emerging economies, a niche that Raqami is uniquely positioned to serve.

Bank	Vision	Current Status (as of April 2025)	Future Plans/ Commitment/ Long Term Goals
Easypaisa Digital Bank Limited	Easypaisa's vision is to empower a financially inclusive Pakistan by creating a digital ecosystem that provides innovative, accessible, and secure financial services. It strives to transform lives by offering seamless digital banking solutions tailored to the needs of underserved communities	**Commercial Digital Retail Bank Licensce** Easypaisa Digital Bank Limited has achieved commercial approval from SBP to commence regular digital banking operations.	**Commercial Operations:** Easypaisa has transitioned into a fully operational digital bank, focusing on providing comprehensive digital banking services such as savings accounts, term deposits, lending options, and international remittances. **Financial Inclusion:** Easypaisa aims to drive financial inclusion by creating a digital ecosystem that provides accessible financial services to underserved segments of society
Mashreq Bank Pakistan Limited	Mashreq envisions shaping the future of finance through innovation, convenience, trust, and unmatched customer experience. It aims to redefine financial services by being a trusted partner and delivering customer-centric solutions that foster financial inclusion and economic growth.	**Restricted pilot license** Mashreq Bank Pakistan Limited (MBPL) has been awarded a pilot license by the State Bank of Pakistan (SBP) to operate as a Digital Retail Bank. This restricted license allows MBPL to conduct pilot operations under the regulatory framework introduced by SBP for digital banks.	**Expansion and Customer Acquisition:** Over the next five years, Mashreq aims to onboard millions of retail customers in Pakistan, catering to both personal and business needs through advanced digital solutions. **Digital Innovation:** Mashreq plans to leverage its global expertise to deliver a banking experience that combines sophistication, reliability, and customer-centricity, contributing to Pakistan's economic transformation. **Financial Inclusion:** The bank is committed to fostering financial inclusion, particularly for underserved communities, by offering secure and innovative digital banking solutions
Raqami Islamic Digital Bank Limited	Raqami envisions a transformative banking landscape where accessibility evolves into empowerment. Its goal is to pioneer customer-centric, Shariah-compliant digital banking in Pakistan, promoting trust, innovation, and sustainability while elevating customers' lives through tailored digital experiences.	**In Principle Approval** Raqami Islamic Digital Bank Limited (RIDBL) is in the process of establishing itself as a Shariah-compliant, purely digital bank. It has received an In Prinicpal Approval from SBP and has submitted the application for pilot readiness	**Shariah-Compliant Services:** Raqami plans to pioneer customer-centric, Shariah-compliant digital banking in Pakistan, focusing on accessibility, empowerment, trust, innovation, and sustainability. **Digital Expansion:** The bank aims to leverage technology to enhance customer experience and expand its reach across Pakistan

Bank	Vision	Current Status (as of April 2025)	Future Plans/ Commitment/ Long Term Goals
HugoBank Limited	HugoBank envisions redefining digital banking by offering fast, secure, and convenient financial services that empower individuals to achieve their goals. It focuses on providing seamless online account opening, fund transfers, bill payments, and credit products to support its customers' aspirations.	**In Principle Approval** HugoBank Limited has received an In Principal Approval from SBP for establishing itself as a digital bank under the cohort-based licensing framework introduced by SBP. It has submitted Application for Pilot Readiness	**Digital Banking Setup:** HugoBank is in the process of establishing itself as a digital bank, with plans to offer fast, secure, and convenient financial services. **Customer Empowerment:** The bank aims to empower individuals by providing seamless online banking experiences and supporting their financial aspirations
KT Bank Pakistan Limited	KT Bank's vision is to shape the future of Islamic banking by fostering financial inclusion through innovative, Shariah-compliant solutions. It aims to create a digital ecosystem that empowers individuals and drives economic progress, with a focus on underserved communities and key sectors like agriculture and education.	**In Principle Approval** KT Bank is still under formation but has received an In principal approval from SBP to operate as a digital bank. It is working towards fulfilling regulatory requirements and establishing operations to provide Shariah-compliant digital banking services	**Digital Banking Launch:** KT Bank is working towards launching its digital banking operations, focusing on providing Shariah-compliant financial services and driving financial inclusion. **Innovation and Growth:** The bank plans to contribute to Pakistan's economic growth by offering innovative digital banking solutions tailored to the needs of various customer segments

A consistent theme in research on digital banking is the challenge of patient capital. Numerous case studies indicate that digital banks—especially those that are not primarily credit-led—generally require a five to seven-year horizon to achieve profitability, or even up to ten years if reliant on non-credit transactions. With initial capital expenditures that may exceed $50 million before turning profitable, the financial strain on owners is significant. Moreover, conventional banks in Pakistan, operating as effective fund managers through low-cost deposits and government bonds, pose a formidable competitive challenge due to their deep-rooted business models.

Academic research further indicates that in markets such as Pakistan—where digital literacy is still developing and cash remains the dominant transaction method—operational challenges such as cybersecurity, liquidity management, and customer acquisition costs are amplified (International Monetary Fund, 2023). As such, the sustained success of these digital banks will depend on their ability to innovate continuously, maintain rigorous risk management frameworks, and secure a steady flow of patient capital.

Conclusion: Initiative to Impact

Pakistan's digital banking experiment is both ambitious and necessary. The SBP's framework, built on stringent selection criteria and a commitment to financial inclusion, represents a bold regulatory move aimed at disrupting entrenched banking practices. However, the true measure of success will be found in execution. Drawing lessons from global innovators—where agile product development, customer-centric design, and robust regulatory frameworks have proven essential—Pakistan's digital banks must now focus on overcoming significant operational hurdles.

Ultimately, the vision is clear: through strategic partnerships, scalable technology, and an unwavering commitment to customer service, these digital banks can fundamentally reengineer Pakistan's financial landscape. Whether they achieve this transformation or remain symbolic initiatives will depend on their ability to turn regulatory intent into sustainable, market-driven success.

IFRS 9 Implementation – From Deferrals to Disclosures

The long-anticipated adoption of the IFRS 9 has finally materialized this year, following a lengthy period marked by numerous discussions, deferrals, and delays. The move from incurred loss models to forward-looking ECL framework demands a fundamental shift in how banks assess and manage credit risk and how it is reflected in pricing of loans.

This analysis provides a simplified overview of IFRS 9 implementation trends among major Pakistani banks. It focuses on key implementation areas, including asset classification stages, accounting for loan modifications, and the handling of staff loans, to offer insights into IFRS 9's impact on the banking sector.

A quick catch-up on IFRS 9 in Pakistan

The SBP commenced its IFRS 9 initiative in 2018, and in the next four years issued multiple circulars instructing banks to prepare pro forma financial statements by IFRS 9 for parallel reporting to facilitate familiarity with the standard's requirements and address anticipated challenges.

Circular reference	Description
BPRD Circular No. 04 of 2019	Preparation of IFRS 9 parallel reporting for two years from 1 January 2020 and additional instructions for adoption of the Standard
BPRD Circular Letter No. 15 of 2020	Preparation of IFRS 9 parallel reporting for two years from 1 January 2020 and additional instructions for adoption of the Standard
BPRD Circular Letter No. 24 of 2021	Extension for implementation of the Standard to 1 January 2022 and issuance of the Application Instructions for Parallel Reporting
BPRD Circular No. 03 of 2022	Extension of the deadline for implementation of the Standard and issuance of revised Application Instructions

Then the SBP vide BPRD Circular Letter No. 07 of 2023, mandated Banks to adopt IFRS 9 starting January 1, 2024. Later, BPRD Circular No. 16 dated July 29, 2024, instructed banks to implement modification accounting for financial assets and liabilities in line with the IFRS 9. Following the issuance of the circular, to avoid confusion, the SBP held a clarificatory meeting on December 4, 2024, during which it was confirmed that the requirements would apply prospectively to loans restructured on or after January 1, 2020. This clarification provided a much-needed baseline, helping align expectations among banks, auditors, and regulators. It also allowed banks to keep existing reserves exceeding expected credit loss estimates for Stage 1 and 2 loans, providing flexibility during the transition.

Throughout 2024, the regulator and the banks endeavored to address challenging issues like valuation of unquoted equity securities, fair value measurement of staff loans and application of modification accounting. Except for the Effective Interest Rate (EIR) method for interest accrual, the banking industry adopted and initiated the reporting process under IFRS 9. For EIR issue SBP extended the implementation deadline by one year. Amendments also allow Islamic Banking Institutions (IBIs) to adopt relevant Islamic Financial Accounting Standards (IFAS) or maintain existing methodologies for other Islamic finance products, while encouraging disclosure of potential IFRS 9 impacts. Further, the SBP emphasizes proper charity fund management, clarifying that these funds should not be classified as income, promoting responsible handling and transparency within Islamic banking.

