



Meezan Bank
The Premier Islamic Bank



What makes the
Best Bank

ANNUAL REPORT 2023



Best Bank
2018

Best Bank
2020

Best Bank
2023

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

FROM THE SMALLEST BANK IN PAKISTAN TO THE **BEST BANK OF PAKISTAN** FOR THE 3RD TIME



Mr. Irfan Siddiqui – Founding President & CEO, Meezan Bank and Mr. Ariful Islam – Deputy CEO, Meezan Bank receiving the 'Best Bank' award from Mr. Jameel Ahmed – Governor, State Bank of Pakistan at Pakistan Banking Awards - 2023.

The Best Bank award is the most prestigious award in Pakistan's banking sector. This award holistically assesses the competing banks on all aspects and is awarded to the bank that has demonstrated the most significant contribution to national development and the most effective management of its resources, including its employees, clients, franchise, community and financials.

☞ *Lastly, I would like to acknowledge & dedicate this award to a dear colleague of mine who has been with me for 24 years now – Mr. Ariful Islam.*

Arif has been with me, helping the Bank grow and excel, especially in the areas of strategy, digitalization and service excellence, and I have always considered him to be a co-CEO with me. I would like to request our Chief Guest, Governor State Bank, to kindly present this award to Arif as well. ☞

*Irfan Siddiqui
Founding President & CEO, Meezan Bank*

On the occasion of the 8th Pakistan Banking Awards ceremony held on November 24, 2023.

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ABOUT THIS REPORT

The Annual Report has been prepared in accordance with the Integrated Reporting Framework to present the Bank's performance during year 2023. The adoption of the integrated framework is in its preliminary stages and the Bank will continue to improve on the information mentioned in this report.

This report provides an in-depth and transparent disclosure of the Bank's financial performance. In preparing this report, the Bank was guided by the local statutory and regulatory requirements and is also in compliance with the following:

- Banking Companies Ordinance, 1962
- Companies Act, 2017
- Listed Companies (Code of Corporate Governance) Regulations, 2019
- International Financial Reporting Standards (IFRS)
- Islamic Financial Accounting Standards (IFAS)
- Directives issued by the State Bank of Pakistan (SBP) and Securities & Exchange Commission of Pakistan (SECP)

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

Audience

The Annual Report and Financial Statements have been prepared to provide information to the Bank's stakeholders including investors (equity shareholders, Sukuk holders and prospective investors), employees, customers, regulators, research analysts, credit rating agencies and society at large. The annual financial statements were approved by the Board of Directors on February 15, 2024 and signed on its behalf by the Chairman, President & CEO, two Directors and CFO.

Reporting & Publication Period


This report covers the financial and non-financial performance of Meezan Bank from the period January 01, 2023 to December 31, 2023 and is published within three months of the date of the Statement of Financial Position.


External Assurance


The Bank's financial statements for the year ended December 31, 2023 are audited by external auditors, A. F. Ferguson & Co., Chartered Accountants (a member firm of PwC network); and provide an in-depth and transparent disclosure of its financial performance. As a regulatory requisite, the auditors are rotated every five years to ensure their independence and transparency.

Availability

This report is published for a limited audience and dispatched upon request. It is available in soft copy (PDF format) on the Bank's official website. All formats may be considered the audited, legally leading document.

 For further clarification and feedback on this report, please contact through the following email id: investor.relations@meezanbank.com

 When you see this icon, you will find more information on another page of this report.

 When you see this icon, you will find more information on our website.

WHAT MAKES THE BEST BANK?

Meezan Bank holds the unique honour of being the only bank in the country to have received the prestigious title of Best Bank in Pakistan three times, as conferred by the Pakistan Banking Awards. We are grateful to Allah (ﷻ) for His blessings and to our customers for their trust that has enabled us to earn such esteemed recognitions.

In the pages that follow, we take a look at some of the key elements contributing to the Bank's success, guiding our transformation from almost a startup in a niche market to one of the largest and most celebrated financial institutions in the country.



WHAT MAKES THE BEST BANK? **ABSOLUTE SERVICE EXCELLENCE**

At Meezan Bank, we are dedicated to delivering exceptional service, which is a fundamental driver behind our remarkable accomplishments. Being a high street, customer-focused bank, we have consistently prioritized enhancing our service standards. Our adoption of tools such as Mystery Shopping and Customer Satisfaction Surveys has enabled us to continually refine our services, resulting in increased customer satisfaction and loyalty. Since our inception, we have not just expanded our outreach but have also significantly improved our operational efficiency, solidifying our position as a customer-centric bank. Our commitment to innovation and customer-centricity propels us forward, ensuring that we consistently exceed expectations and set new industry standards for service excellence.



WHAT MAKES THE BEST BANK?

A COMMITMENT TO SHARIAH EXCELLENCE

Meezan Bank stands as a pillar of trust for its customers, guaranteeing that their investments are carefully managed in full compliance with Shariah principles, ensuring the provision of Halal returns. Our commitment to Shariah compliance permeates every facet of our operations, from our diverse product offerings and processes to our service delivery and management practices. Supported by a team of dedicated Shariah compliance and audit specialists, we maintain rigorous adherence to the Shariah standards set forth by our esteemed Shariah Board as well as the regulators. The Bank is also leading the way in promoting excellence in Islamic banking by offering specialized Islamic finance training programs. These initiatives are designed to raise industry standards and support other organizations in achieving Shariah compliance across their operations. At Meezan Bank, we embrace Shariah compliance not merely as a regulatory mandate but as a fundamental ethos embedded in our corporate culture. This deep-rooted commitment to Shariah principles is a cornerstone of our unparalleled success, distinguishing Meezan Bank as a leader in the Islamic banking sector.



WHAT MAKES THE BEST BANK? **INDUSTRY-LEADING DIGITAL BANKING**

Meezan Bank stands as a pioneer in the realm of digital banking, consistently setting higher standards of excellence in the services we provide to our customers. Our dedication to enhancing our customers' digital banking experience has, by the grace of Allah (ﷻ), positioned us as market leaders across various digital domains. Having the country's highest-rated mobile banking application, Meezan Bank has established its dominance in the digital banking sector. Our customized digital solutions for corporate clients underscore our dedication to enabling smooth banking experiences through the use of technology. Dedicated to a continuous quest for innovation, Meezan Bank is devoted to broadening its range of digital products and services. This dedication is supported by significant investments in strengthening our technological infrastructure and attracting top talent, guaranteeing our enduring position as the preferred banking partner for our customers.



WHAT MAKES THE BEST BANK? BEING THE PREMIER CHOICE FOR SHAREHOLDERS

Meezan Bank's Return on Equity has consistently exceeded that of the banking industry with an average Return on Equity of over 30% for the last 5 years. Our stock has outperformed the benchmark indices including PSX-100 and KMI-30 since 2017 with a total return of 226%, which translates into a Compounded Annual Growth Rate (CAGR) of 26%. This not only demonstrates the resilience and robustness of our balance sheet and profitability but also the confidence and trust that our investors and the stock market place in our management. The Bank has maintained its position as the most valuable bank among all the listed banks on Pakistan Stock Exchange since December, 2021 and is the only bank in the country with market capitalisation in excess of \$1 Bn. Meezan has been able to generate excellent shareholder value since its inception and continues to be an investment of choice for shareholders.



WHAT MAKES THE BEST BANK? STRENGTHENING THE ECONOMIC BACKBONE OF PAKISTAN

Meezan Bank stands as a cornerstone in the fortification of Pakistan's economic landscape, spearheading transformative initiatives. The launch of the Islamic SME Asaan Finance Scheme (I-SAAF) and active participation in the Prime Minister's Kamyab Jawan – Youth Entrepreneurship Scheme (PMKJ-YES) exemplify its commitment to fueling the growth of Small and Medium Enterprises (SMEs) and nurturing young entrepreneurial talent through Shariah-compliant financial solutions. Extending its influence, Meezan Bank has launched innovative Islamic Supply Chain Finance solutions, driving progress in the industry and fostering innovation. Initiatives such as Fleet Financing and the 'Kissan Baithak' rural outreach program are a testament to the Bank's unwavering commitment to invigorating Pakistan's economic foundations. Through these diverse and innovative initiatives, Meezan Bank continues to play a critical role in empowering the Nation's economic backbone, driving sustainable growth and development across multiple sectors.





ORGANIZATIONAL OVERVIEW & EXTERNAL ENVIRONMENT

VISION

Establish Islamic banking as banking of first choice...

MISSION

To be a premier Islamic bank, offering a one-stop shop for innovative value-added products and services to our customer within the bounds of Shariah...

OUR CULTURE

Core Values:

■ Shariah compliance ■ Integrity ■ Service Excellence

Staff: Committed, motivated and professionally trained employees who are empathic to their customers' needs.

Brand Personality: A sober and established, strong, empathic, professional person; who is an extremely loyal and dependable friend and business partner, and is committed to offering comprehensive value-based Shariah-compliant financial solutions.

Relationships: Our relationships are long-term. We recognize and value our customers' needs above all and strive to ensure their fulfillment. All customers are treated with professionalism and in a friendly manner. It is our endeavour to ensure that they receive efficient and timely service. The Meezan Bank experience is a unique one.

QUAID'S CONCEPT OF ISLAMIC BANKING

"I shall watch with keenness the work of your Research Organization in evolving banking practices compatible with Islamic ideas of social and economic life. The economic system of the West has created almost insoluble problems for humanity and to many of us it appears that only a miracle can save it from disaster that is now facing the world. It has failed to do justice between man and a man and to eradicate friction from the international field. On the contrary, it was largely responsible for the two world wars in the last half century. The Western world, inspite of its advantages of mechanisation and industrial efficiency is today in a worse mess than ever before in history. The adoption of Western economic theory and practice will not help us in achieving our goal of creating a happy and contended people.

We must work our destiny in our own way and present to the world an economic system based on true Islamic concept of equality of manhood and social justice. We will thereby be fulfilling our mission as Muslims and giving to humanity the message of peace which alone can save it and secure the welfare, happiness and prosperity of mankind."

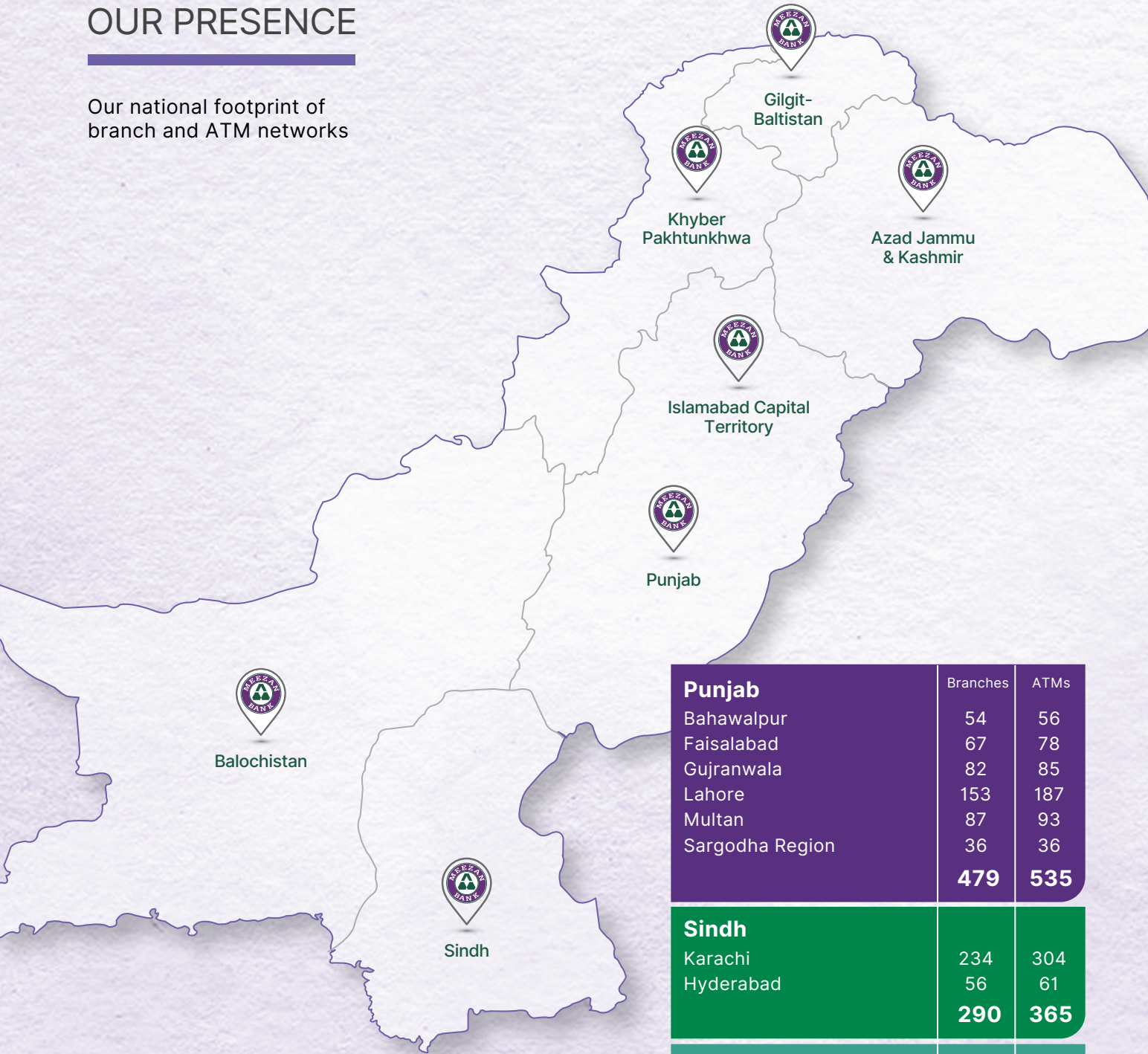
Quaid-e-Azam Mohammad Ali Jinnah
Founder of the Islamic Republic of Pakistan

On the occasion of the Opening Ceremony of
The State Bank of Pakistan on July 1, 1948.




OUR PRESENCE

Our national footprint of branch and ATM networks



	Branches	ATMs
Punjab		
Bahawalpur	54	56
Faisalabad	67	78
Gujranwala	82	85
Lahore	153	187
Multan	87	93
Sargodha Region	36	36
479	535	
Sindh		
Karachi	234	304
Hyderabad	56	61
290	365	
Islamabad Capital Territory		
Islamabad	55	75
Rawalpindi	41	52
96	127	
Khyber Pakhtunkhwa	83	85
Balochistan	39	35
Azad Jammu & Kashmir	12	8
Gilgit-Baltistan	5	4

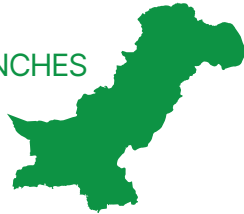


For detailed branch locations, please visit our website: www.meezanbank.com 

HIGHLIGHTS 2023

REACHED THE MILESTONE OF

1,000 BRANCHES
IN MORE THAN
330 CITIES



**BEST BANK
OF PAKISTAN**
BY PAKISTAN BANKING
AWARDS

LEAD AS THE JOINT FINANCIAL ADVISOR OF MINISTRY OF FINANCE
TOWARDS ISSUANCE OF

Rs 1.77 TRILLION GOP IJARAH SUKUK

LAUNCH OF
MUDARABAH-BASED

**WOMEN FIRST
ACCOUNT**

FOR FINANCIAL
INCLUSION OF WOMEN



GLOBAL RECOGNITION

- ISLAMIC BANK OF THE YEAR &
 - EXCELLENCE IN DIGITAL ISLAMIC BANKING
- & WINNER OF
INNOVATION IN DIGITAL BANKING AWARDS

BY **THE BANKER** - A PUBLICATION
OF THE FINANCIAL TIMES LTD.