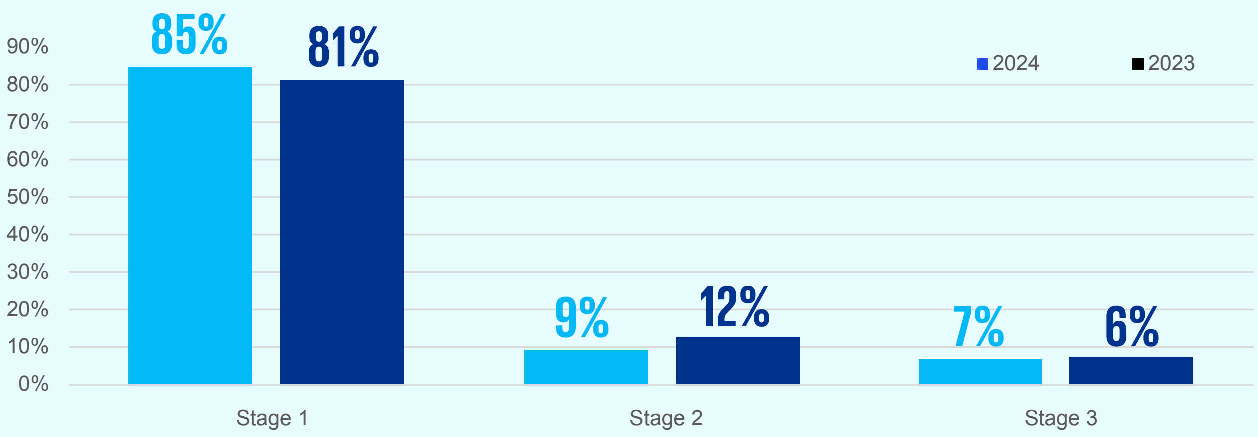
The exhibits on the following page and the tables on pages 56 and 57 highlight the IFRS-9 impacts and positions of the banks. ECL to Advances shows the stage-wise and total advances to ECL percentage of Banks in Pakistan as at 31 December 2024. The Banking sector's ECL vis-à-vis regional averages is passable: ECL on performing loans is around 0.5 percent, ECL on underperforming loans is 5.5 percent, and almost 88 percent is provided on NPLs.

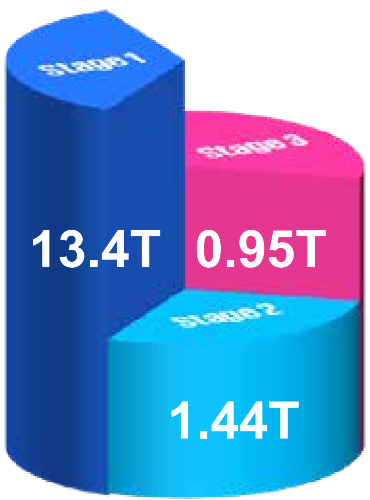
This year the movement in Assets both loans and advances was impacted by the ADR issue. A higher ADR in an economy indicates an aggressive strategy focused on lending to the private sector, which can stimulate economic growth. In contrast, a lower ADR may arguably be reflecting reduced economic contribution due to increased reliance on risk-free government securities. Since 2008, the SBP had regulated banks to maintain ADR below 70%, whereas recently Federal Board of Revenue (FBR) incorporated ADR thresholds into the tax regime, mandating that banks maintain a gross ADR of at least 50% to avoid additional income tax levies. This move forced Banks to channel funds to private sector lending rather than concentrating on low-risk government securities. This was observed specially in the last quarter of the year 2024 near the 31 December 2024 deadline increasing the ratio to around ~50% from ~40% last year. To achieve this banks reacted with various tactics like increased service charges on large deposits, lending at reduced rates in some cases and diversifying government investments portfolio and related maturities. Consequently, a pull on deposits and a push towards increasing the loan book were witnessed towards the close of the financial year.

With efforts to increase the books and a growth strategy, Banks were able to record a growth of 36 percent YoY in stage 1, mainly due to new loans and market sentiments of reducing interest rates towards the end of the year. On the contrary, Stage 2 loans remained almost the same, with a decrease of 0.7 percent and an increase of 12.2 percent in NPLs. Now, the banks need to understand the pricing and premium to be charged in light of the ECL that is attracted on the new loans, i.e., the stage 1 loans, for certain so that the real benefits of the ECL can be driven. It must not become a mere accounting and reporting exercise. It is a business issue. Apart from the ECL estimated, some banks additionally and prudently provided specific and general provisions.

Stage-Wise Loans Industry Statistics

Key Changes in Loans and Receivables





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Stage 1

A 36% growth in Stage 1 YoY

New loans were issued due to ADR pressure, loose monetary policy sentiments, declining interest rates. Consequently, a jump of PKR 3.52 trillion in the industry.

10B

Stage 2

An overall decrease of 1%

Underperforming loans decreased by 1% at the close of the year standing at PKR 1,442 Billion, which is largely due to the better economic outlook and its impact on stage 2 loans. Banks have witnessed backward transition as well.

104B

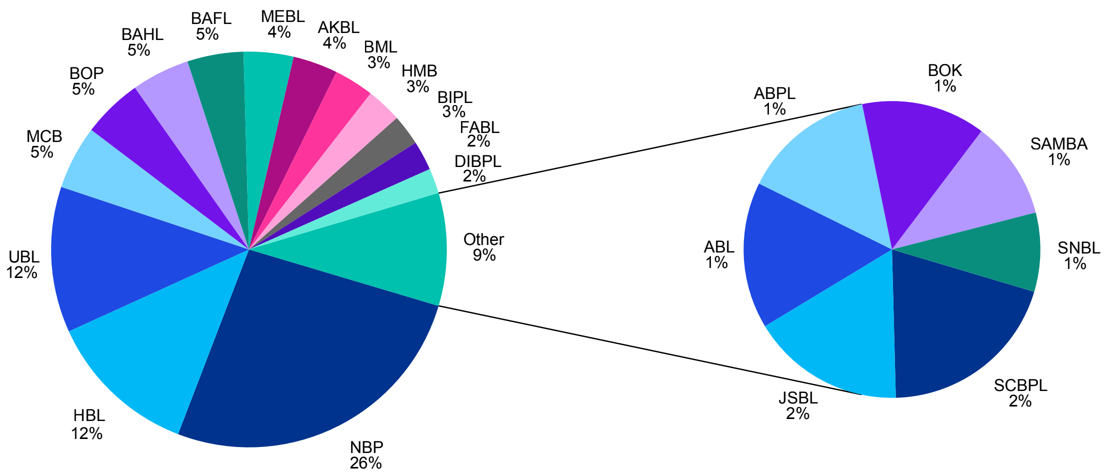
Stage 3

NPLs increased by 12%

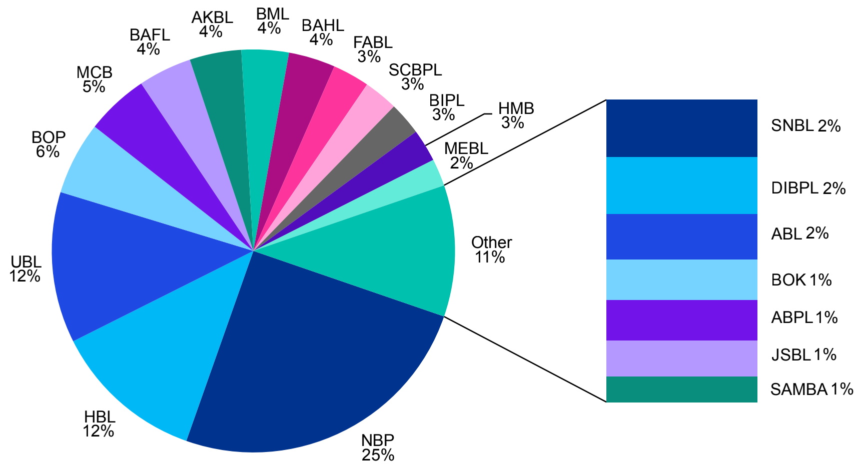
Overall, there is an increase of around 12% YoY in Stage 3 loans which brought the total NPLs to PKR 954 Billion from PKR 850 billion at the beginning of this year.

BANK-WISE

ECL Contribution



2024



2023

Table–Central Tendency and Standard Deviations of Advances

	Year	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	*Stage 1 –ECL%*	*Stage 2 –ECL%*	*Stage 3 –ECL%*
Advances Σ	2024	13,389.37	1,441.91	954.28	15,822.65	65.17	64.46	840.80		*0.49%*	*4.47%*	*88.11%*
	2023	9,837.62	1,452.39	850.36	12,181.17	63.15			919.69	*0.64%*	*5.55%*	*90.10%*
Mean μ	2024	637.59	68.66	45.44	719.21	3.10	3.07	40.04	48.64	*0.4%*	*6.1%*	*85.8%*
	2023	468.46	69.16	40.49	585.00	3.01	3.84	36.49	43.79	*0.6%*	*6.0%*	*81.5%*
SD σ	2024	544.85	85.71	58.35	644.50	4.74	3.73	49.51	59.53	*0.4%*	*8.6%*	*6.7%*
	2023	393.33	66.78	48.87	476.29	3.84	4.57	44.67	51.46	*0.3%*	*6.1%*	*29.2%*
Minima	2024	12.60	2.00	7.88	48.87	0.03	0.21	7.10	8.11	*0.1%*	*1.2%*	*70.7%*
	2023	13.03	2.94	7.33	52.95	0.05	0.09	6.77	8.21	*0.0%*	*0.1%*	*1.0%*
Maxima	2024	1,882.78	398.32	269.29	2,381.42	19.75	12.93	225.83	267.90	*1.5%*	*41.6%*	*98.2%*
	2023	1,423.03	243.00	220.83	1,760.30	15.88	15.22	203.57	231.08	*1.3%*	*27.5%*	*122.1%*

IFRS 9 – Real challenges

ORR Scorecards: Continued reliance on legacy ORR models as the key input to ECL models. These models often lack validation and updates, leading to PD values that require calibration and scaling to align with ORR.