**BEST BANK
OF THE YEAR**

(LARGE SIZED BANKS) BY CFA SOCIETY PAKISTAN

FOR THE FOURTH CONSECUTIVE YEAR

INTRODUCED
HAJJ SPONSORSHIP PROGRAM
FOR EMPLOYEES



LAUNCH OF
MEEZAN SCHOLAR POLICY
TO SUPPORT
HIGHER EDUCATION OF
STAFF'S CHILDREN



LAUNCH OF **Meezan Cares**
DIRECT DEBIT
FACILITY FOR DONATING
TO INDUS HOSPITAL



CONSISTENTLY RANKED AS THE NUMBER ONE BANK
IN TERMS OF OVERALL
DIGITAL TRANSACTIONS
PASSING THROUGH
1LINK'S GRID*

*1LINK MONTHLY RANKING REPORTS 2023"



MOST VALUABLE BANK BY MARKET CAPITALIZATION

AMONGST ALL BANKS LISTED ON PSX



PROFIT AFTER TAX

Rs **84.5**
BILLION



DEPOSITS

Rs **2.2**
TRILLION



TOTAL ASSETS

Rs **3** TRILLION



17,000+

EMPLOYEES AND AMBASSADORS OF ISLAMIC BANKING



CORPORATE PROFILE

Founded with the Vision to ‘Establish Islamic banking as banking of first choice...’, the Bank commenced operations in 1997 as Al Meezan Investment Bank Limited. It converted to Meezan Bank Limited, a full-fledged Islamic commercial bank in 2002, when the State Bank of Pakistan issued it Pakistan’s first Islamic Commercial Banking license. Concurrently, the Bank acquired the Pakistan operations of Societe Generale and started commercial banking with a small network of four branches, that has now grown to become one of the largest banking networks in the country with 1,004 branches in 334 cities.

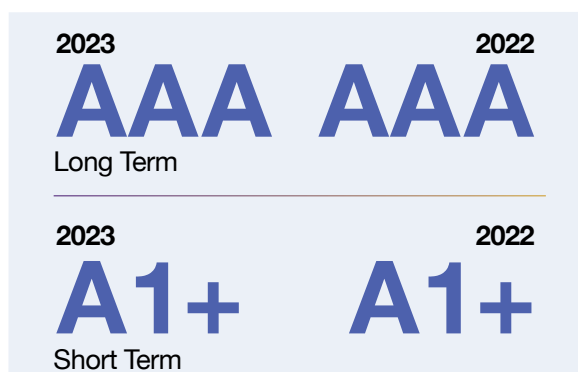
Meezan Bank is a public listed company sponsored by leading financial institutions from Pakistan and the Middle East. The Bank offers a complete range of Islamic banking products and services through an extensive retail banking network.

Meezan Bank has a strong Shariah compliance setup that comprises a dedicated Shariah Compliance Department, a Resident Shariah Board Member and a Shariah Board comprising of internationally renowned Shariah scholars. The Bank is well-recognized for its product development capability, Islamic banking research and advisory services at both national and international levels.

CREDIT RATING

The VIS Credit Rating Company Limited has reaffirmed the Bank’s medium to long-term entity rating as AAA (Triple A) and its short-term rating as A1+ (A One Plus) with stable outlook. The AAA rating denotes highest possible credit quality, with negligible risk factors, being only slightly more than for risk-free debt of the Government of Pakistan.

Meezan Bank is the only full-fledged Islamic bank with AAA credit rating in the Islamic banking industry of Pakistan.



CALENDAR OF MAJOR EVENTS >

January 27, 1997	January 31, 2002	March 20, 2002	October 17, 2014	
Date of Incorporation	Issuance of Scheduled Islamic Commercial Bank license	Commencement of Operations as Scheduled Islamic Commercial Bank	Acquisition of HSBC Pakistan Operations	
FINANCIAL CALENDAR 2023				
1 st Quarter Results April 18, 2023	2 nd Quarter Results August 10, 2023	3 rd Quarter Results October 19, 2023	Annual Results February 15, 2024	28 th Annual General Meeting scheduled on March 29, 2024



CORPORATE INFORMATION

BOARD OF DIRECTORS

Riyadh S. A. A. Edrees	Chairman
Faisal A.A.A. Al-Nassar	Vice Chairman
Bader H.A.M.A. Al Rabiah	
Saad Ur Rahman Khan	
Faisal Fahad Al-Muzaini	
Tariq Mahmood Pasha	
Mohamed Guermazi	
Mohammad Abdul Aleem	
Nausheen Ahmad	
Yousef S. M. A. AlSaad	
Irfan Siddiqui	President & CEO

SHARIAH BOARD

Justice (Retd.) Muhammad Taqi Usmani	Chairman
Dr. Muhammad Imran Ashraf Usmani	Vice Chairman
Sheikh Esam Mohamed Ishaq	Member
Mufti Zubair Ahmed	Member
Mufti Muhammad Naveed Alam	Resident Shariah Board Member

  Board of Directors and Shariah Board profiles are available on our website and this report.

MANAGEMENT


Irfan Siddiqui	President & CEO
Ariful Islam	Deputy CEO
Syed Amir Ali	Deputy CEO


Chief Financial Officer


Syed Imran Ali Shah

Company Secretary

Muhammad Sohail Khan

 **Auditors**
A. F. Ferguson & Co.,
Chartered Accountants

 **Legal Adviser**
Haidermota & Co., Advocates

 **Registered Office**
Meezan House C-25, Estate Avenue,
SITE, Karachi-75730, Pakistan.

 **Contacts**
PABX: (92-21) 38103500, 37133500
Fax: (92-21) 36406056
24/7 Call Centre: 111-331-331 &
111-331-332
Email: info@meezanbank.com
Website: www.meezanbank.com,
www.meezanbank.pk

 **Subsidiary Companies**

- Al-Meezan Investment Management Limited
- Meezan Exchange Company (Pvt.) Limited

MEEZAN BANK SHARE INFORMATION

Company Name Stock Name


Meezan Bank Limited


MEBL

Listed on


PAKISTAN STOCK EXCHANGE

Financial Year End

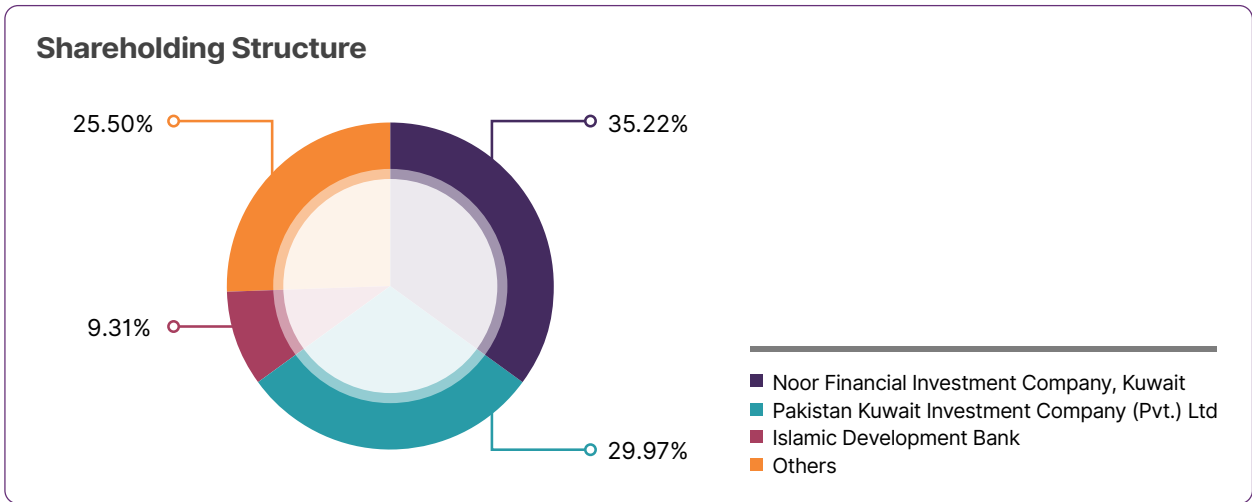


31 December

Shares Registrar

THK Associates (Pvt.) Ltd.
Plot No. 32-C, Jami Commercial Street 2,
D.H.A., Phase VII, Karachi-75500. Pakistan.
PABX: (92-21) 35310191-6
UAN: (92-21) 111-000-322
Email: secretariat@thk.com.pk;
sfc@thk.com.pk
Website: www.thk.com.pk

SHAREHOLDERS



Noor Financial Investment Company



Noor Financial Investment Company is a Kuwaiti investment company engaged in investment and financial activities primarily in Kuwait, the Middle East, Asia and other emerging markets. The company was established as the financing arm of the National Industries Group (NIG), which is one of the largest private sector industrial groups in Kuwait.

Noor Financial Investment Company provides a broad range of financial services through its investment banking department. These activities/services broadly include private equity, investment strategy & implementation, mergers & acquisition advisory, valuations, hedging & risk management, local / foreign listing, long-term financial planning and innovative structuring. The asset management department of the company also engages in managing proprietary and client portfolios of quoted and unquoted securities, real estate and funds in Kuwait, GCC and the MENA region.

Pakistan Kuwait Investment Company



Pakistan Kuwait Investment Company (Private) Limited (PKIC), a joint venture between the Governments of Pakistan and Kuwait was established in 1979. PKIC is one of the most respected and profitable institutions in Pakistan. The company, operating for over 40 years in Pakistan, is engaged in investment and development banking activities in Pakistan. PKIC is the first financial institution in Pakistan that has been rated AAA (triple A) for the long-term by both PACRA and VIS Credit Rating Company.

Islamic Development Bank (IsDB)



Islamic Development Bank (IsDB) is located in Jeddah and is an International Financial Institution established in 1974 in pursuance of a declaration by the Conference of Finance Ministers of Muslim countries to foster economic development and social progress in member (Islamic) countries. IsDB has a subscribed capital of USD 70 Billion and enjoys presence in 57 member countries. The Bank participates in equity capital and grants loans for productive projects and enterprises besides providing financial assistance in other forms for economic and social development.

PRODUCTS AND SERVICES

Meezan Bank offers a diverse range of Shariah-compliant banking products and services to cater customer requirements.

DEPOSIT PRODUCTS

Meezan Rupee | Current & Savings Accounts PKR

Meezan Asaan | Current & Savings Accounts PKR

Meezan Express | Current & Savings Accounts PKR

Meezan Kids Club | Savings Account PKR
Meezan Teen Club

Meezan Senior Citizen | Savings Account PKR

Meezan Women First | Savings Account PKR, USD, GBP, EUR

Meezan Labbaik | Savings Account | Hajj and Umrah Pilgrimage Facility PKR

Meezan Kafalah | Savings Account PKR

Meezan Bachat | Savings Account PKR

Karobari Munafa | Savings Account PKR

Foreign Currency | Current & Savings Account USD, GBP, EUR

Meezan Roshan Digital | Current & Savings Account PKR, USD, GBP, EUR

Meezan Roshan Resident | Current & Savings Account USD, GBP, EUR

Meezan Payroll Partner | Savings Account PKR

Account Opening Facility for Freelancers | Current & Savings Account PKR, USD, GBP, EUR

Meezan Digital Asaan | Current & Savings Account PKR

Meezan Digital Remittance | Current & Savings Account PKR

Meezan Digital Freelancer | Current & Savings Account PKR

Islamic Naya Pakistan Certificate (INPC) | PKR, USD, GBP, EUR

Monthly Mudarabah Certificate | One Month Maturity

Certificate of Islamic Investment | 3 & 6 Months; 1, 1.5, 2, 3 & 5 Year(s)

Certificate of Islamic Investment Senior | 1 Year

Meezan Aamdan Certificate | 5.5 & 7 Years

Meezan Aamdan Certificate for Senior Citizens, Widows & Disabled Persons | 5.5 & 7 Years

Dollar Mudarabah Certificates | 3 & 6 Months; 1 & 3 Year(s) USD

ALTERNATE DISTRIBUTION CHANNELS

Meezan Digital Account Opening App

Meezan Mobile Banking App

Meezan Internet Banking

Meezan WhatsApp Banking

SMS Alerts

Meezan Mastercard Debit Cards | World, Platinum, Titanium & Classic

Meezan Visa Debit Cards | Infinite, Platinum, Gold & Classic, Women First

Meezan PayPak Debit Card

Meezan Supplementary Debit Cards

Contactless Payments | Debit Cards & Mobile Tap & Go

Discounts & Privileges

Meezan ATM Network

Fintech Services

Meezan POS Terminals

Meezan E-Commerce Payment Gateway

BRANCHLESS BANKING

Smart Remittance Wallet | Wallet Account

Smart Asaan Mobile Account | Wallet Account

Smart Disbursement Solution | Employee Salary Account

Smart Wallet | Wallet Account

PRIORITY BANKING

Meezan Premium Banking | A comprehensive banking solution designed for High Net-Worth Customers

CONSUMER FINANCING

Car Ijarah | Shariah-compliant Auto Financing

Roshan Apni Car

Meezan Women First | Car Ijarah

Meezan Apni Bike | Shariah-compliant Motorcycle Financing

Easy Home | Shariah-compliant Home Financing

Meezan Roshan Apna Ghar | Shariah-compliant Home Financing

Meezan Women First | Shariah-compliant Home Financing

Meezan Consumer Ease* |

Meezan Solar | Shariah-compliant Solar Panel Financing

TRANSACTION & EMPLOYEE BANKING

Meezan eBiz+ | Payments & Cash Management Solution

Meezan eBiz+ LITE | SME Payments Solution

Meezan Payroll Partner | Employee Banking

FINANCING PRODUCTS

Murabaha | Short-Term Facility | Procurement of Raw Material & Stock in Trade

Musawamah | Short-Term Facility | Procurement of Raw Material and Stock in Trade

Istisna | Short-Term Facility | Working Capital Finance for Manufacturers

Commodity Salam | Short-term Facility | Working Capital Finance for Agri Customers

Tijarah | Short-Term Facility | Working Capital Solution for Traders

Ijarah | Long-Term Rental Facility

Running Musharakah | Business partnership based on Profit & Loss sharing

Diminishing Musharakah | Long-Term Rental Facility Based on Joint Ownership

Structured Finance Solutions | Hybrid Solutions for CAPEX, BMR & Special Financing Requirements

Letter of Credit Services | Kafalah & Wakala Based Facility for Import Facilitation

Short-Term Import Financing | Murabaha | Musawamah Based Facility for Financing Letter of Credit

Long-Term Import Financing | Ijarah | DM Based Facility for Financing Letter of Credit

Shariah-compliant Hedging | Wa'ad-Based Hedging Facility

Alternative To Export Bill Discounting | Bai Salam/Musawamah/Tijarah based Facility

Islamic Export Refinance Scheme | Subsidized Short Term Financing for Exporters

Islamic Long Term Finance Facility | Subsidized Ijarah | Diminishing Musharakah Based Financing for Exporters

Guarantee Services | Payment & Performance Guarantees | Kafalah Based Service

Retail Supply Chain Financing | Working Capital Financing for Small Scale Retailers

Digital Supply Chain Financing | Working Capital Financing using Digital platform and FinTech

Commercial Vehicles Financing | Shariah-compliant Financing for SME & Corporate Segments