Data Availability, Structure, and Quality: Developing PD, LGD and EAD models for ECL calculations is hampered by insufficient quality historical data, particularly regarding ORR, defaults, and collateral. Banks frequently rely on workarounds and assumptions, and while system deployment remains a focus to enhance transparency, access to suitable and affordable data presents a significant challenge.

Inconsistent Methodologies: The absence objective approaches in the standard and regulatory clarity on ECL methods and objective criteria for Business Model Assessment has resulted in different banks using self-determined criteria for the purpose resulting in inconsistent outcomes and a lack of comparability across the industry.

SPPI Test for Islamic Products: Debate continues whether Islamic banking products meet cash flow characteristic tests, leading banks to utilize global benchmarks for SPPI test compliance.

Clarity in internal roles: Successful implementation of IFRS 9 necessitates clear ownership and accountability within Banks for overseeing the transition. However, ambiguity exists regarding which departments—such as finance, risk management, or a combination of both—should lead the implementation and future operation efforts.

Capacity Building and Human Resources: Given that IFRS 9 is relatively new in Pakistan, extensive knowledge and expertise are required to model various ECL parameters accurately. The successful implementation of the standard demands significant support from internal teams, particularly in Strategy/Research, Risk, Finance, IT, and Internal Audit.

Macro-Economic data: IFRS 9's forward-looking ECL approach requires incorporating macroeconomic forecasts, posing a challenge for banks due to the lack of official forecasts. Reliance on diverse data sources for these forecasts has led to inconsistencies in ECL calculations.

"The move from incurred loss models to forward-looking ECL framework demands a fundamental shift in how banks assess and manage credit risk and how it is reflected in pricing of loans. It must not become a mere accounting and reporting exercise. It is a business issue."

Economic Development through Digital Payment Transformation

Financial inclusion in Pakistan has accelerated in recent years due to proactive measures by the State Bank of Pakistan (SBP) and the Government of Pakistan. Under the National Financial Inclusion Strategy (NFIS) 2024–28, the goal is to expand account ownership, improve access to affordable credit, and encourage the adoption of digital payment channels.

Key policy actions include:

Asaan Digital & Mobile Accounts

- Simplified one-page account opening processes.
- Enabling remote onboarding via mobile phones, especially for rural and low-income segments.
- Rapid account growth, particularly among first-time users of formal financial services.

Gender Focused Policies

- Under the Banking on Equality policy, banks have introduced targeted products and channels for women, contributing to an increase in women's account ownership.
- Approximately 7.3 million female branchless banking accounts were reported as of 2023.

Branchless & Agent Banking

- Collaborations between banks and mobile network operators have led to an extensive network of agent-based transactions.

Digital Payment Infrastructure

- Systems like 1Link and PayPak have expanded interbank interoperability.
- Incentivized by SBP's tiered KYC regulations, micro and small merchants can open low-cost merchant accounts.

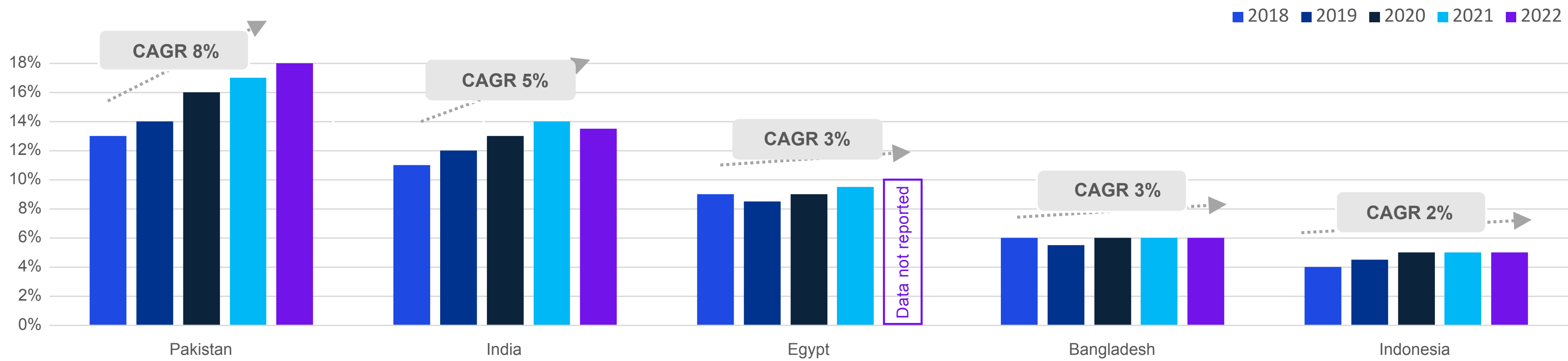
The Hidden Cost of Cash in Pakistan's Economy

The persistent high level of cash in circulation (CIC) in Pakistan remains a major economic challenge. Recent data indicates that cash in circulation has reached approximately Rs9.4 trillion, with its share of broad money hovering around 26–27%. This high CIC is driven by a combination of macroeconomic instability, and devaluation of the Pakistani rupee, propel tax evasion and sustain a large informal economy. For example, the CIC-to-GDP ratio in Pakistan increased from 12% in 2018 to 18% in 2022, significantly exceeding that of peer markets, as shown in the graph below. CIC also incurs a significant opportunity cost, as idle cash fails to generate returns. Consequently, this reliance on cash restricts formal sector growth, limits fiscal transparency, and undermines monetary policy effectiveness, creating a drag on overall economic development.

Key Indicators of Pakistan's Banking Sector

Metric	Value / Estimate	Notes / Implications
Currency in Circulation	Over PKR 9.4tn (as of 2025)	This level has been sustained over the last two years.
Currency as Percentage of Broad Money	26–27%	Indicates a significant informal economy where cash remains outside formal banking channels.
Estimated Total Direct Cost of Cash	Approximately PKR 76bn	Reflects printing, handling, storage, and disbursement costs that increase annually.

Regional comparison of Cash in Circulation (CIC) as % of GDP



High Cash Handling Costs for Banks

Banks bear significant expenses in managing cash flows outside the vaults. One of Pakistan's larger commercial banks cash-handling and transportation costs amount to approximately Rs 3.2 billion annually, covering security, vault management, and logistics. In FY24 banks collectively have spent roughly Rs 20-25 billion on cash handling and transit alone. Banks financial statements disclosures indicate that handling and transportation costs including CIT contracts, vault operations, and logistics absorb a substantial share of banks' operational budgets, often amounting to billions of rupees annually, underscoring the opportunity cost of maintaining a predominantly cash-based model. Layered on top of this is Pakistan's network of more than 18,655 ATMs, at approximately Rs 100,000 per terminal per month for electricity, cash replenishment, maintenance, and security, ATM operations add another Rs 22 billion to banks' yearly expenses.

The Financial Burden on the Government

The SBP's direct production of currency notes imposes a hefty fiscal burden. In its FY24 financial statements, the SBP reported Rs 31.3 billion in currency printing costs, up from Rs 13.3 billion in FY20, reflecting rising volumes and inflation in imported paper and ink prices. The primary raw material banknote paper was supplied by Security Papers Limited, which produced 4,104 tonnes of paper for note printing in FY24, underscoring the logistics and import-dependency inherent in physical currency production. The SBP paid PKR 16.99 billion to the Banking Services Corporation (BSC) for currency management operations. Overall, combining printing, distribution, and the sector's handling expenses yields an estimated Rs 76 billion in direct cash-related costs each year that digital payments can dramatically reduce.

Currency Note Printing Details (FY24)

Aspect	Value / Estimate	Details
Total Currency Notes Printed	476.7 million	High Volume and Value of Printed Notes
Rs 5,000 Denomination Notes Printed	90.8 million	High-denominationnotes continue to be printed in large volumes despite high handling costs and limited utility.
Rs1,000 Denomination Notes Printed	68.1 million	Alongside other denominations, these notes contribute to the overall high cost of maintaining the cash system.
Combined Printing Cost (Rs500, Rs1,000, Rs5,000)	Rs16bn	This cost breakdown highlights the increasing financial burden from Rs13bn in 2020 to over Rs31bn in 2024 for all currency note printing.

Cash Handling & Infrastructure Costs

Component	Cost / Figure	Explanation
Currency Printing Cost	Rs31.3bn (FY24)	Direct cost incurred by the State Bank of Pakistan for printing the physical currency notes.
Cash Handling and Transportation	Approximately Rs23bn annually	Derived from extrapolated figures from major banks' financial statements, accounting for storage, handling, and transportation activities.
ATM Operational Cost	Rs100,000 per ATM monthly	With more than 18,700 ATMs nationwide, the annual cost for managing cash disbursement through ATMs is estimated at around Rs22bn.
Cash Transactions	~236 million transactions (FY24)	Reflects close to 1 million cash deposit/withdrawal transactions daily, emphasizing the large-scale management overhead of cash.

Hidden Costs for Merchants

Merchants, too, absorb a hidden cost in managing cash. They frequently face security risks, incur expenses in safekeeping and depositing cash, and suffer from operational inefficiencies. Despite this, cash remains the preferred mode of transaction, largely due to **limited awareness of its costs, lack of access to digital alternatives, and concerns regarding privacy and convenience.**

The Impact of New Currency Issuance

The recent issuance of **PKR 27 billion** in new currency notes during Ramadan 2024 exemplifies the systemic reliance on cash. While the public welcomes the availability of new notes, it places an undue strain on the financial system. Printing more money to meet demand is not a sustainable solution; instead, it exacerbates inflationary pressures and reinforces cash dependency, further hindering Pakistan's transition toward a digital economy.

Banks Must Calculate the True Cost of Cash

Banks in Pakistan must recognize and quantify the significant costs associated with cash handling, which are often overlooked and embedded within their overall operating expenses. Unlike digital payments, where financial institutions explicitly seek to recover costs, cash management expenses are absorbed as a routine cost of doing business. This practice obscures the true financial burden of cash and prevents banks from making informed decisions on cost reduction strategies. Banks must conduct a detailed assessment of their **cash handling expenses**, ensuring that these costs are **fully quantified** rather than absorbed into general operating costs. Without a clear understanding of the financial burden that cash places on the system, banks will continue to treat digital payments as an **extra cost**, rather than a necessary shift toward economic efficiency.

Alternate Payments Methods

Cards

Banks must re-evaluate their entire card ecosystem, including the cost structures for issuers, acquirers, and payment schemes, to drive down transaction fees and boost merchant adoption. Expanding the POS network is critical, as it can enhance the accessibility of card payments and help bridge the gap between physical and digital channels.

Digital Wallets

Banks need to expand and refine their digital wallet offerings with a focus on usability, robust security, and interoperability with other digital platforms. Strategic partnerships with fintech innovators and targeted educational initiatives for underbanked segments are essential to drive broader adoption and financial inclusion.

RAAST and RAAST P2M

Banks must fully integrate SBP-endorsed RAAST into their operations, with particular emphasis on RAAST P2M. This system not only reduces transaction costs but also provides an opportunity to reach Tier 2 and Tier 3 merchants who are currently underserved by traditional banking channels. By leveraging RAAST P2M to acquire new-to-bank merchants, banks can significantly reduce their cash handling costs while fostering broader economic inclusion and digital transformation.

Banks Way Forward

Banks need to establish a dedicated cash service function that systematically tracks, analyzes, and optimizes cash-related costs across branches, ATMs, and cash centers. Key strategies should include improving cash handling efficiency by eliminating waste in sorting and processing, leveraging data-driven forecasting to manage cash inventories, streamlining cash transportation logistics to minimize unnecessary trips, and re-evaluating ATM and branch networks to reduce underutilized cash points. Additionally, financial institutions should collaborate on industry-wide solutions, such as shared cash distribution networks or centralized cash processing facilities, to reduce duplication of effort and lower costs. By treating cash management as a strategic cost center rather than an unavoidable expense, banks can significantly enhance operational efficiency, reduce financial strain, and create a more balanced approach between cash and digital transactions.

By optimizing cash-related costs, banks can reallocate these savings to absorb the operational expenses associated with digital payments. Instead of viewing digital transaction costs as an additional financial burden, banks can leverage cost reductions from cash management inefficiencies to fund digital payment adoption. This approach will enable financial institutions to sustain a lower-cost digital transaction framework, ultimately reducing reliance on cash and facilitating long-term economic benefits.

Conclusion - The Impact:

By internalizing the significant cost savings from cash handling, reconciliation, etc. banks as the primary acquirers in Pakistan's payment ecosystem are uniquely positioned to accelerate the deployment of digital channels, thereby not only advancing the country's financial inclusion goals but also fueling broader economic growth.

According to the State Bank of Pakistan, widespread digitization of payments alone could boost GDP by an estimated 7 percent by 2025. Moreover, formalizing just 20 percent of Pakistan's roughly $500 billion informal sector equivalent to approximately $100 billion would inject a massive new stream of transactions into the formal economy, creating fresh opportunities for credit, investment, and sustainable development.

Talent and Transformation: Shaping the Future of Banking

Driven by evolving consumer needs, technologies, and business models, the banking workforce is transforming. Talent Management plays a key role in navigating this shift, particularly given the rise of digital colleagues and the attempted conversion to Islamic banking. To remain competitive, banks must prioritize continuous improvement, collaboration, and an inclusive, dynamic ecosystem that fosters innovation, transparency, and sustainable market development. This requires a renewed focus on attracting, training and retaining the right talent.

To thrive in the future of banking, CHROs and stakeholders must collaboratively assess current workforce skills, prioritize upskilling/reskilling initiatives, and drive talent transformation aligned with digital adoption, new business models, and customer satisfaction. This requires executive leadership buy-in to ensure HR's pivotal role in both talent and enterprise transformation, ultimately creating stakeholder value and shaping the bank of the future.

The Banking Workforce

Pakistan banking sector directly employs over 220,000 people and a multiple of these are engaged from outside as support staff and non-core services, making it one of the larger corporate employers in the country. Like other sectors here as well, issues like pay-gap, gender diversity & Inclusion, talent flight and skill development can be observed. Let's have a look at some global trends before we can correlate these to the local dynamics and workforce expectations.

220,000 people

Evolving Workforce Dynamics

Globally, banking CEOs are focusing on emerging technologies even though there are skill gaps in the workforce. This is because rapid technological advancements require significant changes in workforce skills. However, people tend to adapt to changes more slowly, filtering out the fast pace of technological progress. KPMG's annual CEO Survey, highlights key global trends shaping the CEO agenda on people.

69% Your bank will implement training for Gen Z workers focused on "soft" or "professional" skills (e.g., executive presence, office etiquette, presentation skills, etc.)

60% Your bank will leverage GenAI to fill any gaps in your

60% You bank will tailor upskill opportunities to suit different generations

54% Your bank will tailor GenAI trainings to suit different generations

48% Over the next three years, your bank will be dropping college degree requirements for an increasing number of job roles

Source: (Banking Industry CEO Outlook survey 2024)

Workforce Expectations

As banks reimagine their operational models and work processes, it is crucial to understand how evolving workforce expectations are influencing their strategic priorities. In our local context, several key considerations must be addressed:

Organizational Culture and Practices:
It is essential to foster an environment that facilitates knowledge transfer among employees from diverse backgrounds, age groups, and generations. This will ensure a cohesive and collaborative workforce.

Succession Planning:
Developing robust succession plans is critical to seamlessly replace an aging workforce approaching retirement. This will help maintain continuity and retain institutional knowledge.

Shifting Workforce Attitudes:
There is a noticeable shift in workforce priorities towards personal mobility, flexibility, and supportive workplace cultures. Addressing these preferences is vital to attract and retain talent.

Transparency and Fairness:
Recognising visibility around executive rewards and communicating performance expectations to the workforce is imperative. This transparency helps address demands for fair treatment, particularly concerning pay gaps. Rewarding performance equitably becomes a key focus.

Taxation and Employee Sentiment:
Recent increases in taxes on the salaried class have led to significant discontent among employees. It is necessary to restructure rewards to mitigate the adverse effects of differential tax treatment and maintain employee morale.

"By addressing these considerations, banks can better align their strategies with workforce expectations, fostering a more engaged and productive work environment."

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News making Headlines and Industry Updates

Pakistan's Shadow Economy Surpasses **$500 Billion**

Recent estimates indicate that Pakistan's informal or "shadow" economy ranges between $400 billion and $500 billion, surpassing the formal GDP of approximately $374 billion. This shadow economy is primarily fueled by unregistered real estate and retail transactions conducted in cash, resulting in an estimated annual tax revenue loss of Rs 1.5 trillion for the exchequer.

To address this significant gap, it is imperative for banks to enhance the adoption of digital payments, utilize the Raast payment system, and introduce trust-based microfinance and remittance services. These measures will help integrate unbanked segments into the formal financial system, thereby broadening the tax base and improving economic transparency.

Raast Hits 892 Million Transactions SBP launches 'Raast P2M' service

Raast is technically an instant payment system. It facilitates end-to-end digital payments among individuals, businesses, and government entities in real-time. While Raast itself is a payment system, it also provides APIs that financial institutions can integrate to enable seamless digital transactions.

Since its inception in 2021, the State Bank of Pakistan's Raast has processed over 892 million transactions, amounting to more than Rs 20 trillion. This has driven a 62 percent increase in mobile and internet banking volumes, along with a 35 percent rise in total digital transaction volumes in 2024.

During Financial Literacy Week 2025, the SBP's "Go Cashless" campaign successfully onboarded 12 leading banks and fintech. The initiative aimed to educate vendors and consumers, formalize remittance corridors, and expand person-to-merchant (P2M) services via QR codes in small businesses nationwide.

Bank Alfalah Thrives Digital Growth, Financial Inclusion & building strategic partnerships

At the Pakistan Banking Awards 2024, Bank Alfalah was recognized as the Best Bank for Digital Excellence for the third consecutive year. The bank introduced AlfaMall on WhatsApp, Pakistan's first banking-led conversational e-commerce platform, allowing customers to browse catalogs, chat with agents, and complete purchases via Buy Now Pay Later or full payment within the messaging app.

Bank Alfalah partnered with SWIFT and 1LINK to implement real-time Payment Pre-validation, aimed at reducing cross-border fraud and streamlining international remittances. To promote financial inclusion, the bank collaborated with Akhuwat to establish a center in Karachi, providing PKR 25 million in interest-free microloans under the Qarz-e-Hasan model. This initiative supports over 1,000 women entrepreneurs with financing, training, and mentorship.

Additionally, Bank Alfalah acquired a 9.9% equity stake in UAE-based fintech Jingle Pay, positioning itself to co-launch branchless, multi-currency mobile banking services in Pakistan and expand its digital footprint.