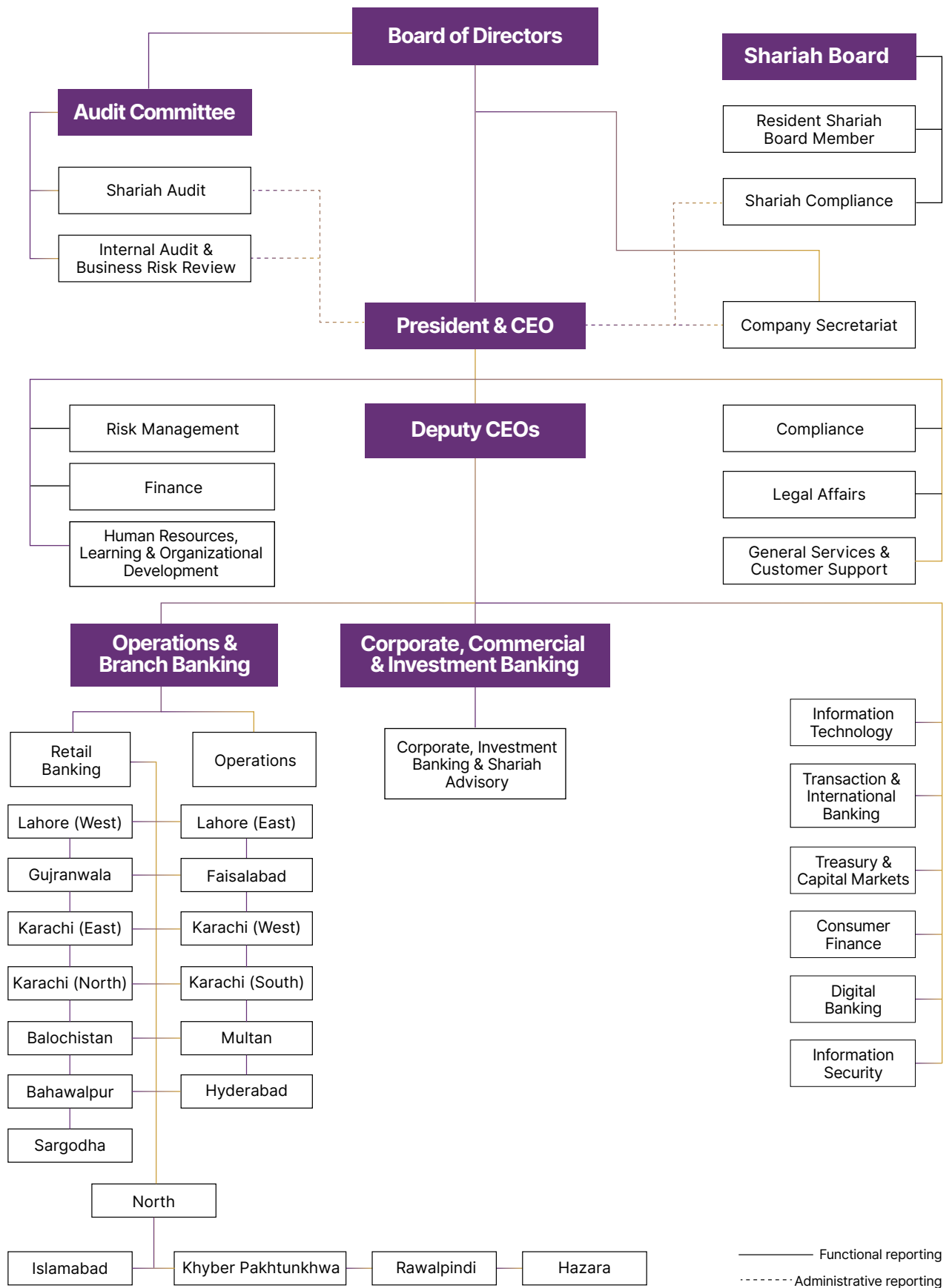
**Under improvement & currently being served only to existing active financing limit-holders.*



Detailed information is available on our website.

www.meezanbank.com

ORGANIZATION STRUCTURE



OUR LEADERSHIP

Senior Management Team

Mr. Irfan Siddiqui	President & CEO
Mr. Ariful Islam	Deputy CEO
Syed Amir Ali	Deputy CEO
Mr. Zia Ul Hassan	Group Executive Operations & Branch Banking
Syed Tanveer Hussain	Group Executive Corporate, Commercial & Investment Banking
Mr. Ahmed Ali Siddiqui	Group Head Shariah Compliance
Mr. Faiz Ur Rehman	Group Head Information Technology
Mr. Khalid Zaman Khan	Group Head Human Resources, Learning & Organizational Development
Mr. Muhammad Abdullah Ahmed	Group Head Transaction & International Banking
Mr. Muhammad Raza	Group Head General Services & Customer Support
Syed Tariq Hassan	Chief Risk Officer & Group Head Risk Management
Mr. Muhammad Sohail Khan	Company Secretary
Mr. Shahzad Abdullah	Group Head Treasury & Capital Markets
Syed Iftikhar Ul Haq	Group Head Consumer Finance
Mr. Urooj Ul Hasan Khan	Group Head Corporate, Investment Banking & Shariah Advisory
Mr. Ebrahim Yakoob	General Manager Internal Audit & BRR
Mr. Javed Ahmed	General Manager Compliance
Mr. Muhammad Farhan Ul Haq Usmani	Head Shariah Audit
Mr. Shariq Mubeen	Chief Digital Officer & General Manager - Digital Banking
Syed Imran Ali Shah	Chief Financial Officer
Mr. Muhammad Umar Khan Fareedy	Head Legal Affairs
Syed Fahad Azam	Chief Information Security Officer & Head Information Security

Regions

Mr. Muhammad Saleem Khan	General Manager - Islamabad & Head Distribution North
Mr. Abid Hussain Abid	General Manager - Multan
Mr. Anwar Ul Haq	General Manager - Lahore East
Syed Salman Ahmed	General Manager - Karachi West
Mr. Moazzam Saeed Khan	General Manager - Faisalabad
Syed Mohammed Asad Alvi	General Manager - Karachi South
Mr. Khurram Behzad Memon	Regional Manager - Hyderabad
Mr. Mashkoor A.G. Khan	Regional Manager - Karachi East
Mr. Sohail Munir Bana	Regional Manager - Karachi North
Mr. Amir Ali Durrani	Regional Manager - Balochistan
Mr. Arif Aslam Khan	Regional Manager - KPK
Mr. Chohdry Asif Javed	Regional Manager - Gujranwala
Mr. Muhammad Ejaz Nadeem	Regional Manager - Bahawalpur
Mr. Shaikh Raashed Rauf	Regional Manager - Lahore West
Mr. Alam Zeb	Regional Manager - Hazara
Mr. Aneeq Ejaz Qureshi	Regional Manager - Rawalpindi
Mr. Kamran Mahmood Butt	Regional Manager - Sargodha



Meezan, the Arabic word for 'Balance' has been taken from Surah Al-Rahman.

At Meezan Bank, we believe in maintaining a balance between the needs of our shareholders, our customers, our staff and other stakeholders. This approach will Insha'Allah help us achieve our Vision of 'providing a strong foundation for establishing a fair and just society for mankind'.

HISTORY OF MEEZAN BANK

1997



Establishment of Al Meezan Investment Bank

2003



Al Meezan Investment Management Ltd. becomes a subsidiary of Meezan Bank through acquisition of majority shares

Branch network reaches 10 branches nationwide while the deposit base grows to **Rs 7.7 billion**



Pakistan's first Shariah-compliant **Housing Finance** product is launched

2006

Deposit base grows to **Rs 34 billion**

Number of branches reaches 62 in 21 cities

Internet Banking launched



2009



Deposit base crosses Rs 100 billion
Bank handles more than Rs 100 billion of Import/Export business



Meezan **VISA** Debit Cards launched



Launched

2002



Al Meezan Investment Bank acquires Pakistan operations of Societe Generale and is issued the



first Islamic Commercial Banking license by SBP. Now a full-fledged scheduled Islamic commercial bank, it is renamed as Meezan Bank

Deposit base stood at **Rs 5.08 billion**



Pakistan's first Shariah-compliant Auto Finance product is launched

2004

Meezan Bank acts as the **Shariah Structuring Advisor** for the historic transaction of international Sukuk offering for USD 600 million under a mandate awarded by the Government of Pakistan

Deposit base grows to **Rs 13.7 billion**

Number of branches reaches 16

Online Banking is launched across all branches

2007



Branch network reaches the milestone number of 100 branches in 31 cities



Import/Export business reaches **Rs 70 billion**

Deposit base grows to **Rs 54 billion**

2010



Total deposits reach Rs 131 billion & Import/Export Business volume Rs 143 billion

Meezan Bank stands among the top three auto-finance providers in the country

2011



9th largest bank in Pakistan in terms of branch network



Meezan House inaugurated

2008



Branch Network expands to 40 cities

Deposit base grows to **Rs 70 billion**

Launch of first Government of Pakistan Ijarah Sukuk

2005



Meezan Bank wins **Best Islamic Bank in Pakistan**

Deposit base grows to **Rs 22 billion**
Number of branches reaches 28

2012



Total deposits cross Rs 230 billion

Launch of Meezan Visa Platinum Debit Card



Launch of Meezan Premium Banking & Premium Banking Centers

Launch of Mock Branches for staff training



Launched

2013



8th largest bank in Pakistan in terms of branch network

Total deposits reach Rs 289 billion



Government of Pakistan nominates Mr. Irfan Siddiqui & Dr. Muhammad Imran Ashraf Usmani as members of Steering committee of Islamic banking

Launch of SMS Banking

2014



Meezan Bank acquires HSBC Pakistan

Total deposits reach Rs 380 billion



Mobile Banking App Launched

Launch of



Corporate Internet banking Launched



Launch of



Meezan Titanium MasterCard Debit Card Launched

2015



Meezan Bank acquires Pakistan operations of HSBC Oman



Agreement Signing with Karandaaz Pakistan

Total deposits reach Rs 472 billion



Meezan Upaisa - World's First Islamic Branchless Banking Service



Centers of Excellence in Islamic Finance established at IBA, LUMS and IMSciences (Peshawar)

2016



Best Islamic Bank in Pakistan



Pakistan Banking Awards

Launch of New Corporate Website



Official Facebook Page crosses 1 Million Fans

2017



Top 25 Companies of the Year, 2016



Most Innovative Solution Deployed for Cash Displacement



Launch of EMV Chip & NFC enabled Debit Card



Pakistan Society of Human Resource Management Top 10 Excellent Places to Work Best Place to Work in Financial Services Industry



Best HRM Practices Employer of the Year 2016



Launch of secure online shopping with 3D secure

2018



8th Largest Bank in terms of Branch Network



Awarded 'Best Bank for 2018' by Pakistan Banking Awards



Launch of Visa Platinum & Supplementary Debit Cards



Launch of Meezan Express Account



Launch of New Internet Banking



Launch of Fastest Debit Cards Activation over ATM in Pakistan



Adopted Idara Al-Khair Welfare Society School to provide free education to underprivileged children

2019



6th Largest Bank in terms of Branch Network & Deposits

President of Pakistan calls for adoption of Islamic banking system for Govt. departments and ministries



Launch of New Mobile Banking App



Launch of SkimGuard protection on ATMs of other banks



2020



Best Bank 2020 Pakistan Banking Awards



Best Bank of the Year (Large Size Banks Category) CFA Society of Pakistan

Best Overall Islamic Bank - Global Award

Most Innovative Islamic Bank - Global Award

Islamic Finance news



Strongest Islamic Bank in Asia - 2020

Strongest Bank in Pakistan - 2020

The Asian Banker 500 Largest and Strongest Banks Ranking



Launch of Continuous Improvement Program

2021

902 Over 290 Cities

4th Largest Bank in terms of Deposits



CFA Society Pakistan
Best Bank of the Year (Large Size Banks Category)
Best Islamic Bank of the Year

State Bank of Pakistan - by Former Prime Minister Imran Khan



Roshan Digital Account
Best Performing Bank (1st Position)
Fastest Growing Bank Highest Amount of Deposits RDA (1st Position)



Mera Pakistan Mera Ghar
Top performance award for disbursements & approvals (2nd Position)

Islamic Finance news



Best Islamic Bank in Pakistan
Most Innovative Deal of the Year
Syndicated Deal of the Year
Pakistan Deal of the Year

VIS Credit Rating Company Limited
Credit ratings upgraded to AAA - the highest possible rating in financial industry



The first Islamic bank to be recognized as market maker for Shariah-compliant debt instruments on Pakistan Stock Exchange (PSX)

Meezan Bank's success story incorporated as a case study in Philip Kotler's Essentials of Modern Marketing-Pakistan edition



Launch of Two COVID-19 Drive-Through Vaccination Centres and Mobile Vaccination Vans in Karachi, in collaboration with Government of Sindh

2022

962 Over 300 Cities

25 Years



More than 1,000 ATMs nationwide



Best Consumer Bank 2022
Pakistan Banking Awards



CFA Society Pakistan
Best Bank of the Year (Large Size Banks Category)
Best Digital Bank of the Year
Best Islamic Bank of the Year

Islamic Finance news



Best Islamic Retail Bank - Global
Best Islamic Bank - Pakistan
Best Investment Bank - Pakistan
Best Corporate Bank - Pakistan
Best Retail Bank - Pakistan
Most Innovative Bank - Pakistan
Best Digital Offering - Pakistan



Launch of Meezan Mobile Tap & Go - Mobile based contactless payments

haball

Launch of Wisaaq- Pakistan's first digital supply chain financing platform powered by Haball

Meezan Senior Citizen Account

Launch of Meezan Senior Citizen Account
Dedicated account for senior citizens, widows & differently-abled persons

Meezan Payroll Partner

Launch of Meezan Payroll Partner
Exclusive digital employee banking solution



Launch of Meezan Visa Infinite card

2023

Over 1000 Branches Over 330 Cities

Deposits - Rs 2 Trillion



Only Bank in Pakistan to be recognized as 'Best Bank' for the Third time by Pakistan Banking Awards



CFA Society Pakistan
Best Bank of the Year (Large Size Banks Category)
Best Islamic Bank of the Year
Best Transaction of the Year

Best Company in Financial Category



Management Association of Pakistan (MAP)

Most Preferred Employer - Financial Services Industry

PSHRM Pakistan Society of Human Resource Management

Digital Technology Awards - 'Best Dashboards' (First Prize)



ICAP and CA Pakistan



Number one bank in terms of overall digital transactions passing through 1Link's grid



Retained first position in Government Hajj Scheme

Launch of Women First Account



Launched Meezan Women First Debit Card

AWARDS AND RECOGNITIONS

For more than 25 years, Meezan Bank has been recognized by its peers as well as national and international organizations for its industry leadership.

The awards and recognition received by the Bank in financial year 2023 are mentioned below:



Mr. Irfan Siddiqui - President & CEO, Meezan Bank and Mr. Ariful Islam - Deputy CEO, Meezan Bank while receiving the Best Bank award from Mr. Jameel Ahmed - Governor, State Bank of Pakistan at the 8th Pakistan Banking Awards.



Mr. Irfan Siddiqui - President & CEO, Meezan Bank while receiving the award from Chief Guest - Mr. Muhammad Ali, Former Minister for Energy, Power & Petroleum and Guest of Honour - Dr. Inayat Hussain, CFA, Deputy Governor SBP at the 20th Annual Excellence Awards, CFA Society of Pakistan.



Mr. Ariful Islam - Deputy CEO, Meezan Bank while receiving the award from Mr. Sirajuddin Aziz - Banking Mohtasib Pakistan at the Management Association of Pakistan 38th Corporate Excellence Awards.