News making Headlines and Industry Updates

Google Wallet Debuts in Pakistan, Unlocking Secure Contactless Payments

Officially launched in March, 2025, Google Wallet brings seamless, tokenized contactless payments to Android and Wear OS devices nationwide, marking the first global mobile-wallet rollout in Pakistan. At launch, cardholders of Bank Alfalah, Bank of Punjab, Faysal Bank, Habib Bank, JazzCash, Meezan Bank, and United Bank can add their Visa and Mastercard debit and credit cards to Google Wallet for tap-to-pay transactions in stores, apps, and online, while also managing loyalty cards and boarding passes in one secure app powered by industry-standard tokenization and device-specific security features, Google Wallet ensures every payment is protected without exposing actual card details, supporting Pakistan's drive toward greater financial inclusion and unlocking new economic opportunities for all.

HBL Charts Sustainable Growth: From Net-Zero Emissions to Rural Finance & Youth Empowerment

In 2024, HBL accelerated its sustainability agenda by partnering with Ahya Technologies to deploy AhyaOS, an AI-powered platform that measures, analyzes, reduces, and reports on operational emissions paving the way for its commitment to achieve net-zero by 2030 under GRI and IFRS S2 standards. Concurrently, the bank invested Rs 36 billion to solarize 235 premises, cutting over 500 tonnes of CO_2 equivalent and strengthening its green footprint. Building on its inclusive finance mission, HBL signed an MoU with Fauji Fertilizer Company to co-finance farmers with tailored agri-loan solutions across Pakistan , partnered with EXIM Bank to launch trade-credit insurance facilities for SMEs and exporters , and collaborated with PSDF under the “Kamyab Jawan” initiative to extend subsidized loans and mentorship to skilled youth entrepreneurs .

MCB Bank Propels Fintech Innovation & Islamic Banking Excellence

MCB Bank won CITI's 2024 Digital Transformation Innovation Award for its industry-leading paperless onboarding platform. In April 2023, it increased its holding in MCB Arif Habib Savings & Investments to 81.42 percent and rebranded it as MCB Investment Management Limited to consolidate and grow its asset-management franchise. In March 2025, MCB partnered with Fauree Tech to launch Pakistan's first Shariah-compliant supply-chain finance platform for SMEs, streamlining working-capital access through digital solutions. Its wholly-owned subsidiary, MCB Islamic Bank, was named “Best Emerging Islamic Retail Bank in Pakistan 2024” at the Islamic Retail Banking Awards in Dubai.

Meezan Bank Strengthens Islamic Finance Leadership Through Strategic Initiatives

Meezan Bank reinforced its industry leadership in Islamic Banking by hosting AAOIFI's public hearing in Karachi on the draft Sukuk Shariah Standard, gathering regulators, scholars, and practitioners to shape global Sukuk norms. It also became the first market maker for the Government of Pakistan's Ijarah Sukuk on the PSX, significantly boosting liquidity and transparency in state-backed Islamic debt. The bank also joined the International Islamic Trade Finance Corporation (ITFC) to expand Shariah-compliant trade finance solutions for Pakistan's private sector, underscoring its commitment to innovation and market development.

News making Headlines and Industry Updates

Easypaisa Transforms into Pakistan's First Digital Retail Bank

Easypaisa has achieved a groundbreaking milestone by becoming Pakistan's first Digital Retail Bank to receive commercial approval for regular digital banking operations from the State Bank of Pakistan (SBP). Transitioning from a microfinance institution, Easypaisa now offers a comprehensive suite of digital banking services, including digital accounts, consumer lending solutions, and term deposits. With over 50 million registered users and a robust transaction volume, this transformation signifies a significant leap in financial inclusion and digital banking innovation in Pakistan.

PBA Champions Innovation and Inclusion at Pakistan Banking Summit 2025

The Pakistan Banking Summit 2025, hosted by the Pakistan Banks Association (PBA) in Karachi, convened over 1,000 stakeholders to address key challenges and opportunities in Pakistan's banking sector. With international speakers, subject-matter experts, and representatives from diverse financial institutions, the summit focused on digital transformation, SME financing, and financial inclusion. A key achievement was the launch of a national blockchain-based eKYC platform. PBA Chairman emphasized the sector's significant economic contributions, including PKR 644 billion in taxes and support for infrastructure projects. The summit underscored the PBA's commitment to innovation and collaboration within Pakistan's financial ecosystem.

Mashreq Bank Commences Pilot Operations in Pakistan

Mashreq Bank has officially commenced its pilot operations in Pakistan after receiving a restricted license from the SBP. The bank aims to introduce innovative digital banking solutions tailored to the Pakistani market, focusing on financial inclusion and customer-centric services. With plans to onboard millions of retail customers over the next five years, Mashreq's entry is poised to redefine the digital banking landscape in Pakistan.

UBL Amplifies Digital Ecosystem with Silkbank Merger, 1Bill Integration & Mastercard Alliance

UBL completed its merger with Silkbank, integrating Silkbank's branch network to enhance its retail and SME banking outreach nationwide. In a significant digital insurance initiative, UBL partnered with 1LINK to launch 1Bill insurance settlements, incorporating United Insurance's micro-insurance policies onto 1LINK's platform for real-time issuance and claims processing. UBL also renewed its strategic partnership with Mastercard, introducing advanced digital payment features, loyalty programs, and virtual cards to improve user experience.

Industry Numbers & Ratios 2024

List of Banks Included

ABL	Allied Bank Limited
Albaraka	Al-Baraka Bank (Pakistan) Limited
Askari	Askari Bank Limited
BAF	Bank Al-Falah Limited
BAH	Bank Al-Habib Limited
BOK	The Bank of Khyber
BOP	The Bank of Punjab
DIB	Dubai Islamic Bank Pakistan
Faysal	Faysal Bank Limited
HBL	Habib Bank Limited
HMBL	Habib Metropolitan Bank Limited
Islami	Bank Islami Pakistan Limited
JS	JS Bank Limited
MCB	MCB Limited
MCBIB	MCB Islamic Bank Limited
Meezan	Meezan Bank Limited
NBP	National Bank of Pakistan
SCB	Standard Chartered Bank (Pakistan) Limited
Sindh	Sindh Bank Limited
Soneri	Soneri Bank Limited
UBL	United Bank Limited

First Women Bank Limited, Samba Bank Limited and Bank Makramah Limited are excluded as latest published financial statements were not available. Specialised Banks and Microfinance Banks are also excluded.

Industry Numbers & Ratios 2024

Consolidated statement of financial position as at 31 December 2024 - For 21 Banks (Rupees in Million)	2024	2023
Assets		
Cash and balances with treasury banks	2,901,354	2,887,376
Balances with other banks	310,593	315,099
Lendings to financial institutions	789,058	1,138,211
Investments	28,503,176	24,901,121
Advances	15,524,009	12,254,859
Fixed assets (Including Right of use assets)	1,082,628	929,093
Intangible assets	95,107	86,529
Deferred tax assets	40,451	62,063
Other assets	2,155,366	2,129,227
Total assets	**51,401,742**	**44,703,578**
Liabilities		
Bills payable	705,808	414,510
Borrowings	13,386,450	10,059,333
Deposits and other accounts	31,455,721	29,234,643
Liabilities against assets subject to finance lease	55,515	40,952
Liabilities against ROUA	177,311	78,391
Subordinated debt	166,906	170,816
Deferred tax liabilities	182,928	24,684
Other liabilities	2,096,779	2,020,504
Total liabilities	**48,227,418**	**42,043,833**
Net assets	**3,174,324**	**2,659,745**
Represented by		
Share capital / head office capital account / Islamic Banking Fund	357,983	357,396
Share Deposit Money	-	-
Reserves	805,183	737,696
Surplus / (deficit) on revaluation of assets	529,954	287,063
Unappropriated profit(Loss) / unremitted profit	1,456,838	1,242,331
Total equity attributable to the equity holders of the Bank	**3,149,958**	**2,624,486**
Non-controlling interest	24,366	35,259
	3,174,324	**2,659,745**

Consolidated statement of financial position as at 31 December 2024 For 21 Banks (Rupees in Million)	2024	2023
Mark-up / return / Profit /interest earned	7,347,722	5,966,787
Mark-up / return / Profit /interest expensed	(5,313,545)	(4,126,586)
Net markup / interest income	**2,034,177**	**1,840,201**
Non-markup / interest income		
Fee, commission and brokerage income	278,359	226,964
Dividend income	22,118	20,854
Share of profit of associates and joint ventures	16,558	11,877
Foreign exchange income/(loss)	96,079	98,110
Gain / (Loss) from derivatives	9,377	2,769
Gain / (loss) on securities -n et (Realized gain + Unrealized gain on HFT Inv)	135,532	(733)
Other income	26,464	17,091
Gain on disposal of associates	409	-
Total non-markup interest income	**584,896**	**376,932**
Total Income	**2,619,073**	**2,217,133**
Non-mark-up / Interest expense		
Operating expenses	1,187,969	906,912
Worker's welfare fund	25,239	22,275
Other charges	3,019	3,664
Total non-mark-up / interest expenses	**1,216,227**	**932,851**
Profit before Provisions and Taxation	1,402,846	1,284,282
(Reversal)/Provisions and write offs - net	73,197	84,981
Extraordinary/Unusual items	-	-
Profit before taxation	**1,329,649**	**1,199,301**
Taxation	693,647	610,577
Profit after taxation	636,002	**588,724**
(Loss)/Gain from Discontinued operations	938	-
PAT from Cont. and Discontinued. Operations	**636,940**	**588,724**

	Capital Adequacy Ratio		Current Deposit Mix		Return on Avg. Asset		Return on Avg. Equity		Net Interest Margin	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
ABL	26.7%	26.2%	36.4%	40.3%	1.72%	1.80%	20.4%	25.2%	4.80%	5.88%
Albaraka	20.3%	19.3%	25.0%	26.9%	1.53%	1.27%	20.2%	18.9%	6.93%	6.33%
Askari	21.4%	18.4%	28.5%	27.3%	0.92%	1.18%	19.3%	25.2%	2.88%	3.27%
BAF	17.8%	16.4%	38.2%	37.9%	1.13%	1.29%	24.8%	29.9%	3.99%	4.32%
BAH	18.2%	16.0%	45.1%	46.1%	1.38%	1.43%	29.3%	31.7%	5.47%	5.26%
BOK	17.8%	18.3%	19.8%	16.8%	0.84%	0.96%	17.1%	19.0%	3.82%	4.23%
BOP	17.9%	18.4%	20.7%	17.2%	0.58%	0.61%	15.4%	15.5%	2.11%	2.20%
DIB	22.2%	18.0%	28.0%	28.4%	1.51%	1.53%	16.3%	20.0%	7.81%	8.29%
Faysal	16.7%	17.5%	38.0%	30.9%	1.63%	1.66%	23.8%	25.1%	6.2%	6.12%
HBL	17.7%	16.0%	35.8%	33.4%	1.00%	1.14%	14.9%	17.7%	4.88%	5.37%
HMB	11.5%	17.9%	43.7%	36.9%	1.66%	1.69%	23.5%	28.5%	5.57%	5.41%
Islami	24.1%	23.8%	37.1%	34.8%	1.70%	1.86%	28.0%	33.6%	7.19%	7.17%
JS	13.2%	16.7%	35.2%	32.0%	1.03%	1.12%	19.6%	25.0%	6.45%	3.86%
MCB	18.7%	19.8%	45.3%	43.6%	2.23%	2.63%	24.0%	29.9%	6.74%	7.79%
MCBIB	20.5%	23.8%	28.7%	27.6%	1.48%	2.21%	17.7%	26.9%	6.71%	7.66%
Meezan	20.6%	22.5%	46.7%	48.3%	2.99%	3.07%	46.8%	55.7%	2.34%	8.86%
NBP	28.1%	25.8%	50.3%	53.6%	0.39%	0.89%	6.31%	15.1%	2.88%	2.85%
SCB	23.5%	20.1%	47.8%	50.2%	4.47%	4.42%	43.1%	46.4%	10.48%	11.6%
Sindh	22.3%	17.6%	24.7%	25.8%	0.88%	0.68%	10.7%	10.7%	3.18%	3.95%
Soneri	17.7%	18.4%	27.4%	26.2%	0.84%	0.98%	19.9%	24.4%	3.39%	4.42%
UBL	20.6%	14.6%	57.8%	43.1%	1.07%	1.00%	24.7%	17.2%	2.36%	2.79%

	Cost Income Ratio		Spread		Operational Efficiency		Liquid assets to total assets		Liquid assets to total deposits		Average advances to average deposits	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
ABL	39.4%	34.9%	4.6%	6.6%	30.1%	37.1%	53.3%	55.7%	74.6%	77.5%	29.6%	37.9%
Albaraka	52.6%	49.4%	7.5%	7.4%	29.6%	33.9%	52.9%	58.5%	64.7%	72.1%	44.7%	42.9%
Askari	45.2%	39.6%	4.8%	4.9%	51.1%	41.7%	65.9%	63.4%	120.9%	104.3%	49.3%	48.4%
BAF	49.3%	41.9%	4.3%	6.5%	40.4%	45.5%	59.2%	68.8%	103.1%	110.6%	18.1%	34.6%
BAH	44.0%	47.5%	3.1%	5.6%	42.3%	36.0%	64.8%	59.5%	94.5%	84.5%	21.0%	33.7%
BOK	57.7%	53.5%	-1.6%	2.8%	36.7%	49.0%	64.9%	66.0%	111.6%	87.4%	21.8%	35.4%
BOP	70.6%	63.5%	0.6%	8.4%	42.2%	38.1%	60.0%	52.3%	83.5%	76.2%	47.6%	48.5%
DIB	46.3%	36.2%	11.0%	10.6%	24.0%	18.4%	43.4%	31.8%	56.7%	42.1%	64.8%	67.9%
Faysal	49.9%	47.8%	6.2%	8.2%	29.0%	26.6%	49.4%	48.6%	74.1%	65.5%	48.3%	48.9%
HBL	56.3%	56.8%	3.7%	7.2%	29.6%	32.7%	46.9%	54.2%	65.0%	72.4%	49.5%	46.0%
HMB	36.3%	32.9%	4.4%	5.9%	38.3%	36.1%	58.4%	65.6%	96.3%	102.0%	39.2%	34.9%
Islami	43.5%	37.1%	5.7%	10.7%	27.2%	27.2%	52.9%	56.9%	69.8%	71.3%	46.9%	43.0%
JS	56.9%	58.7%	5.2%	6.9%	34.8%	26.4%	51.4%	54.0%	64.6%	65.7%	43.0%	40.8%
MCB	34.3%	29.7%	4.5%	7.9%	26.3%	36.6%	48.5%	60.1%	68.5%	80.2%	41.6%	38.6%
MCBIB	50.5%	39.1%	5.3%	8.3%	5.3%	8.3%	54.3%	58.9%	79.9%	77.0%	48.4%	50.6%
Meezan	25.3%	27.3%	9.0%	11.6%	18.9%	28.0%	55.3%	61.1%	83.7%	83.2%	34.8%	30.7%
NBP	74.3%	44.4%	4.4%	5.4%	65.7%	58.3%	71.1%	71.6%	124.3%	129.9%	42.1%	45.9%
SCB	17.2%	15.3%	13.6%	13.3%	46.3%	31.6%	77.2%	71.0%	97.7%	98.9%	25.2%	30.0%
Sindh	92.3%	80.9%	9.0%	3.1%	51.8%	64.4%	68.9%	72.5%	79.6%	97.8%	32.8%	33.0%
Soneri	60.6%	51.9%	3.7%	3.8%	43.2%	42.4%	59.7%	53.8%	81.3%	68.5%	34.5%	32.3%
UBL	37.6%	40.8%	2.1%	5.0%	64.6%	47.0%	75.8%	77.3%	231.7%	173.1%	45.7%	33.8%

	Infection Ratio		Advances to total assets		Earning per share		Market Price		Market Capitalization	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
ABL	1.2%	1.6%	37.3%	33.4%	38.8	36.1	137.9	83.0	157,871	95,041
Albaraka	11.5%	13.9%	37.1%	31.2%	2.9	2.3	-	-	-	-
Askari	4.7%	4.4%	27.8%	29.8%	14.6	14.8	38.3	23.2	55,465	33,682
BAF	3.7%	4.8%	29.8%	21.9%	25.3	23.2	83.3	48.5	131,425	76,508
BAH	3.7%	2.8%	27.4%	31.6%	37.7	32.3	131.4	80.5	146,075	89,514
BOK	8.2%	12.1%	30.8%	26.5%	3.1	3.2	14.8	12.2	17,103	13,421
BOP	6.5%	6.0%	32.7%	36.4%	4.0	3.4	10.8	6.5	35,366	21,200
DIB	9.3%	6.1%	45.0%	56.4%	5.7	5.8	-	-	-	-
Faysal	3.6%	3.8%	40.5%	42.4%	15.7	13.3	48.5	32.6	73,578	49,447
HBL	4.3%	5.2%	40.2%	33.6%	39.9	39.3	174.5	110.8	255,907	162,586
HMB	4.8%	4.5%	32.9%	27.6%	23.8	23.4	87.0	55.3	91,161	57,966
Islami	7.4%	9.0%	40.1%	35.2%	10.7	9.6	23.0	22.2	25,467	24,613
JS	7.9%	8.3%	38.3%	35.0%	5.0	6.0	9.1	9.0	18,579	18,538
MCB	4.6%	7.8%	38.7%	25.0%	53.4	54.9	281.3	172.6	333,357	204,482
MCBIB	2.1%	2.2%	38.8%	33.5%	2.7	3.3	-	-	-	-
Meezan	1.6%	1.7%	38.7%	31.9%	57.3	47.7	242.0	161.4	434,273	289,037
NBP	16.1%	13.5%	20.8%	21.0%	12.2	25.0	66.9	32.1	142,373	68,314
SCB	8.8%	8.7%	16.2%	22.0%	11.9	11.0	53.0	35.5	205,194	137,248
Sindh	29.8%	41.7%	20.4%	17.3%	0.9	0.8	-	-	-	-
Soneri	3.1%	4.9%	32.9%	31.2%	5.4	5.5	17.7	10.5	19,536	11,587
UBL	7.4%	11.3%	17.9%	14.7%	61.4	45.1	382.2	177.8	467,918	217,708