2023

PAKISTAN BANKING AWARDS

Best Bank

CFA SOCIETY PAKISTAN

Best Bank of the Year – Large Size Banks

Islamic Bank of the Year

Best Transaction of the Year – 2022

THE BANKER

Islamic Banking Awards

Islamic Bank of the Year (Global & Asia-Pacific)

Excellence in Digital Islamic Banking (Global)

Innovation in Digital Banking Awards

Winner – Cyber Security

GLOBAL FINANCE - WORLD'S BEST ISLAMIC FINANCIAL INSTITUTIONS

Best Islamic Financial Institution in Pakistan

GLOBAL ISLAMIC FINANCE AWARDS

Shariah Authenticity Award

Shariah Auditor of the Year

GIFA Most Outstanding Leader in Islamic Finance

PAKISTAN SOCIETY OF HUMAN RESOURCE MANAGEMENT

Most Preferred Employer – Financial Services Industry

ASIAN BANKING AND FINANCE

Corporate & Investment Banking Awards

Project Infrastructure Finance Deal of the Year, Pakistan

Innovative Islamic Deal of the Year, Pakistan

Retail Banking Awards

Domestic Retail Bank of the Year, Pakistan

MAP - MANAGEMENT ASSOCIATION OF PAKISTAN

Best Company in Financial Category

ICAP AND CA PAKISTAN

Digital Technology Awards – ‘Best Dashboards’ (First Prize)

ASSET TRIPLE A – HONG KONG

Islamic Finance Awards

Islamic Bank of the Year, Pakistan

Best Retail Bank, Pakistan

Best Investment Bank, Pakistan

Sukuk Adviser of the Year, Pakistan

Best Private Bank, Pakistan

Best Green Financing, Pakistan

Burj Solar Energy Private Limited 1 billion rupees syndicated

Islamic Finance Facility Mandated Lead Arranger and Adviser

Best Structured Financing, Pakistan

Pakistan Telecommunication US \$ 171 million diminishing

Musharakah Sales and Lease Back

Mandated Lead Adviser and Arranger

Best Syndicated Loan, Pakistan

Trans World Associates (Private) Limited 11.1 billion rupees,

Syndicated Islamic finance facility

Shariah Structuring Bank, Mandated Lead Adviser & Arranger

Sustainable Finance Awards 2024

Best Syndicated Loan, Pakistan

Rs 7.5 billion Syndicated Long – Term Debt Facilities

Mandated Lead Adviser & Arranger

EMPLOYERS FEDERATION OF PAKISTAN

1st Pakistan Disability Inclusion Excellence Award

MASTERCARD MENA EAST BUSINESS FORUM

Market Leader Affluent in Pakistan

VISA

Infinite Possibilities: The Ultimate Visa Issuer

Outstanding Award for Highest Visa Debit Card Performance

INTERNATIONAL FINANCE AWARDS

Best Islamic Bank, Pakistan

Best Digital Transformation Bank, Pakistan

THE DIGITAL BANKER

Global Retail Banking Innovation Awards

Best Retail Bank, Pakistan

Best Islamic Retail Bank (Domestic), Pakistan

ISLAMIC FINANCE NEWS

Best Islamic Bank, Pakistan

Pakistan Deal of the Year – Ismail Industries' rupees 10 Million,

Syndicated Financing Facility

13TH ANNUAL FIRE SAFETY AWARDS

Fire Safety Award 2023



2022

PAKISTAN BANKING AWARDS

Best Consumer Bank

CFA SOCIETY PAKISTAN

Best Bank of the Year – Large Size Banks

Best Islamic Bank of the Year

Best Digital Banking Services Award of the Year

THE ASIAN BANKER

The Asian Banker CEO Leadership Achievement for Pakistan Award -

Mr. Irfan Siddiqui, Founding President & CEO, Meezan Bank
Best Managed Bank in Pakistan – Meezan Bank

THE BANKER

Islamic Bank of the Year, Pakistan

ISLAMIC FINANCE FORUM OF SOUTH ASIA (IFFSA) AWARDS

Gold Award for Islamic Finance Entity of the Year (Large Category)

Gold Award for Islamic Bank of the Year

Gold Award for Islamic Investment Bank of the Year

Gold Award for Islamic Finance Education Provider of the Year

Gold Award for Islamic CSR Project

ASSET TRIPLE A – HONG KONG

Islamic Bank of the Year - Pakistan

Best Trade Finance Bank - Pakistan

Best Islamic Investment Bank - Pakistan

Sukuk Adviser of the Year - Pakistan

Best Green Financing - Pakistan

Cherat Cement Company 1.4 billion rupees facility Mandated lead adviser and arranger

Best Syndicated Loan - Pakistan

Pakistan Mobile Communications 10.5 billion rupees Islamic syndicated term finance facility Shariah adviser, mandated lead adviser and arranger

ISLAMIC FINANCE NEWS – MALAYSIA

Best Islamic Retail Bank - Global

Best Islamic Bank - Pakistan

Best Investment Bank - Pakistan

Best Corporate Bank - Pakistan

Best Retail Bank - Pakistan

Most Innovative Bank - Pakistan

Best Digital Offering - Pakistan

PAKISTAN STOCK EXCHANGE LIMITED

Top 25 Companies of the Year - 2020 (2nd position)

GLOBAL ISLAMIC FINANCE AWARDS

Shari'a Authenticity Award

Shari'a Auditor of the Year

Best Islamic Bank

GLOBAL FINANCE – NEW YORK

Best Islamic Financial Institution in Pakistan

AsiaMoney

Most Outstanding Company in Pakistan - Banking Sector

ASIAN BANKING AND FINANCE CORPORATE & INVESTMENT BANKING AWARDS

Innovative Islamic Deal of the Year - Pakistan

EMPLOYERS FEDERATION OF PAKISTAN (EFP)

Employer of the Year - Large National Companies (2nd Position)

MAP - MANAGEMENT ASSOCIATION OF PAKISTAN

Best Company in Financial Category

ICAP AND ICMAP

Best Corporate Reports Awards - Banking Sector (Certificate of Merit)

12TH ANNUAL FIRE SAFETY AWARDS

Fire Safety Award 2022

SHAUKAT KHANUM SOCIAL RESPONSIBILITY AWARDS

Shaukat Khanum Corporate Excellence Award

2021

CFA SOCIETY OF PAKISTAN

Best Bank of the Year - Large Size Banks

Best Islamic Bank of the Year

ISLAMIC FINANCE NEWS – MALAYSIA

Best Islamic Bank in Pakistan

Most Innovative Deal of The Year - Enertech's PKR 25.5 Billion Sukuk

Syndicated Deal of The Year - Pakistan Mobile Communications Syndicated Finance Facility

Pakistan Deal of The Year - Enertech's PKR 25.5 Billion Sukuk

ASSET TRIPLE A COUNTRY AWARDS

Best Structured Finance Deal, Pakistan - Pakistan

Mobile Communications Syndicated Term Finance Facility

STATE BANK OF PAKISTAN

Best Performing Bank (1st position)

Fastest Growing Bank

Highest Amount of Remittances through Roshan Digital Account (1st position)

Top Performance Award - disbursements & approvals in Mera Pakistan Mera Ghar (2nd Position)

EMPLOYER OF YEAR AWARDS

Employer of the Year - Diamond Award

ICAP AND ICMAP

Best Corporate Reports Awards - Banking sector 3rd Position

INTERNATIONAL FINANCE AWARD

Fastest Growing Digital Transformation Bank - Pakistan

ASIAMONEY

Most Outstanding Company in Pakistan - Banking Sector

WORLD FINANCE MAGAZINE

World Finance Banking Awards

Best Banking Group - Pakistan

Best Retail Bank - Pakistan

World Finance Islamic Finance Awards

Best Islamic Bank - Pakistan

ASIAN BANKING AND FINANCE CORPORATE & INVESTMENT BANKING AWARDS 2021

Renewable Energy Bank of the Year - Pakistan

Green Deal of the Year - Pakistan

ASSET TRIPLE A – HONG KONG

Islamic Bank of the Year - Pakistan

Best Islamic Retail Bank - Pakistan

Best Islamic Trade Finance Bank - Pakistan

Best Islamic Investment Bank - Pakistan

Sukuk Adviser of the Year - Pakistan

Best Islamic Custodian - Pakistan

ASSET TRIPLE A ASIA INFRASTRUCTURE AWARDS

Power Deal of the Year - Pakistan for Punjab

Thermal Power Private Limited US\$583 million project finance and working capital finance facilities

GLOBAL ISLAMIC FINANCE AWARDS

Shari'a Authenticity Award

Shari'a Auditor of the Year

Islamic Banker of the Year - Mr. Irfan Siddiqui

THE BANKER

Islamic Bank of the Year, Pakistan

GLOBAL FINANCE – NEW YORK

Best Islamic Financial Institution in Pakistan

ISLAMIC FINANCE FORUM OF SOUTH ASIA (IFFSA) AWARDS

Gold Award - Islamic Finance Entity of the Year (Large)

Islamic Bank of the Year - Large

CHAIRMAN'S REVIEW

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Alhamdulillah, it gives me immense pleasure to present the Annual Report of Meezan Bank for the year 2023.

“

The Bank has maintained its unwavering focus on leveraging technology to continuously improve its customers' banking experience, all the while efficiently managing the increasing volume of transactions. This has also enabled the Bank to maintain its leadership in digital transactions, with over 275 million financial transactions processed through its Mobile Banking App which is the highest-rated app in Pakistan's banking industry.

”



Meezan Bank has completed 26 years of operations since its establishment as an Investment Bank in 1997. It has been truly a privilege and honour for me to have not only witnessed, but also be a part of this extraordinary success story – growing from being the smallest bank in the country and only a niche player, to becoming one of the largest and most revered financial institutions in the country and becoming a forerunner and role model in the establishment of Islamic Banking in Pakistan.

Alhamdulillah, the recognitions that the Bank has received are outstanding. The Bank has once again been presented the Best Bank in Pakistan award by 'Pakistan Banking Awards', becoming the only Bank in the country to have won this award three times, having previously earned this recognition in 2018 and 2020. The Bank has also been bestowed with the prestigious 'Best Bank of the Year - Large Size Banks' award for the fourth consecutive year by the CFA Society of Pakistan. These impressive accolades underscore the Bank's steadfast dedication to its Vision of establishing 'Islamic banking as banking of first choice...'. I extend my heartfelt congratulations and gratitude to each and every member of the Meezan Team whose passionate commitment to our values has led to these remarkable achievements.

This year also marked significant milestones for the Bank as its branch network surpassed 1,000 branches, deposits crossed the Rs 2 trillion mark and total balance sheet footing exceeded Rs 3 trillion. The Bank also has a strong financing portfolio of Rs. 961 billion, that has been built through its strategy of providing a wide range of banking solutions to a diverse array of customers, including large corporations, multinationals, SMEs, and individuals. This strategy involves the establishment of dedicated and specialized teams servicing the diverse banking needs of each customer segment.

The Bank remains committed to its strategy of actively expanding its branch network, recognizing its crucial role in driving deposit growth. Concerted efforts by the Branch banking team in building the Bank's deposit portfolio, coupled with diligent efforts by the management to control operating costs, resulting in a low cost to income ratio, have yielded remarkable results, as evidenced by an 88% growth in profits - making 2023 stand out as a year of exceptional achievements for the Bank.

The Bank has maintained its unwavering focus on leveraging technology to continuously improve its customers' banking experience, all the while efficiently managing the increasing volume of transactions. This has also enabled the Bank to maintain its leadership in digital transactions, with over 275 million financial transactions processed through its Mobile Banking App which is the highest-rated app in Pakistan's banking industry. Also, during 2023, the remittances under Roshan Digital Accounts (RDA) exceeded \$1.8 billion, representing a substantial market share of 26%, positioning Meezan Bank as the preferred banking partner for overseas Pakistanis.

It also gives me great pleasure to inform the shareholders that Meezan Bank has remained the most valuable bank in Pakistan in terms of market capitalization amongst all the listed banks since December 2021, and ranks within the top five companies by market capitalization on the Pakistan Stock Exchange. The Bank's total equity now stands at Rs 185 billion. It is remarkable that over 95% of the Bank's equity

has been built up through retained earnings with the shareholders contributing only about 5% from their own resources. This not only highlights the Bank's capability to generate and protect earnings but also emphasizes the remarkable shareholder value generated by the Bank.

Being cognizant of the United Nations Environmental Social Governance Framework as well as recognising the responsibility that comes with its leadership position in the industry, the Bank has a strong focus on promoting green energy initiatives as well as contributing to the society through CSR initiatives, primarily focusing in the fields of education and healthcare.

All the success and accolades that the Bank has achieved have only been possible by the blessings and rehmat of Allah (ﷻ) and we bow our heads to Him in thankfulness and gratefulness for making our meagre efforts bear such extraordinary results.

I would like to express my deepest gratitude to the State Bank of Pakistan, Ministry of Finance and the Securities & Exchange Commission of Pakistan for their continuous commitment to establish a viable Islamic financial system in the country.

I would also like to express my gratitude to our shareholders, members of our Shariah Board and my fellow Board members as well as all members of the Meezan team who have worked diligently to make Meezan Bank not only the leading Islamic financial institution but also a leading banking institution of the country.

Last but certainly not least, I express my heartfelt gratitude to our customers for their unwavering trust and confidence in Meezan Bank and the principles of Islamic banking. It is their trust that has propelled the growth and success of Islamic banking and the Riba-free financial system in the country.



Riyadh S. A. A. Edrees
Chairman

February 15, 2024

DIRECTORS' REPORT TO THE MEMBERS

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

On behalf of the Board of Directors, we are pleased to present the twenty-seventh Annual Report of Meezan Bank for the year ended December 31, 2023.

ECONOMY

Pakistan's economy faced a multitude of challenges spurred by domestic and international events throughout the year. Domestically, the aftermath of last year's unprecedented floods and political unrest brought the economy to a fragile state. Internationally, the protracted Russia-Ukraine conflict, which emerged in early 2022, has continued to adversely impact the global economy. Disruptions in supply chain, soaring inflation and escalating commodity supercycle collectively posed substantial economic challenges. Simultaneously, the Middle-East unrest and the ensuing crisis in the Red Sea further aggravated the situation, underscoring the intricate interconnectivity of global events on Pakistan's economic milieu.

In the wake of macroeconomic pressures, the Government of Pakistan (GoP) undertook contractionary measures and consequently Pakistan's Gross Domestic Product (GDP) growth was restricted to a modest 0.17%. Higher core and non-core inflation due to rise in prices of both essential and non-essential items pushed CPI Inflation to an all-time high of 38% in May, 23. In September 2023, the Pakistani Rupee took a sharp hit and fell to its all-time low of Rs 307.1/ US\$. The corrective measures undertaken by the GoP have successfully arrested the free fall of the Pakistani Rupee (PKR) against the United States Dollar (USD) including structural reforms for Exchange Companies. As a result, the Pakistani Rupee recovered some losses strengthening to Rs 281.9/US\$ by the end of 2023, with a decline of Rs 55.40/US\$ (24%) since December 2022.

The remedial measures also narrowed down the difference in rates between the inter-bank and open market and partially curbed the inflationary rise with CPI inflation clocking at 29.7% in December, 23. Stringent import controls resulted in a 78% reduction in the Current Account Deficit (CAD) compared to the same period last year. Another positive development was the resumption of the IMF program when Pakistan's 9-month Stand-by Arrangement (SBA) was approved in July, 2023 for an amount of approximately US\$ 3 billion and the first review was successfully completed in November, 2023. As a result, the 1st tranche of US\$ 700 million was also received from the IMF that contributed to the improvement in State Bank of Pakistan's foreign exchange reserves that crossed the US\$ 8 billion. In addition, subsidies in the power and energy tariffs were also rationalised to control the burgeoning circular debt in these sectors.

The Monetary Policy Committee (MPC) of the State Bank of Pakistan (SBP) also raised its Policy Rate by a cumulative 600 basis points since December 2022, bringing the policy rate to 22.00% in June, 2023 and subsequently maintained the status quo in view of improvement in macroeconomic indicators.

The national bourse also witnessed positive sentiment and after remaining largely rangebound between January to June 2023, exhibited substantial recovery by hitting an all-time high of 66,427 points in CY23 closing the year at 62,052 points, gaining 21,632 points (up by 54%) YoY. This positive sentiment was driven by both IMF SBA and smooth transition of power to interim government which significantly diminished political uncertainty.