IFRS-9 Impacts – ECL on Advances

	Advances								ECL								ECL/Advances							
Bank	2024				2023				2024				2023				2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Overall	Stage 1	Stage 2	Stage 3	Overall
ABL	976.74	76.61	12.99	1,066.35	734.06	47.04	13.04	794.14	0.53	2.31	12.19	15.03	0.71	1.55	12.52	14.78	0.05%	3.02%	93.83%	1.40%	0.10%	3.30%	96.00%	1.90%
ABPL	85.84	15.81	13.39	115.04	58.32	19.9	13.14	91.36	0.29	0.6	12.12	13.6	0.49	0.48	11.92	12.89	0.33%	3.82%	90.53%	11.80%	0.85%	2.41%	90.73%	14.10%
AKBL	638.49	60.16	34.43	733.07	498.42	133.29	29.59	661.31	1.14	3.89	32.28	37.32	3.53	6.8	27.78	38.12	0.18%	6.47%	93.76%	5.10%	0.71%	5.10%	93.90%	5.80%
BAFL	965.15	112.33	41.7	1,156.26	596.79	70.49	36.96	745.05	2.23	1.39	38.44	46.88	3.38	1.94	33.6	39.42	0.23%	1.24%	92.16%	4.10%	0.57%	2.75%	90.91%	5.30%
BAHL	771.61	152.19	35.51	959.31	651.57	219.27	25.19	896.04	7.17	8.47	32.82	48.46	4.41	8.66	21.36	34.43	0.93%	5.56%	92.44%	5.10%	0.68%	3.95%	84.78%	3.80%
BIPL	293.69	9.22	24.27	327.18	208.07	23.08	22.89	254.03	2.79	0.52	22.25	25.56	1.48	1.44	21.46	24.38	0.95%	5.59%	91.67%	7.80%	0.71%	6.24%	93.75%	9.60%
BML	12.6	2	34.27	48.87	13.03	2.94	36.98	52.95	0.03	0.21	33.02	33.25	0.05	0.09	34.75	34.89	0.20%	10.32%	96.36%	68.00%	0.41%	3.09%	93.96%	65.90%
BOK	117.4	28.92	13.3	159.62	82.3	12.32	13.11	107.74	0.73	0.58	11.43	12.74	0.85	0.9	11.24	12.99	0.62%	2.02%	85.90%	8.00%	1.04%	7.32%	85.72%	12.10%
BOP	747.11	26.61	53.72	827.44	640.29	144.4	51.77	836.46	3.56	1.87	44.62	50.05	5.45	3.58	44.87	53.9	0.48%	7.03%	83.05%	6.00%	0.85%	2.48%	86.66%	6.40%
DIBP	134.04	69.66	20.85	224.55	181.22	61.75	15.93	258.9	0.49	2.1	18.35	20.94	0.63	2.02	15.6	18.26	0.36%	3.01%	88.02%	9.30%	0.35%	3.27%	97.93%	7.10%
FABL	556.64	93.99	24.34	674.96	519.07	58.63	23.06	600.76	0.91	2.03	21.69	24.63	0.94	5.26	20.95	27.16	0.16%	2.16%	89.12%	3.60%	0.18%	8.98%	90.87%	4.50%
HBL	1,882.78	398.32	100.32	2,381.42	1,423.03	243	94.27	1,760.30	11.35	12.93	90.09	126.5	10.61	15.22	85.33	112.2	0.60%	3.25%	89.80%	5.30%	0.75%	6.26%	90.51%	6.40%
HMB	413.74	64.89	25.17	503.8	368.75	40.22	20.19	429.16	0.85	4.53	24.12	29.5	2.23	2.05	19.77	24.05	0.21%	6.98%	95.84%	5.90%	0.60%	5.11%	97.91%	5.60%
JSBL	196.06	30.33	21.33	247.71	169.2	28.4	16.18	213.79	0.25	0.45	15.08	15.78	0.59	0.22	10.73	11.54	0.13%	1.47%	70.72%	6.40%	0.35%	0.78%	66.31%	5.40%
MCB	1,008.99	32.28	53.55	1,094.82	510.24	41.26	55.39	606.9	2.4	0.85	41.49	53.2	1.86	0.9	43.53	46.28	0.24%	2.62%	77.48%	4.90%	0.36%	2.18%	78.58%	7.60%
MEBL	1,469.60	61.52	25.24	1,556.36	943.02	31.89	17.11	992.03	2.61	1.51	23.89	41.61	2.42	1.03	16.66	20.11	0.18%	2.46%	94.62%	2.70%	0.26%	3.24%	97.33%	2.00%
NBP	1,305.83	97.64	269.29	1,672.76	1,304.64	106.22	220.83	1,631.69	19.75	10.81	225.83	267.9	15.88	11.64	203.57	231.1	1.51%	11.07%	83.86%	16.00%	1.22%	10.96%	92.19%	14.20%
SCB	171.4	2.15	16.82	190.37	185.97	33.64	21.24	240.84	1.39	0.9	16.52	18.81	1.91	2.5	20.83	25.23	0.81%	41.63%	98.20%	9.90%	1.02%	7.43%	98.07%	10.50%
SMBL	45.76	10.44	9.92	66.12	62.98	10.4	7.33	80.71	0.16	0.31	9.58	10.05	0.39	1.05	6.77	8.21	0.35%	3.01%	96.52%	15.20%	0.63%	10.07%	92.26%	10.20%
SNBL	228.03	15.56	7.88	251.48	180.24	23.42	10.55	214.21	0.54	0.48	7.1	8.11	0.52	0.1	9.39	18.32	0.24%	3.06%	90.02%	3.20%	0.29%	0.44%	88.98%	8.60%
UBL	1,367.87	81.26	115.99	1,565.13	506.39	100.83	105.59	712.81	6.01	7.74	107.9	121.7	4.81	13.1	93.57	111.5	0.44%	9.52%	93.02%	7.80%	0.95%	12.99%	88.62%	15.60%

IFRS-9 Impacts – ECL on Assets others than Advances

Bank	Investments		ECL%		Bal. with Banks		ECL%		Lending to FI		ECL%	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
ABL	1,097.07	1,133.44	0.25%	0.49%	9.97	2.46	0.06%	0.00%	243.61	9.49	0.03%	0.74%
ABPL	29.83	31.02	0.53%	0.38%	1.8	1.68	0.01%	0.00%	1.4	8.1	0.00%	0.00%
AKBL	12.74	25.26	8.52%	9.97%	10.78	13.79	0.01%	0.00%	4.63	0.09	1.30%	100.00%
BAFL	106.01	106.75	2.40%	2.73%	18.48	16.62	0.03%	0.02%	101	119.55	0.00%	0.00%
BAHL	39.63	51.24	19.04%	18.85%	5.89	6.66	0.02%	0.00%	38.95	1.65	0.01%	0.00%
BIPL	332.16	307.8	0.03%	0.11%	0.98	1.37	0.03%	0.00%	4.27	16.52	0.34%	0.11%
BML	175.33	181.26	1.08%	1.10%	1.47	0.6	0.07%	0.00%	9.7	-	0.01%	-
BOK	278.99	223.54	0.06%	0.07%	3.26	3.97	0.32%	0.25%	0.24	2.24	44.10%	10.67%
BOP	2.51	3.64	16.10%	12.69%	3.28	8.28	0.44%	0.00%	14.81	144.96	0.28%	0.00%
DIBPL	140.2	117.61	0.07%	0.08%	1.35	3.99	0.02%	0.00%	41.5	2.9	0.01%	0.00%
FABL	642.61	578.29	0.42%	0.50%	5.54	1.81	0.00%	0.00%	-	-	-	-
HBL	2,371.20	2,540.28	0.24%	0.30%	42.05	43	0.00%	0.00%	84.3	88.6	0.01%	0.00%
HMB	6.42	8.13	6.64%	1.09%	6.44	21.12	0.02%	0.00%	5.57	5.5	0.00%	0.00%
JSBL	4.75	22.89	16.05%	2.71%	3.62	3.73	0.09%	0.00%	2	-	0.01%	-
MCB	1,094.86	1,235.28	0.10%	0.09%	27.85	35.07	0.04%	0.00%	55.66	96.21	0.00%	0.00%
MEBL	5.94	9.67	5.80%	1.27%	13.44	11.45	0.12%	0.00%	34.98	34.98	0.04%	0.04%
NBP	4,475.36	4,426.97	0.39%	0.41%	56.84	42.33	0.00%	0.00%	30.17	192.6	0.57%	0.09%
SCB	0	0.15	100.13%	100.00%	13.22	38.23	0.03%	0.00%	70.49	365.24	0.01%	0.00%
SMBL	0.3	-	0.06%	-	1.37	1.04	0.16%	0.00%	-	8.19		0.00%
SNBL	380.7	311.45	0.07%	0.11%	3.39	1.46	0.03%	0.00%	8.6	-	0.02%	-
UBL	5,791.49	4,384.17	0.05%	0.43%	59.98	30.7	0.01%	0.00%	18.49	34.45	0.00%	0.00%

Indicative Financial Position (Assets as at 31 December 2024)