Overall, Pakistan is poised for economic recovery in FY24 as the Government continues to actively reduce non-essential imports, enforce austerity measures and strive to achieve a balance between fiscal responsibility and delivering economic relief to the broader populace.

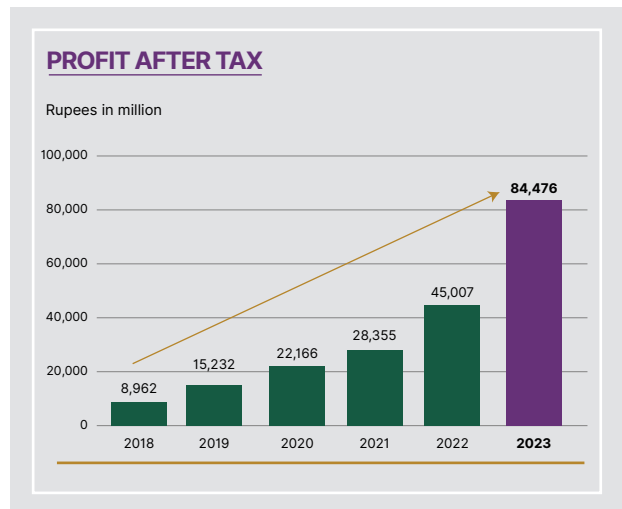
OUR PERFORMANCE

PROFIT AFTER TAX

Alhamdulillah, despite the fragile economic conditions, 2023 proved to be a momentous year for us, adorned with significant milestones. As we reflect on our journey, we must first and foremost thank Allah (SWT) for His Blessings without which none of our achievements would have been possible. Meezan Bank excelled across the board showcasing a well-rounded performance. Our Profit After Tax surged by 88% reaching Rs 84.5 billion compared to Rs 45 billion a year ago while Return on Equity has exceeded 50%. Meezan maintains the distinction of being the most profitable bank in Pakistan. The basic Earnings per Share rose to Rs 47.18, a significant increase from Rs 25.15 per share, year ago.

DIVIDEND PER SHARE

We are delighted to announce that the Board has approved a final cash dividend of Rs 8.00 (80%) per share for the fourth quarter of 2023. This results in a cumulative cash dividend payout of Rs 20.00 (200%) per share for the year, which includes Rs 12.00 (120%) interim cash dividends distributed during the year. Alhamdulillah, we take pride in upholding our longstanding tradition of uninterrupted dividend pay-outs since the date of our listing on the Stock Exchange. The Bank has continued its prudent approach of striking a balance between dividend payouts and profit retention, enabling it to build a strong equity base.



MOST VALUABLE BANK BY MARKET CAPITALIZATION

Meezan Bank maintained its position as the most valuable bank in Pakistan with a market capitalisation in excess of \$1 billion, closing the year at Rs 289 billion. This depicts the confidence that investors have in the Bank's leadership, performance and growth prospects.

Rs in Million		
Profit and Loss Account	2023	2022
Profit / return earned on financing, investments and placements	431,722	232,121
Return on deposits and other dues expensed	(205,293)	(110,417)
Net spread earned	226,429	121,704
Fee, commission and other income	18,713	14,553
Foreign exchange income	3,095	3,617
Dividend income and gain / (loss) on securities - net	299	933
Non-funded and other income	22,107	19,103
Total Income	248,536	140,807
Operating and other expenses	(71,788)	(48,245)
Profit before provisions	176,748	92,562
Provisions and write offs - net	(7,340)	(4,177)
Profit before taxation	169,408	88,385
Taxation	(84,932)	(43,378)
Profit after taxation	84,476	45,007
Basic earnings per share - on enhanced capital - Rs	47.18	25.15
Diluted earnings per share - on enhanced capital - Rs	47.13	25.14

PROFITABILITY

NET SPREAD

The return on financings, investments and placements surged to Rs 432 billion from Rs 232 billion in the year 2023, marking an impressive increase of 86%. This growth was propelled by augmented average earning assets volume and a notably elevated underlying benchmark policy rate, averaging at 20.69% compared to 13.20% in 2022. Similarly, the return on deposits and borrowings witnessed a substantial uptick, reaching Rs 205 billion from Rs 110 billion in 2022, reflecting an 86% increase, attributable to both the growth in average deposits and borrowings volume, along with an increase in depositors' profit rates.

29% GROWTH IN FEE AND OTHER INCOME

Fees, commission and other income increased by 29%, reaching Rs 18.7 billion compared to Rs 14.6 billion in the previous year. This growth was primarily contributed by an increase in number of debit card issuances, trade-related activities and branch banking income. During the year, our debit card portfolio expanded significantly taking the total portfolio size to more than 3.2 million cards. Notably, the overall spend on debit cards surged from Rs 149 billion to Rs 236 billion, marking a substantial 58% increase, with a remarkable threefold rise in NFC transactions. Over the past year, Meezan Bank successfully executed 136 million Interbank Fund Transfer (IBFT) transactions totalling Rs 5.06 trillion through the 1Link platform. Additionally, we also facilitated one of the biggest volumes of Intra-Bank Transfers (transfers between Meezan Bank accounts) showcasing remarkable efficiency and reliability encompassing a total of 93.6 million transfers equating to Rs 7.25 trillion.

Despite economic pressures and restrictions on imports, Meezan Bank was able to maintain its trade business volumes at par with previous year. Focused on striking a balance between import and export businesses, the Bank was able to grow trade-related income. Due to the volatility in the foreign exchange market throughout 2023, we experienced a 14% decrease in our foreign exchange income. However, on an overall basis total non-funded and other income demonstrated a robust 16% growth reaching Rs 22.1 billion by the close of 2023.

OPERATING EXPENSES

Operating and other expenditures witnessed a 49% increase, reaching Rs 71.8 billion from Rs 48.2 billion mainly driven by stubbornly high core inflation, rupee devaluation, elevated IT related expenses and increase in costs associated with opening of 42 new branches. However, despite this uptick in expenses, our income efficiency ratio exhibited further improvement due to the more than proportionate increase in our income, reducing to 29% from the previous year's 34%.

TAXATION – CONTRIBUTION TO THE NATIONAL EXCHEQUER

Due to the historic growth in the Bank's profitability in the year 2023, we have recorded a higher tax charge of Rs 84.9 billion for 2023 (2022: Rs 43.4 billion). Additionally, we also collected, withheld and deposited Rs 37.5 billion (2022: Rs 21.9 billion) in the National Exchequer, on account of Income Tax / Federal Excise Duty / Provincial Sales Tax on Services as withholding tax agent on behalf of the Federal Board of Revenue and Provincial Tax Authorities.

BALANCE SHEET INSIGHTS

Our asset base crossed Rs 3 trillion mark as compared to Rs 2.6 trillion in 2022 – an increase of 17% or Rs 434 billion. This expansion, funded by a robust growth in deposits, was predominantly directed into the Bank's investment book, driving the significant growth of our balance sheet in 2023.

A snapshot of key business results achieved during the year is as under:

Key Business Results	2023	2022	Variation
Total Assets	Rs 3.01 Trillion	Rs 2.58 Trillion	17% ▲
Investments			
Sovereign	Rs 1.54 Trillion	Rs 1.26 Trillion	23% ▲
Others	Rs 23 Billion	Rs 22 Billion	4% ▲
	Rs 1.57 Trillion	Rs 1.28 Trillion	23% ▲
Islamic Financing and Related Assets - Gross	Rs 992 Billion	Rs 1.02 Trillion	(3%) ▼
Deposit	Rs 2.22 Trillion	Rs 1.66 Trillion	34% ▲
Equity	Rs 185 Billion	Rs 115 Billion	60% ▲
Capital Adequacy Ratio	22.39%	18.42%	4% ▲
Dividend per share:			
Cash Dividend - Rs	20.00	8.50	135% ▲
Bonus Issue	-	10%	(100%) ▼
Branch network	1,004 Branches	962 Branches	4% ▲
Presence	334 Cities	317 Cities	5% ▲
Trade Business (Imports and Exports)	Rs 2.16 Trillion	Rs 2.18 Trillion	(1%) ▼

GROWTH IN INVESTMENTS

Our investment portfolio crossed Rs 1.57 trillion registering a 23% growth compared to Rs 1.28 trillion in the previous year. The regular issuance of GoP Ijarah Sukuk played a pivotal role in expanding our investment book. In 2023, the GoP introduced short-term Sukuk with one-year duration for liquidity management of Islamic Banking Industry (IBI) which is a significant step towards conversion of government borrowing to Islamic modes, opening an alternative avenue for Islamic banks to invest in Shariah-compliant Sukuk of shorter tenure.

Similarly, during the year first-ever listed Ijarah Sukuk issuance was held by the GoP through the Pakistan Stock Exchange (PSX), allowing retail investors, access to Shariah-compliant government securities in denomination of Rs 5,000/. Meezan Bank acted as lead Joint Financial Advisor and emerged as the one of the most significant participants in this inaugural auction. Throughout the year, Rs 290 billion was invested in GoP Ijarah Sukuk taking total portfolio to Rs 1.4 trillion from Rs 1.1 trillion. Notably, 98% of our total investment portfolio comprises investments in Federal Government/Government Guaranteed Securities. Meezan Bank has consistently maintained its leadership position in the Islamic fixed-income instrument market by acting as a market maker for the GoP Ijarah Sukuk.

The implementation of SBP's Shariah-compliant Open Market Operations (OMO-Injections) and Shariah-compliant Standing Ceiling Facility has also played an instrumental role in the Islamic Banking Industry (IBI) day-to-day liquidity management for which we remain grateful to the GoP and the SBP.

GROSS FINANCING PORTFOLIO – PRESERVING ASSET QUALITY

In response to the prevalent economic challenges, historically high inflation and policy rate environment which has a direct implication on private sector credit and borrower's repayment capacity, Meezan Bank has proactively applied strategic adjustments focusing on preserving its asset quality and adopting a more cautious lending approach. Consequently, our gross financing portfolio remained broadly aligned at 2022 levels closing at Rs 992 billion at the end of 2023, resulting in an Advances to Deposits Ratio (ADR) of 45%.

Our unwavering commitment is to maintain a high-quality and well-diversified asset mix strategically distributed across various segments, including Corporate, Commercial & SME and Consumer markets. Meezan Bank exceeded disbursement targets for agriculture finance set by the State Bank of Pakistan (SBP) during the past year and has moved from the 6th to 2nd position in SBP's scorecard for Agriculture Credit Performance

of banks as a result of the initiative taken to deepen the Bank's presence in Agriculture financing. These initiatives include partnership with SAFCO Microfinance Company Private Limited (SMCL) to establish the inaugural Islamic microfinance branch, operating under the brand name 'Yaqeen' in Hyderabad, Pakistan. Meezan Bank played a crucial role by providing Rs 100 million in financing, technical support for product development, capacity building and training. This collaboration aims to offer Shariah-compliant microfinance services to underprivileged and low-income individuals, highlighting its dedication to providing a diverse range of microfinance services in strict adherence to Shariah.

Meezan strategically prioritizes SME financing and has undertaken several initiatives to support this sector. We have enhanced supply chain efficiency with Islamic B2B FinTechs and the Haball platform for extending Shariah-compliant financing to distributors of large corporates. To support financial inclusion, Meezan is actively participating in the SBP's refinance and credit guarantee scheme to enhance financial access for women entrepreneurs and extending Shariah-compliant refinance exclusively for women entrepreneurs at subsidized profit rates. We are also extending refinance under a number of schemes including refinance for SME Modernization and for Storage of Agriculture Produce. Meezan continues to uphold exemplary asset quality, surpassing industry standards with a non-performing financing ratio below 2%. Our strategic decisions aim to navigate the challenging economic landscape while safeguarding the stability and quality of our financing portfolio.

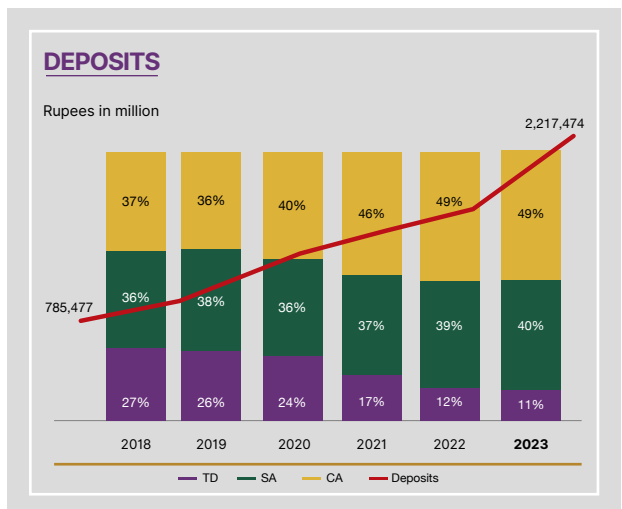
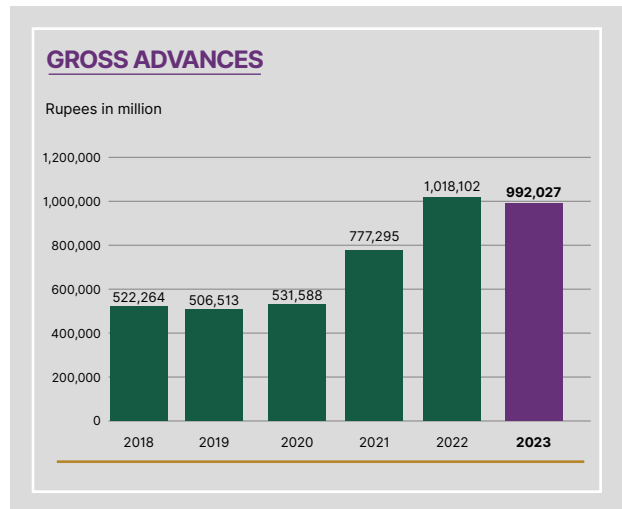
NON-PERFORMING FINANCINGS AND PROVISIONS

During 2023, a specific provision charge of Rs 3.9 billion and a reversal of Rs 754 million was recorded against non-performing financings resulting in net charge of Rs 3.2 billion. In line with our prudent practices, general provision levels were also increased by Rs 4.5 billion during the year. This proactive step was taken in response to a decline in borrowers' repayment capacity, exacerbated by historically high benchmark rates. We maintain a non-performing financing coverage ratio to 179% - one of the highest in the banking industry. We believe our existing level of provision adequately covers the impact of IFRS 9 implementation. Accordingly, we do not foresee any financial impact as a result of the adoption of IFRS 9.

DEPOSIT BASE OF OVER RS 2 TRILLION – GROWTH STEMMING FROM CORE CURRENT & SAVINGS ACCOUNT

The year 2023 closed with another celebratory milestone as our deposit base crossed Rs 2.2 trillion from Rs 1.66 trillion a year ago, a notable surge of 34%, translating into a market share of 8% within the banking sector. During the similar period, banking industry deposits grew by 24%. This achievement is a testament to the trust and confidence our customers have placed in us and highlights the collective efforts of our teams who have consistently worked towards fostering strong customer relationships, delivering service excellence and upholding the core values of Shariah Compliance, Integrity and Service Excellence that define our banking model.

This growth in deposits was primarily driven by a substantial increase in Current Account (CA) & Savings Account (SA) deposits, which surged to Rs 1.98 trillion representing 89% of deposit portfolio.



Current Account deposits crossed a trillion rupees benchmark, marking a growth of Rs 279 billion or 34% over the previous year. Additionally, Savings Account (SA) deposits reached Rs 883 billion, reflecting a growth of Rs 242 billion or 38% over the same period.

ROSHAN DIGITAL ACCOUNT (RDA)

Meezan Bank successfully achieved a noteworthy three-year milestone establishing itself as the leading market player in terms of flow of funds into Roshan Digital Accounts (RDA). The total RDA remittances have surpassed \$1.8 billion since its inception, representing a substantial market share of 26%. We extend our heartfelt gratitude to the Pakistani diaspora for choosing Meezan as their preferred banking partner. We remain committed to actively collaborating with the State Bank of Pakistan (SBP) to raise awareness about RDA and provide Shariah-compliant financial products to cater to the banking requirements of overseas Pakistanis.