Rupees in Mn	Cash & Bank	Investments	Lendings to Financial Institutions	Loans and advances – Net of provision	Operating fixed assets and Intangible assets	Other assets	Total Assets
ABL	156,777	1,132,883	243,541	1,051,545	139,722	97,234	2,821,702
Albaraka	20,636	126,852	1,399	101,439	6,340	16,595	273,261
Askari	146,494	1,509,369	4,568	695,692	35,881	109,378	2,501,382
BAF	247,582	1,996,182	100,998	1,109,377	90,599	172,317	3,717,056
BAH	207,823	1,926,109	38,942	910,279	90,025	149,952	3,323,130
BOK	27,245	282,767	134	146,882	6,715	13,822	477,564
BOP	104,265	1,319,892	12,891	778,758	43,994	119,340	2,379,141
DIB	31,788	143,839	41,494	203,608	8,384	23,776	452,890
Faysal	108,140	678,255	-	633,990	61,047	85,798	1,567,230
HBL	511,520	2,528,200	84,294	2,435,435	183,082	312,582	6,055,113
HMB	93,365	807,497	5,571	502,469	26,403	90,280	1,525,584
Islami	42,079	345,052	4,258	296,018	23,516	26,962	737,885
JS	89,228	629,466	4,258	521,168	47,514	67,409	1,359,043
MCB	215,534	1,306,556	57,656	1,165,915	99,122	164,939	3,009,722
MCBIB	19,077	146,596	2,000	119,353	8,591	11,727	307,344
Meezan	274,164	1,878,853	34,964	1,514,756	71,810	135,980	3,910,527
NBP	373,432	4,614,849	30,000	1,404,627	71,405	259,684	6,753,997
SCB	95,523	654,340	70,485	171,567	38,650	26,726	1,057,292
Sindh	27,195	201,547	24,514	74,283	4,941	30,804	363,284
Soneri	49,275	384,306	8,598	243,366	21,379	32,575	739,499
UBL	370,805	5,889,766	18,492	1,443,482	98,615	247,937	8,069,097
2024 Total	3,211,947	28,503,176	789,058	15,524,009	1,177,735	2,195,817	51,401,742
2023 Total	3,202,475	24,901,121	1,138,211	12,254,859	1,015,622	2,191,290	44,703,578
Increase/ Decrease	0.3%	14.5%	-30.7%	26.7%	16.0%	0.2%	14.9%

Indicative Financial Position (Liabilities and Equity as at 31 December 2024)

Rupees in Mn	Bills payable	Borrowings	Deposits	Sub-ordinated loans	Other liabilities	Equity	Total
ABL	14,502	462,024	2,018,070	-	88,858	238,249	2,821,703
Albaraka	7,283	6,145	223,402	3,124	11,689	21,618	273,261
Askari	66,705	869,212	1,362,850	12,000	68,204	122,410	2,501,381
BAF	41,768	1,142,201	2,136,105	14,000	201,595	181,386	3,717,055
BAH	52,263	677,043	2,277,962	25,988	144,671	155,203	3,323,130
BOK	21,951	133,532	277,642	-	22,540	21,899	477,564
BOP	7,637	409,006	1,709,564	30,820	129,998	92,115	2,379,140
DIB	7,103	24,009	346,873	7,120	22,838	44,947	452,890
Faysal	39,170	280,443	1,044,016	-	93,677	109,925	1,567,231
HBL	96,104	826,883	4,370,371	20,374	330,583	410,798	6,055,113
HMB	28,479	350,224	925,228	-	100,760	120,894	1,525,585
Islami	13,774	87,662	559,178	3,000	26,056	48,215	737,885
JS	21,899	114,361	1,081,826	11,493	52,668	76,797	1,359,044
MCB	53,422	320,237	2,130,525	-	218,290	287,247	3,009,721
MCBIB	11,594	48,422	209,108	-	12,272	25,946	307,342
Meezan	112,605	722,286	2,584,584	20,990	216,431	253,630	3,910,526
NBP	26,060	1,937,757	3,865,212	-	460,919	464,049	6,753,997
SCB	23,057	18,285	835,695	-	62,533	117,722	1,057,292
Sindh	1,447	1,972	314,488	-	15,721	29,656	363,284
Soneri	14,763	109,373	543,146	7,997	33,412	30,810	739,501
UBL	44,222	4,855,373	2,639,876	10,000	198,818	320,808	8,069,097
2024 Total	705,808	13,386,450	31,455,721	166,906	2,512,533	3,174,324	51,401,742
2023 Total	414,510	10,059,333	29,234,643	170,816	2,164,531	2,659,745	44,703,578
Increase/ Decrease	70.3%	33.1%	7.6%	-2.3%	16.1%	19.3%	15.0%

Indicative Income Statement (for the year ended 31 December 2024)

Rupees in Mn	Net Markup / Interest Income	Non-Markup / Interest Income	Operating expenses	Profit before provisions	Net Provision / (Reversal)	Profit / (Loss) before tax	Taxation	Profit / (Loss) from discontinuing operations	Profit / (Loss) after tax
ABL	115,364	31,160	57,754	87,004	(2,710)	89,714	45,325	-	44,389
Albaraka	15,944	2,484	9,694	8,538	160	8,378	4,344	-	4,034
Askari	63,655	16,028	35,991	43,070	(1,799)	44,869	23,613	-	21,257
BAF	126,782	45,775	85,119	85,519	271	85,247	45,384	-	39,863
BAH	156,470	28,868	81,596	101,671	14,891	86,780	44,863	-	41,917
BOK	16,492	1,778	10,539	7,709	(426)	8,135	4,520	-	3,615
BOP	44,260	26,814	50,212	20,364	(4,073)	24,437	11,157	-	13,280
DIB	30,363	3,842	15,840	17,917	3,614	14,303	7,631	-	6,672
Faysal	80,559	20,070	50,215	49,289	(2,463)	51,751	27,860	-	23,892
HBL	245,622	96,512	192,474	146,938	26,604	120,334	62,530	-	57,805
HMB	72,446	21,431	34,063	58,447	4,343	54,104	28,339	-	25,765
Islami	46,387	4,591	22,159	28,263	2,734	25,530	13,696	-	11,834
JS	73,965	16,283	51,350	38,093	7,414	30,679	17,319	-	13,360
MCB	167,947	43,681	72,527	136,055	4,878	131,177	67,711	-	63,466
MCBIB	17,941	1,970	10,064	9,651	543	9,108	4,870	-	4,239
Meezan	287,043	35,306	81,656	235,502	9,222	226,279	122,560	-	103,719
NBP	171,439	70,986	180,093	62,286	4,503	57,783	30,617	-	27,165
SCB	93,513	24,659	20,345	95,712	(4,908)	100,620	54,553	-	46,067
Sindh	9,490	1,314	9,970	829	(1,915)	2,745	(179)	-	2,924
Soneri	24,948	6,755	19,204	12,177	(461)	12,638	6,737	-	5,901
UBL	173,548	84,590	97,104	157,812	12,775	145,037	70,198	938	75,777
2024 Total	2,034,177	584,896	1,187,969	1,402,846	73,197	1,329,649	693,647	938	636,940
2023 Total	1,840,201	376,932	906,912	1,284,282	84,981	1,199,301	610,577	-	588,724
Increase/ Decrease	10.5%	55.2%	31.0%	9.2%	-13.9%	10.9%	13.6%	-	8.2%

Definitions

Average Advances	The average of opening and closing gross advances at two-year ends.
Average Assets	The average of opening and closing total assets at two-year ends.
Average Deposits	The average of opening and closing deposits at two-year ends.
Average Equity	The average of opening and closing equity at two-year ends.
Annual Increase	The percentage change compared to the previous year.
Annualised Increase	The percentage change over the last two years on annualised basis.
CASA	Current and saving deposits to total deposits.
Equity	Equity includes share capital / head office capital account, reserves, unappropriated profit / accumulated loss, non-controlling interest and surplus / deficit on revaluation of assets.
Gross Advances	Loans, cash credits, overdrafts, ijarah, etc. and local & foreign bills discounted & purchased before provisions.
Impairment Cover	Number of times impairment charge on advances and investments is covered by net profits before charging impairment.
Interest Bearing Assets	Interest bearing assets means cash and balances with treasury banks, balances with other banks, lending to financial institutions, fixed income investments and advances (excluding non-performing assets).
Interest Bearing Liabilities	Interest bearing liabilities means borrowings, deposits and other accounts, sub-ordinated loans and liabilities against assets subject to finance lease.
Market Capitalization	Product of total outstanding number of ordinary shares and market price as at year end.
Non-funded Income	Fee, commission & brokerage, rent, income from dealing in foreign currencies, profit on sale of fixed & other assets and other non-fund receipts.
Non-mark-up / Non-Interest Income / Other Income	Fee, commission and brokerage income, dividend income, income from dealing in foreign currencies, gain on sale of securities, unrealised profit on revaluation of investments classified as held for trading, share of profit from joint venture and associate and other income.

Definitions

Net Interest Margin	Mark-up / return / interest earned (before provisions) as a percentage of interest-bearing assets less mark-up / return / interest expensed as a percentage of interest-bearing liabilities.
Non-Performing Advances	Classified advances that fulfil the criteria of non-performing advances as specified in the Prudential Regulations issued by the State Bank of Pakistan.
Net Provisions	Charge & reversal of provision against non-performing advances, against off balance sheet obligations, for diminution in value of investments, bad debts directly written-off and recoveries of previously written-off debts.
Other Comprehensive Income	Includes effect of translation of net investment in foreign branches, gains and losses on re-measurement of actuarial liability, surplus / (deficit) on revaluation of fixed assets and investments, surplus / (deficit) arising on revaluation of assets of associated undertaking.
Operating Cost	All expenses charged to arrive at profit before tax excluding cost of funds and provisions.
Operating Fixed Assets	Operating fixed assets include intangible assets.
Other Assets	Other assets include deferred tax assets.
Other Liabilities	Other liabilities include deferred tax liabilities and liabilities against assets subject to finance lease.
Return on Average Assets	Profit after tax as a percentage of average total assets.
Return on Average Equity	Profit after tax as a percentage of average equity.
Right-of-Use Assets	An asset that represents a lessee's right to use an underlying asset for the lease term.
Spread	Difference between mark-up / return / interest earned on advances as a percentage of average advances (net of provision), at two-year ends, and mark-up / return / interest expense of deposits as a percentage of average deposits, at two-year ends.
Taxation	Charge for current (including prior) and deferred taxation in the profit and loss account.
Total Income	Sum of net mark-up income and non-mark-up income.

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