ISLAMIC BANKING INDUSTRY

Islamic banking in Pakistan continues to flourish and expand especially with the Federal Shariat Court (FSC)'s ruling in the year 2022 which mandates the conversion of country's banking system into Shariah-compliant scheme. Meezan Bank as the pioneer of Islamic banking in Pakistan continues to enjoy the position of a market leader, accounting for around one-third of deposits share of the overall Islamic Banking Industry.

RICH PHYSICAL PRESENCE WITH OVER 1000 BRANCHES IN 334 CITIES

Another landmark crossed this year was the expansion of our brick and mortar network to 1,000 plus branches in 334 cities. We added forty-two new branches covering seventeen new cities this year. We believe that sustained growth in both physical and digital realms is crucial, given the substantial, diverse and geographically scattered unbanked population in the country. Our focus remains on the delivery of unparalleled and seamless services through both digital and physical channels to build higher brand loyalty, customer trust and satisfaction. Following a hybrid growth model, combining the expansion of physical branches in underserved areas nationwide with the simultaneous enhancement of digital presence through innovative offerings remains at the heart of our banking model.

MOBILE APP

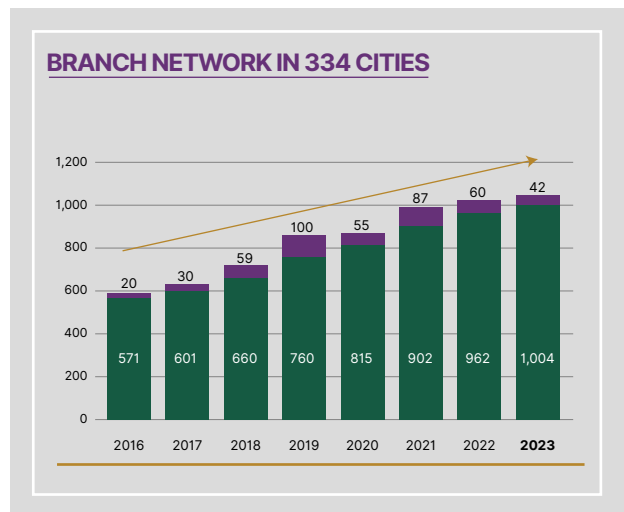
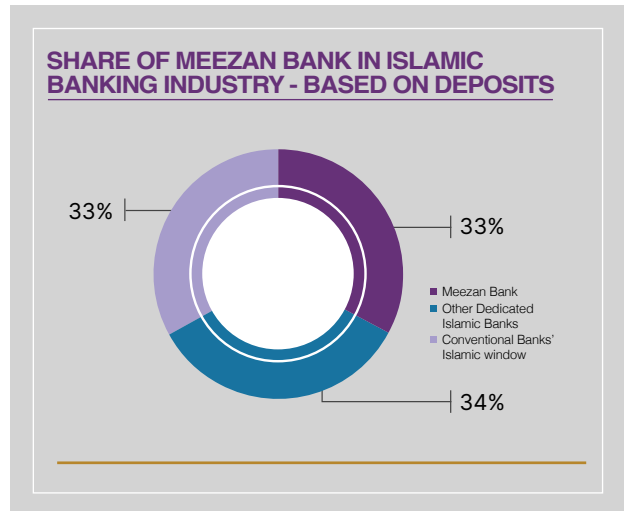
Our state-of-the-art mobile banking app continues to provide a seamless platform for customers to carry out their digital transactions in a secure and efficient manner. During the year, over 275 million financial transactions amounting to over Rs 12.2 trillion were executed through our mobile app, setting a new benchmark for the banking industry in Pakistan. Meezan Bank's leadership position in digital transactions by retail customers is also mirrored by 1Link's Monthly Ranking Reports consistently ranking Meezan Bank as the number one bank in terms of overall digital transactions passing through 1Link's grid throughout the year.

ATM NETWORK

Meezan Bank has an extensive network of more than 1,100 biometric-enabled ATMs spread across the country allowing customers the ease of transacting with their thumb impression without the need of a physical debit card. Additionally, our ATMs boast NFC capabilities empowering customers to seamlessly access a comprehensive range of services with a simple tap of their NFC-enabled debit card. During the year, our ATMs dispensed Rs 1.87 trillion, a significant increase of 32% over previous year's volumes.

MERCHANT ACQUIRING BUSINESS AND E-COMMERCE GATEWAY

Meezan Bank consistently depicted strong presence in the transformation of Pakistan's digital landscape with its initiative to shift cash-based customers towards digital platforms through acquiring business. With over 17,000 merchants onboarded onto our POS and E-Commerce Payment Gateway, our acquiring business spans across more than 320 cities. More



importantly ~ 45% of the overall acquiring volumes originated from Small & Medium sized vendors, emphasizing our commitment to reaching lower-tier merchants, aligning with our goal of fostering financial inclusion within the untapped market.

CREDIT RATING

VIS Credit Rating Company Limited has reaffirmed our entity ratings as 'AAA/A-1+' (Triple A/ A-One Plus), signifying the highest credit quality with minimal risk factors. The outlook for the assigned ratings remains 'Stable'.

CAPITAL ADEQUACY RATIO

Meezan Bank remains an adequately capitalized institution with a Capital Adequacy Ratio (CAR) of 22.39%, well above the regulatory minimum requirement of 11.50% for the year 2023:

Capital Adequacy Ratio (CAR)	Dec 31, 2023	Dec 31, 2022	Minimum Requirement
Common Equity Tier I – (CET I)	18.18%	14.78%	7.50%
Tier I	18.93%	15.69%	9.00%
CAR	22.39%	18.42%	11.50%

HUMAN CAPITAL

Alhamdulillah, Meezan Bank continued its quest to identify and nurture potential Islamic banking talent in the country and created 3,600 plus employment opportunities in both rural and urban areas. Our human capital has now expanded to include more than 17,000 resources. Our commitment lies in cultivating a diverse, dynamic and professionally competent workforce capable of delivering a world-class banking experience to our customers. We remain dedicated to inclusivity through the Roshnaas Program for Persons with Disabilities (PWDs) - a pioneering initiative focused on breaking down barriers by offering meaningful training and employment opportunities for PWDs, embodying our steadfast commitment to fostering a diverse and inclusive workforce.

Adhering to our philosophy of continuous learning, this year, Meezan Bank trained more than 13,500 staff covering both internal and external trainings ranging from Islamic banking to role-based, technical and soft skills workshops. We continued to hold awareness sessions for the promotion of Islamic finance and also played our pioneering role in the development of Islamic banking certifications at leading education institutions to foster and enrich Islamic bankers in the country.

PERFORMANCE OF SUBSIDIARY – AL MEEZAN INVESTMENT MANAGEMENT LIMITED

Our subsidiary, Al Meezan Investment Management Limited (Al Meezan) is the largest Asset Management Company (AMC) in Pakistan with Assets under Management (AUMs) crossing Rs 431.4 billion as at December 31, 2023, including Separately Managed Accounts (SMAs) for corporate and high-net worth individuals and investor base of over 254,000 customers. These AUMs represent around 19% of the total mutual funds industry and 40% of the Shariah-compliant mutual funds industry. Al Meezan also manages the largest Voluntary Pension Fund in Pakistan. Meezan-Tahaffuz Pension Fund, with net assets of approximately Rs 20 billion as at December 31, 2023.

This year, Al Meezan again received the prestigious 'Best Asset Management Company of the Year 2023' award at the CFA Society Pakistan's 20th Annual Excellence Awards. The award was given in recognition of the company's efforts to provide best in class Shariah-compliant innovative investment solutions to its investors, further cementing its position as the leading AMC in Pakistan. Al Meezan has made its products and services easily accessible through a physical network of 24 branches across 13 cities in Pakistan while also utilizing digital avenues and additional distribution network of Meezan Bank branches. Al Meezan's digital reach goes beyond borders with its services being offered digitally to overseas Pakistanis through the RDA initiative.

Al Meezan has a track record of over 28 years in fund management operations and has the unique privilege of being the first Asset Management Company (AMC) in Pakistan to be awarded the highest management quality rating of AM1 by both VIS and PACRA.

OUTLOOK

We remain committed to fostering the economic growth and stability of the nation by strengthening the Islamic Banking Industry and aligning with the Government's shift towards Islamic finance, as guided by the Honourable Federal Shariat Court (FSC) directive to fully transition the economy into a Shariah-compliant financial system. We aim to pursue a well-rounded growth strategy for both deposits and financings in the upcoming year.

Our commitment involves expanding our exposure across diverse sectors of the economy, while vigilantly adhering to internal risk acceptance parameters. Recognizing our national responsibility, active engagement in State Bank of Pakistan (SBP)-led initiatives to enhance financial inclusion will remain a key priority. Our dedication extends to maintaining financial stability ratios that exceed regulatory benchmarks and we are poised to fortify our equity base in alignment with our strategic plans for future growth. We will persist in our expansion efforts, aligning with our hybrid growth strategy that recognizes the significance of both physical and digital outreach. Our ongoing commitment to technological advancement remains strong, as we strive to provide best-in-class digital services, solidifying our position as a leading force in the banking industry.

As part of our ongoing commitment to seamless succession planning within our leadership team, we have recently welcomed Syed Amir Ali as Deputy CEO, working alongside Mr. Ariful Islam until his planned retirement in April 2024. During this time, Mr. Ali is closely collaborating with Mr. Islam, immersing himself in the role to assimilate organizational intricacies. Following this, Syed Amir Ali will eventually succeed Mr. Irfan Siddiqui, our Founding President & CEO upon his retirement in December, 2025.

AUDITORS

The present auditors, A. F. Ferguson & Co., Chartered Accountants, a member firm of the PwC network, retire and being eligible, offer themselves for reappointment. As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 the Board and the Audit Committee have recommended the appointment of A. F. Ferguson & Co., Chartered Accountants as auditors of the Bank, for the year ending December 31, 2024.

AWARDS AND RECOGNITIONS

Meezan Bank has achieved several prestigious recognitions during the year that include the following:

PAKISTAN BANKING AWARDS

Another mark of celebration for the Bank was having the distinction of being the only bank in the industry to be recognized as the Best Bank in Pakistan for the third time by Pakistan Banking Awards - the most prestigious awards in the country's banking sector. The award ceremony was organised by the Institute of Bankers Pakistan, in partnership with the Dawn Media Group and in collaboration with A.F. Ferguson and Company. The judging panel, consisting of highly respected luminaries with substantial experience in the financial sector, was chaired by Governor of the State Bank of Pakistan (SBP). Meezan Bank was previously recognized by the same platform as the Best Bank for the years 2018 and 2020.

Meezan Bank is both humbled and delighted to have consistently delivered exceptional results over the past twenty six years and receive these prestigious mementoes of appreciation. The Bank has been recognized by various local and international institutes on several occasions for its phenomenal year-on-year growth and contribution to the domain of Islamic finance in the region. The Bank expresses its sincere gratitude to all its customers for their continued patronage and trust in Islamic banking and Meezan Bank.

CFA SOCIETY PAKISTAN

Alhamdulillah, the CFA Society of Pakistan has also recognized Meezan Bank as the Best Bank in Pakistan in the Large Sized Banks category at its Annual Excellence Awards ceremony. This is the fourth consecutive year that CFA Society has recognized Meezan Bank on an overall industry basis as the Best Bank of the Year. The Bank also won the Best Islamic Bank award as well as the Best Transaction of the Year award.

MANAGEMENT ASSOCIATION OF PAKISTAN

Meezan Bank has also been awarded 'Best Company in Financial Category' at the 38th Corporate Excellence Awards recently hosted by Management Association of Pakistan.



ENDORSEMENTS

The Board of Directors is pleased to endorse the following statements in the Annual Report:

- Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019;
- Profit after tax amounting to Rs 8.5 billion has been transferred to Statutory Reserves for the year 2023 as required under Banking Companies Ordinance, 1962;
- Risk management framework of the Bank;
- Statement made by the Management relating to internal controls over financial reporting along with overall internal controls;
- The pattern of shareholding as at December 31, 2023; and
- Corporate Social Responsibility.

DIRECTORS

The Board consists of eleven directors, including one female director and the CEO as a deemed director:

S. No.	Name of Directors	Category
1.	Mr. Riyadh S.A.A. Edrees	Non-Executive Director
2.	Mr. Faisal A.A.A. Al-Nassar	Non-Executive Director
3.	Mr. Bader H.A.M.A. Al Rabiah	Non-Executive Director
4.	Mr. Saad ur Rahman Khan ¹	Non-Executive Director
5.	Mr. Tariq Mahmood Pasha ²	Non-Executive Director
6.	Mr. Faisal Fahad Al-Muzaini	Non-Executive Director
7.	Mr. Mohamed Guermazi	Non-Executive Director
8.	Ms. Nausheen Ahmad	Independent Director / Female Director
9.	Mr. Mohammad Abdul Aleem	Independent Director
10.	Mr. Yousef S.M.A. AlSaad	Independent Director
11.	Mr. Irfan Siddiqui (President & CEO)	Executive Director / Deemed Director
12.	Mr. Mubashar Maqbool ³	Non-Executive Director
13.	Mr. Naveed Iftikhar Sherwani ⁴	Non-Executive Director

¹ Appointed as Director, effective from August 1, 2023 and his FPT clearance was received from SBP on August 21, 2023.

² Appointed as Director with effective from August 16, 2023 and his FPT clearance was received from SBP on October 3, 2023.

³ Resigned on July 18, 2023

⁴ Resigned on Aug 11, 2023


During the year, four meetings of the Board of Directors were held. The record of the board meetings held during the year and attended by the Directors is as follows:

Name of Directors	Category	No. of meetings held in tenure	No. of meetings attended
Mr. Riyadh S.A.A. Edrees – Chairman	Non-Executive Director	4	4
Mr. Faisal A.A.A. Al-Nassar – Vice Chairman	Non-Executive Director	4	4
Mr. Bader H.A.M.A. Al Rabiah	Non-Executive Director	4	4
Mr. Saad ur Rahman Khan	Non-Executive Director	1	1
Mr. Faisal Fahad Al-Muzaini	Non-Executive Director	4	4
Mr. Tariq Mahmood Pasha	Non-Executive Director	1	1
Mr. Mohamed Guermazi	Non-Executive Director	4	4
Mr. Mohammad Abdul Aleem	Independent Director	4	4
Ms. Nausheen Ahmed	Independent / Female Director	4	4
Mr. Yousef S.M.A. AlSaad	Independent Director	4	4
Mr. Irfan Siddiqui – President & CEO	Executive Director	4	4
Mr. Mubashar Maqbool	Non-Executive Director	2	2
Mr. Naveed Iftikhar Sherwani	Non-Executive Director	3	3

The Board has constituted the following Committees with defined Terms of Reference (ToRs):

1. Human Resources, Remuneration and Compensation Committee
2. Risk Management Committee
3. Audit Committee
4. Information Technology Committee
5. IFRS 9 Implementation Oversight Committee
6. Interview and Selection Committee (a special purpose Committee, dissolved on Aug 10, 2023)

The names of members and their attendance in Board Committees Meetings held during the year are included in the Annual Report. 

Remuneration of board members is recommended by the Board and approved by shareholders in the General Meeting. However, in accordance with the Code of Corporate Governance, it is ensured that no director takes part in deciding his / her own remuneration. The Bank does not pay any remuneration to non-executive directors except fee for attending the meetings. In order to retain the best talent, the Bank's remuneration policies are structured in line with the SBP regulations, prevailing industry trends and business practices. For information on remuneration of directors and CEO in 2023, please refer notes to the financial statements. 

The Bank has a policy in place for dealing with conflicts of interest relating to members of the Board. Under this policy, any director who has a business interest in a matter being presented at a Board meeting does not participate in either the discussion or the decision on that matter. This policy is applied consistently and there was no breach of this policy during the year.

PERFORMANCE EVALUATION MECHANISM FOR THE BOARD

Members of the Board of Directors and its sub-committees are competent and experienced individuals, representing diversified educational and vocational backgrounds which are invaluable in determining the overall direction of the organization.

The Board of Directors is keen to ensure that it reviews the effectiveness of its performance periodically. To that end, all individual board members answer a comprehensive questionnaire focused on evaluating, from various angles, whether the Board has discharged its duties diligently and with foresight. A committee of directors is designated to manage the board's self-evaluation exercise and present its findings to the Board for deliberation and discussion.

During the self-evaluation exercise, the Board evaluates itself from the following perspectives

- Evaluation of the overall Board
- Evaluation of the Chairperson
- Evaluation of Individual Directors
- Evaluation of Independent Directors
- Evaluation of Board Committees
- Evaluation of the CEO

This exercise in critical self-assessment allows the Board to evaluate its performance and overall effectiveness in setting strategies, devising controls, reading market trends by monitoring micro and macroeconomic factors and responding to adverse unforeseen situations to further the cause of a learning organization. This process also ensures that the Board is constantly growing intellectually and the responsibility of steering the Bank to new heights of success is discharged effectively and efficiently.

The SBP Guidelines require that at least once in every three years, the evaluation should be conducted by an external independent evaluator. The Bank engaged Pakistan Institute of Corporate Governance (PICG) as an independent evaluator to conduct this evaluation in 2018 and 2021 while for 2023 this exercise is conducted by adopting an in-house approach using quantitative techniques, as per SBP guidelines.

ACKNOWLEDGEMENT

We express our sincere gratitude to the State Bank of Pakistan, the Ministry of Finance and the Securities and Exchange Commission of Pakistan for their steadfast dedication to building a robust Islamic financial system in the country.

Our landmark achievements would not have been possible without the proactive support of our diversified customer base, for which we remain indebted to them. We also sincerely thank each one of our team members for their hard work and commitment. May Allah (SWT) bestow His blessings on our entire team and their families. We would also like to thank the Chairman of our Shariah Board, Justice (Retd.) Muhammad Taqi Usmani, members of the Shariah Board, shareholders, holders of Additional Tier I Sukuk and Sub-ordinated Sukuk (Tier II) for their continued support towards establishing Meezan Bank as the country's Premier Islamic Bank.

Most importantly, we are thankful to Allah (SWT) for his continued blessings on our Bank which has enabled us to achieve this outstanding performance in a very short span of time and we pray that He gives us more strength and wisdom to further expand our Vision of establishing Islamic banking as banking of first choice...'

On behalf of the Board



Riyadh S.A.A. Edrees
Chairman



Irfan Siddiqui
President & CEO

Lahore:
February 15, 2024

بورڈ کی جانب سے تشکیل دی جانے والی کمیٹیوں کے ممبران کے نام اور دوران سال منعقدہ اجلاسوں میں ان کی حاضری کی تفصیل سالانہ رپورٹ میں شامل ہے۔ (ii)

بورڈ کے ممبران کا معاوضہ بورڈ کی جانب سے تجویز کیا جاتا ہے اور اس کی منظوری اجلاس عام میں حصص یافتگان کی جانب سے دی جاتی ہے تاہم کوڈ آف کارپوریٹ گورننس کی تعمیل کے لئے اس بات کو یقینی بنایا جاتا ہے کہ کوئی ڈائریکٹر خود اپنے معاوضے کا تعین نہیں کر سکتا۔ بینک نان ایگزیکٹو ڈائریکٹرز کو سوائے اجلاسوں میں شرکت کرنے کی فیس کے اور کوئی معاوضہ نہیں دیتا۔ بہترین صلاحیتوں کے حامل افراد کو برقرار رکھنے کے لئے معاوضے سے متعلق پالیسیوں کی تشکیل اسٹیٹ بینک آف پاکستان کے ریگولییشنز، صنعت کے موجودہ رجحانات اور کاروباری طریقوں کے مطابق کی جاتی ہے۔ 2023 میں ڈائریکٹرز اور سی ای او کے معاوضوں کی تفصیل کے لئے مفصل اسٹیٹمنٹس کے نکات ملاحظہ کریں۔ (iii)

بینک بورڈ کے ممبران سے متعلق تصادم مفادات کے حل کے لئے ایک واضح پالیسی رکھتا ہے۔ اس پالیسی کے تحت کوئی ایسا بورڈ ممبر جو بورڈ کے اجلاس میں پیش کئے جانے والے کسی معاملے میں کوئی کاروباری مفاد رکھتا ہے، وہ اس معاملے پر متوجہ بحث و مباحثے اور نہ ہی فیصلہ سازی میں شریک ہو سکتا ہے۔ اس پالیسی پر مستقل بنیادوں پر عمل درآمد کیا جاتا ہے اور اس سال مذکورہ پالیسی کی کوئی خلاف ورزی نہیں کی گئی ہے۔

بورڈ کی کارکردگی کی جانچ کا طریقہ کار

بورڈ آف ڈائریکٹرز اور اس کی ذیلی کمیٹیاں متنوع تعلیمی اور پیشہ ورانہ پس منظر کے حامل اہل اور تجربہ کار افراد پر مشتمل ہیں جو ادارے کی مجموعی سمت کے تعین میں انتہائی مفید کردار ادا کرتے ہیں۔

بورڈ آف ڈائریکٹرز اس بات کو یقینی بنانے کے لئے ہمیشہ مستعد رہتے ہیں کہ وہ اپنی کارکردگی کا مبعادی جائزہ لیں۔ اس وجہ سے تمام بورڈ ممبران فرداً فرداً ایک جامع سوالنامہ کا جواب دیتے ہیں جو مختلف زاویوں سے اس بات کی جانچ کرتا ہے کہ آیا بورڈ نے اپنے فرائض کی ادائیگی جانشینی سے اور دورانہ شی کے ساتھ کی ہے۔ ڈائریکٹرز پر مشتمل ایک کمیٹی انفرادی جوابات کو جمع کر کے بورڈ کو فور وکھرا بحث و مباحثے کے لئے پیش کرتی ہے۔

خود جائزہ کاری کے عمل کے دوران بورڈ مندرجہ ذیل نقطہ ہائے نظر سے اپنی جانچ کرتا ہے:

- بورڈ کی مجموعی جانچ
- چیئر پرسن کی جانچ
- انفرادی طور پر ڈائریکٹرز کی جانچ
- آزاد ڈائریکٹرز کی جانچ
- بورڈ کی کمیٹیوں کی جانچ
- CEO کی جانچ

خود جائزہ کاری کا یہ سخت عمل بورڈ کو اپنی کارکردگی کا جائزہ لینے اور حکمت عملیاں مرتب کرنے، کنٹرول کا طریق عمل وضع کرنے، مانیٹر اور میکرو اکنامک عناصر کی نگرانی کے ذریعے مارکیٹ کے رجحانات سے واقفیت اور بدترین ناگہانی صورتحال کے مناسب رد عمل کے قابل بناتا ہے۔ یہ عمل اس بات کو بھی یقینی بناتا ہے کہ بورڈ تعمیری انداز میں اور دائی کے ساتھ مسلسل آگے بڑھ رہا ہے اور بینک کو کامیابی کی نئی بلندیوں تک لے جانے کی اپنی ذمہ داری سے مؤثر اور فعال انداز سے عہدہ برآ ہو رہا ہے۔

اسٹیٹ بینک کی ہدایات کا تقاضہ ہے کہ ہر تین سال کے دوران کم از کم ایک مرتبہ جائزہ کاری کسی بیرونی آزاد جائزہ کار سے کروائی جائے۔ سال 2018 اور 2021 میں بینک نے بطور آزاد جائزہ کار پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG) کی خدمات حاصل کیں جبکہ 2023 میں اس عمل کو اسٹیٹ بینک آف پاکستان کی ہدایات کے مطابق مقامی تکنیک کے ساتھ داخلی نکتہ نظر اختیار کر کے انجام دیا گیا۔

اظہار تشکر

بورڈ اسٹیٹ بینک آف پاکستان (SBP)، وزارت خزانہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور ہمارے شریعہ سپروائزر اور بورڈ کولمک میں ایک مستحکم اسلامی مالیاتی نظام کے قیام کے لئے کی گئی ان کی مسلسل کوششوں اور وابستگی کے لئے خراج تحسین پیش کرتا ہے۔

میزان بینک کی امتیازی کامیابیاں ہمارے متنوع صارفین کے فعال تعاون کے بغیر ممکن نہیں ہو سکتی تھیں، جس کے لئے ہم ان کے ممنون احسان رہیں گے۔ ہم اپنی ٹیم کے ہر رکن کا ان کی محنت اور وابستگی کے لئے ہمہ دل سے شکر ادا کرتے ہیں۔ اللہ ﷻ ہماری پوری ٹیم اور ان کے اہل خانہ پر اپنی رحمت کا سایہ قائم رکھے۔ ہم اپنے شریعہ بورڈ کے چیئر مین جنس (ریٹائرڈ) محمد تقی عثمانی صاحب، شریعہ بورڈ کے ممبران، حصص یافتگان، اضافی Tier I صلوک اور ثانوی صلوک (Tier II) یافتگان کا ان کی معاونت کے لئے شکر ادا کرنا چاہتے ہیں جنہوں نے میزبان بینک کو اوپن اور ممتاز ترین اسلامی بینک بنانے کے لئے مسلسل محنت کی ہے۔

سب سے بڑھ کر ہم اللہ ﷻ کے شکر گزار ہیں کہ اس کی مسلسل رحمت کے باعث ہم اس قلیل عرصے میں اتنی شاندار کامیابیوں کے حصول کے قابل ہو سکے ہیں اور ہم دعا گو ہیں کہ اللہ ﷻ ہمیں حوصلہ اور دائی عطا کرے کہ ہم اسلامی بینکاری کو بینکاری کا پہلا انتخاب بنانے کے اپنے خواب کو تعبیر کی بلندیوں تک پہنچا سکیں۔ آمین



عرفان صدیقی
پریذیڈنٹ اینڈ سی ای او



ریاض اہس۔ اے۔ اے۔ ادریس
چیئر مین

لاہور:

15 فروری، 2024

ڈائریکٹرز

یورڈگیارہ ڈائریکٹرز پر مشتمل ہے جن میں ایک خاتون ڈائریکٹر اور CEO (جنہیں ڈائریکٹر سمجھا جائے گا) بھی شامل ہیں:

نمبر شمار	ڈائریکٹر کے نام	درجہ
۱	جناب ریاض ایس۔ اے۔ اے۔ اور ایس	نان ایگزیکٹو ڈائریکٹر
۲	جناب فیصل اے۔ اے۔ اے۔ النصر	نان ایگزیکٹو ڈائریکٹر
۳	جناب بدرالچ، اے۔ ایم۔ اے۔ الربیعہ	نان ایگزیکٹو ڈائریکٹر
۴	جناب سعد الرحمان خان ^۱	نان ایگزیکٹو ڈائریکٹر
۵	جناب طارق محمود پاشا ^۲	نان ایگزیکٹو ڈائریکٹر
۶	جناب فیصل فہد الموزینی	نان ایگزیکٹو ڈائریکٹر
۷	جناب محمد گرامزی	نان ایگزیکٹو ڈائریکٹر
۸	محترمہ ڈوشین احمد	انڈیپنڈنٹ ڈائریکٹر / خاتون ڈائریکٹر
۹	جناب محمد عبدالعلیم	انڈیپنڈنٹ ڈائریکٹر
۱۰	جناب یوسف ایس۔ ایم۔ اے۔ السعد	انڈیپنڈنٹ ڈائریکٹر
۱۱	جناب عرفان صدیقی (پریزیڈنٹ اوری ای او)	ایگزیکٹو ڈائریکٹر / Deemed ڈائریکٹر
۱۲	جناب مبشر مقبول ^۳	نان ایگزیکٹو ڈائریکٹر
۱۳	جناب نوید افتخار شیروانی ^۴	نان ایگزیکٹو ڈائریکٹر

- ۱ کیم اگست، 2023 سے ڈائریکٹر مقرر ہوئے اور اسٹیٹ بینک آف پاکستان سے ان کی FPT کلیمزس 21 اگست، 2023 کو موصول ہوئی۔
- ۲ 16 اگست، 2023 سے ڈائریکٹر مقرر ہوئے اور اسٹیٹ بینک آف پاکستان سے ان کی FPT کلیمزس 3 اکتوبر، 2023 کو موصول ہوئی۔
- ۳ 18 جولائی، 2023 کو مستعفی ہو گئے۔
- ۴ 11 اگست، 2023 کو مستعفی ہو گئے۔

دوران سال بورڈ کے چار اجلاس ہوئے۔ ان اجلاسوں اور ان میں شرکت کرنے والے ڈائریکٹرز کی تفصیل درج ذیل کے مطابق ہے:

ڈائریکٹر کے نام	درجہ	دوران مدت منعقدہ اجلاس	اجلاس میں شرکت کی تعداد
جناب ریاض ایس۔ اے۔ اے۔ اور ایس - چیئرمین	نان ایگزیکٹو ڈائریکٹر	4	4
جناب فیصل اے۔ اے۔ اے۔ النصر - وائس چیئرمین	نان ایگزیکٹو ڈائریکٹر	4	4
جناب بدرالچ، اے۔ ایم۔ اے۔ الربیعہ	نان ایگزیکٹو ڈائریکٹر	4	4
جناب سعد الرحمان خان	نان ایگزیکٹو ڈائریکٹر	1	1
جناب طارق محمود پاشا	نان ایگزیکٹو ڈائریکٹر	4	4
جناب فیصل فہد الموزینی	نان ایگزیکٹو ڈائریکٹر	1	1
جناب محمد گرامزی	نان ایگزیکٹو ڈائریکٹر	4	4
محترمہ ڈوشین احمد	انڈیپنڈنٹ ڈائریکٹر / خاتون ڈائریکٹر	4	4
جناب محمد عبدالعلیم	انڈیپنڈنٹ ڈائریکٹر	4	4
جناب یوسف ایس۔ ایم۔ اے۔ السعد	انڈیپنڈنٹ ڈائریکٹر	4	4
جناب عرفان صدیقی (پریزیڈنٹ اوری ای او)	ایگزیکٹو ڈائریکٹر / Deemed ڈائریکٹر	4	4
جناب مبشر مقبول	نان ایگزیکٹو ڈائریکٹر	2	2
جناب نوید افتخار شیروانی	نان ایگزیکٹو ڈائریکٹر	3	3

بورڈ نے واضح دستور العمل (ToRs) کے ساتھ درج ذیل پانچ کمیٹیاں تشکیل دی ہیں:

- 1- ہیومن ریسورس، ریٹرنیشن اینڈ گورننس کمیٹی
- 2- رسک مینجمنٹ کمیٹی
- 3- آڈٹ کمیٹی
- 4- انفارمیشن ٹیکنالوجی کمیٹی
- 5- IFRS 9 ایملی ٹیمین اور سائٹ کمیٹی (IFRS 9 Implementation Oversight Committee)
- 6- انٹرویو اینڈ سیکورٹس کمیٹی (خصوصی مقصد کے لئے بنائی گئی کمیٹی، جسے 10 اگست، 2023 کو تشکیل کر دیا گیا)

ہماری لیڈر شپ ٹیم کی ہموار انداز میں تبدیلی اور فرائض کی منتقلی کی حکمت عملی کے مطابق ہم نے حال ہی میں جناب سید عامر علی کو بطور ڈپٹی ای او خوش آمدید کہا ہے، جو اپریل 2024 میں جناب عارف الاسلام کی ریٹائرمنٹ تک ان کے ساتھ فرائض انجام دیں گے۔ اس وقت جناب عامر علی جناب عارف الاسلام کے ساتھ قریبی اشتراک سے کام کر رہے ہیں اور تنظیمی پیچیدگیوں کو سمجھنے کے لئے اپنے کردار میں ڈھلنے کے لئے کوشاں ہیں۔ اس کے بعد جناب سید عامر علی ہندرتج بہار سے بائی پریڈنٹ اور سی ای او جناب عرفان صدیقی کی جگہ لیں گے، جو دسمبر 2025 میں ریٹائر ہو جائیں گے۔

آڈیٹرز

موجودہ آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس، جو PWC نیٹ ورک کی ایک ممبر فرم ہے، ریٹائر ہو گئے ہیں اور بوجہ اہلیت خود کو دوبارہ تقرری کے لئے پیش کر دیا ہے۔ جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کا تقاضا ہے، بورڈ اور آڈٹ کمیٹی نے اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کی 31 دسمبر، 2024 کو ختم ہونے والے سال کے لئے بینک کے آڈیٹرز کے طور پر دوبارہ تقرری کی تجویز دی ہے۔

ایوارڈز اور اعتراف کارکردگی

میزان بینک نے دوران سال متعدد معتبر اور قابل قدر ایوارڈز حاصل کئے جن کی تفصیل درج ذیل ہے:

پاکستان بینکنگ ایوارڈز

بینک کا ایک اور امتیاز یہ ہے کہ میزبان بینک ملکی بینکاری صنعت کا واحد بینک ہے جس کو پاکستان بینکنگ ایوارڈز کی جانب سے تیسری بار پاکستان کے بہترین بینک کے اعزاز سے نوازا گیا۔ یہ ایوارڈز پاکستان میں بینکاری شعبے کے سب سے معتبر ایوارڈز ہیں۔ ایوارڈز کی تقریب کا انعقاد انٹرنیشنل آف بینکرز پاکستان نے ڈان میڈیا گروپ اور اے ایف فرگوسن اینڈ کمپنی کے اشتراک سے کیا۔ جوں کا بینیل مالیاتی شعبہ میں خاطر خواہ تجربہ کی حامل انتہائی معزز اور نامور شخصیات پر مشتمل تھا جس کی سرپرستی اسٹیٹ بینک آف پاکستان کے گورنر نے کی۔ میزبان بینک کو اسی پلیٹ فارم سے 2018 اور 2020 میں بھی پاکستان کے بہترین بینک کے اعزازات سے نوازا جا چکا ہے۔



میزان بینک گزشتہ چھبیس سال سے تسلسل کے ساتھ بہترین نتائج پیش کرنے اور اعتراف کارکردگی کے شاندار اعزازات وصول کرنے پر مسرور بھی ہے اور انتہائی عاجزی کے ساتھ اللہ رب العزت کا شکر گزار بھی ہے۔ مختلف مواقع پر متعدد مقامی اور بین الاقوامی اداروں کی جانب سے میزبان بینک کو اس کی غیر معمولی سال بہ سال ترقی اور نئے نئے اسلامی فنانس کے فروغ کے لئے خدمات پر سراہا گیا ہے۔ میزبان بینک اپنے صارفین کا ان کی مسلسل سرپرستی اور اسلامی بینکاری پر ان کے اعتماد کے لئے تہہ دل سے شکر گزار ہے۔

CFA سوسائٹی پاکستان

الحمد للہ، CFA سوسائٹی آف پاکستان نے اپنی سالانہ انکیلیٹس ایوارڈز کی تقریب میں میزبان بینک کو لارج سائز پینکس کی کیٹیگری میں بیسٹ بینک آف پاکستان کے اعزاز سے نوازا ہے۔ یہ مسلسل چوتھا سال ہے جب CFA سوسائٹی نے میزبان بینک کو بینکاری کی مجموعی صنعت میں سال کا بہترین بینک تسلیم کیا ہے۔ بینک نے بہترین اسلامی بینک کے ایوارڈ کے ساتھ ساتھ بیسٹ ٹرانزیکشن آف دی ایئر کا ایوارڈ بھی حاصل کیا۔

مئنجمنٹ ایسوسی ایشن آف پاکستان

میزان بینک کو حال ہی میں مئنجمنٹ ایسوسی ایشن آف پاکستان کی میزبانی میں منعقدہ 38 ویں کارپوریٹ انکیلیٹس ایوارڈز میں بیسٹ مینیجمنٹ کیٹیگری کا ایوارڈ بھی دیا گیا۔

تصدیق

بورڈ آف ڈائریکٹرز مسرت کے ساتھ سالانہ رپورٹ میں شامل درج ذیل بیانات کی تصدیق کرتے ہیں:

- لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 سے مطابقت کا بیان،
- بینکنگ کمپنیز آرڈیننس 1962 کے تقاضوں کے تحت 2023 میں 18.5 ارب روپے بعد از ٹیکس منافع کی Statutory Reserves میں منتقلی،
- بینک کارسک مئنجمنٹ فریم ورک،
- انتظامیہ کا فنانشل رپورٹنگ سے متعلق داخلی کنٹرول، مع مجموعی داخلی کنٹرول سے متعلق بیان،
- 31 دسمبر، 2023 تک حصص یافتگی کا خاکہ، اور
- کارپوریٹ سماجی ذمہ داری۔

شمولیت کے فروغ کے ہمارے مقصد سے ہم آہنگ ہے۔

کرڈٹ ریٹنگ

VIS کرڈٹ ریٹنگ کمپنی لمیٹڈ نے بینک کی AAA/A1+ (ٹریبل اے/اے او پلس) ریٹنگ کو دوبارہ تصدیق کی ہے جو نہ ہونے کے برابر سبک فیکٹرز کے ساتھ کرڈٹ کے کمزور حد تک اعلیٰ ترین معیار کی نشاندہی کرتی ہیں۔ تفویض کردہ ریٹنگ کے آثار مستحکم ہیں۔

کمپنیل ایڈیکوسی ریٹو

میزان بینک 22.39 فیصد کمپنیل ایڈیکوسی ریٹو (CAR) کے ساتھ ایک Adequately capitalized ادارہ ہے، بینک کا CAR سال 2023 کے لئے کم از کم لازمی شرح یعنی 11.50 فیصد سے کافی زیادہ ہے:

کم از کم ضرورت	31 دسمبر 2022	31 دسمبر 2023	کمپنیل ایڈیکوسی ریٹو (CAR)
7.50%	14.78%	18.18%	کلاس ایکویٹی Tier I (CET I)
9.00%	15.69%	18.93%	Tier I
11.50%	18.42%	22.39%	CAR

انسانی سرمایہ

اللہ، میزبان بینک نے ملک میں اہل افراد کی قدر شناسی اور تلاش کا سلسلہ جاری رکھا اور دیہی اور شہری، دونوں علاقوں میں ملازمت کے 3,600 سے زائد مواقع پیدا کئے۔ ہمارا انسانی سرمایہ 17,000 زائد افراد پر مشتمل ہے۔ ہم ایک متحرک اور پیشہ ورانہ قابلیت کی حامل ورک فورس کی تیاری پر یقین رکھتے ہیں جو ہمارے صارفین کو عالمی معیار کی بینکاری کے تجربہ سے روشناس کروا سکے۔ ہم معاشرے کے تمام طبقات کی شمولیت کے اپنے عزم پر قائم ہیں اور اسی تناظر میں ہم نے معذور افراد (PWDs) کے لئے روشناس پروگرام متعارف کروایا ہے۔ یہ ایک اہم اقدام ہے جو معذور افراد کو تربیت اور ملازمت کے مواقع فراہم کرتا ہے اور ایک متنوع اور جامع ورک فورس کی تیاری اور فروغ کی ہماری لگن اور وابستگی کو ظاہر کرتا ہے۔

مسلحہ کیے کے فلسفے پر عمل کرتے ہوئے اس سال میزبان بینک نے 13,500 سے زائد اسٹاف کو تربیت فراہم کی جس میں اسلامی بینکاری سے لے کر رول بیڈ، ٹیکنیکل اور سافٹ اسکول ورکشاپس شامل تھیں۔ ہم نے اسلامک فنانس کے فروغ کے لئے تربیتی نشستوں کے انعقاد کا سلسلہ بھی جاری رکھا اور ملک میں اسلامی بینکرز کی حوصلہ افزائی اور نشوونما کے لئے معروف تعلیمی اداروں میں اسلاک بینکنگ سرفیکلیشنز کی تکمیل میں بھی نمایاں کردار ادا کیا۔

ذیلی کمپنی المیزان انویسٹمنٹ مینجمنٹ لمیٹڈ کی کارکردگی

ہماری ذیلی کمپنی، المیزان انویسٹمنٹ مینجمنٹ لمیٹڈ (المیزان) پاکستان کی سب سے بڑی ایسٹ مینجمنٹ کمپنی (AMC) ہے جس کے زیر انتظام اثاثے 31 دسمبر 2023 تک 431.4 ارب روپے سے تجاوز کر گئے تھے، جس میں کارپوریٹ اور ہائی نیٹ ورثہ افراد کے لئے Separately Managed Accounts بھی شامل ہیں۔ المیزان کا انویسٹمنٹ 254,000 صارفین پر مشتمل ہے۔ المیزان کے زیر انتظام اثاثے (AUMs) میوچل فنڈز کی مجموعی صنعت کا تقریباً 19 فیصد اور شریعہ کیپٹل منٹ میوچل فنڈز کی صنعت کا 40 فیصد حصہ بنتے ہیں۔ المیزان، میزبان تحفظ فنڈ کے نام سے پاکستان میں سب سے بڑے رضا کارانہ فنڈ کا بھی انتظام کرتی ہے جس کے خالص اثاثے 31 دسمبر 2023 تک تقریباً 20 ارب روپے تھے۔

اس سال بھی المیزان نے CFA سوسائٹی پاکستان کے 20 ویں سالانہ ایکسیلنس ایوارڈز میں ”بیسٹ ایسٹ مینجمنٹ کمپنی آف دی ایئر-2023“ معتبر ایوارڈ حاصل کیا۔ یہ ایوارڈ کمپنی کو اپنے صارفین کو بہترین اور جدید ترین شریعہ کیپٹل منٹ انویسٹمنٹ سولوشن پیش کرنے کی کوششوں کے اعتراف میں دیا گیا ہے، جس سے پاکستان کی ایسٹ مینجمنٹ کمپنی کے طور پر اس کی حیثیت مزید مستحکم ہو گئی ہے۔ المیزان نے پاکستان کے 13 شہروں میں 24 برانچوں کے فریکویل نیٹ ورک کے ذریعے اور اس کے ساتھ ساتھ ڈیجیٹل ذرائع سے اور میزبان بینک کی برانچوں کے اضافی ڈسٹری بیوشن نیٹ ورک کے ذریعے اپنی پروڈکٹس اور خدمات کو قابل رسائی بنایا ہے۔ المیزان کی خدمات روشن ڈیجیٹل اکاؤنٹ (RDA) کے ذریعے بیرون ملک مقیم پاکستانیوں کو بھی پیش کی جا رہی ہیں اور اس طرح سرحد پار تک المیزان کو ڈیجیٹل رسائی حاصل ہو گئی ہے۔

المیزان فنڈ مینجمنٹ آپریشنز میں 28 سالہ ٹریڈ ریکارڈ کی حامل ہے اور اسے پاکستان کی ایسی پہلی ایسٹ مینجمنٹ کمپنی ہونے کا اعزاز بھی حاصل ہے جسے VIS اور PACRA دونوں کی جانب سے انتظامی معیار کی اعلیٰ ترین ریٹنگ AM1 سے نوازا گیا ہے۔

مستقبل کے آثار اور حکمت عملی

میزان بینک اسلامی بینکاری کی صنعت کو مستحکم بنا کر ملک کی معاشی ترقی اور استحکام میں اپنا کردار ادا کرنے اور شریعہ کیپٹل منٹ بینکاری پر منتقلی کے لئے حکومت کے ساتھ تعاون جاری رکھنے کے لئے پرعزم ہے، جیسا کہ معزز وفاقی شرعی عدالت (FSC) کی معیشت کو مکمل طور پر شریعہ کیپٹل منٹ مالیاتی نظام پر منتقلی کی ہدایات کے مطابق ہے۔ ہمارا مقصد آئندہ سال میں ڈپازٹس اور فنانسنگ دونوں کے لئے ترقی کی ایک بہہ جہت حکمت عملی پر کاربند رہنا ہے۔

ہم محتاط انداز میں اندرونی رسک ایکسیٹنس پیرو میٹرز کو مد نظر رکھتے ہوئے معیشت کے مختلف شعبوں میں اپنی رسائی بڑھانے کے لئے تیار ہیں۔ اپنی قومی ذمہ داری سمجھتے ہوئے مالیاتی شمولیت کے فروغ کے لئے اسٹیٹ بینک آف پاکستان کے زیر سرپرستی اقدامات میں فعال انداز میں شرکت بھی ہماری توجہ کا مرکز رہے گی۔ ہم اپنے مالیاتی استحکام کے تناسب کو ریگولیٹری تقاضوں سے زیادہ شرح پر برقرار رکھیں گے اور اپنی ایکویٹی میں کومزید مستحکم بنائیں گے، جو ہمارے مستقبل کی ترقی کے منصوبوں کے عین مطابق ہے۔ ملک میں فریکویل اور ڈیجیٹل رسائی، دونوں کی اہمیت کو پیش نظر رکھتے ہوئے ہماری ہائبرڈ گروٹھ کی حکمت عملی کے مطابق توسیع کا سلسلہ جاری رہے گا۔ ٹیکنالوجی میں جدت لانے کا ہمارا موجودہ عزم پختہ ہے کیونکہ ہم نے اپنے صارفین کو اپنی نوعیت کی بہترین ڈیجیٹل خدمات فراہم کرنے کی کوششیں جاری رکھی ہیں اور اس شعبے میں بینکاری صنعت میں سب سے آگے رہنے کا اپنا اعزاز برقرار رکھیں گے۔

کر لیا اور گزشتہ سال کے مقابلہ میں 279 ارب روپے یا 34 فیصد اضافہ ظاہر کیا۔ اسی طرح سیونگرا کا ڈنٹ ڈپازٹس 883 ارب روپے تک پہنچ گئے جو گزشتہ سال کی اسی مدت کے مقابلہ میں 242 ارب روپے یا 38 فیصد اضافے کو ظاہر کرتے ہیں۔

روشن ڈیجیٹل اکاؤنٹ (RDA)

میزان بینک نے ایک اور اہم سنگ میل عبور کیا اور بینکاری صنعت میں روشن ڈیجیٹل اکاؤنٹ میں رقوم کی آمد کے حوالے سے بھی اپنی صف اول کی حیثیت برقرار رکھی۔ روشن ڈیجیٹل اکاؤنٹ کے آغاز سے اب تک ہم نے تقریباً 1.8 ارب امریکی ڈالر کی ریٹینشنز وصول کیں جو 26 فیصد کے نمایاں اضافے کو ظاہر کرتی ہیں۔ ہم بیرون ملک مقیم پاکستانیوں کا تہہ دل سے شکریہ ادا کرتے ہیں کہ انہوں نے میزان بینک کو اپنے بینکنگ پارٹنر کے طور پر منتخب کیا۔ ہم اسٹیٹ بینک آف پاکستان کے ساتھ مل کر روشن ڈیجیٹل اکاؤنٹ کے بارے میں آگاہی پیدا کرنے اور بیرون ملک مقیم پاکستانیوں کو ان کی بینکاری ضروریات کی تکمیل کے لئے شریعہ کھلا سٹ پروڈکٹس کی پیشکش میں فعال کردار ادا کرنے کے لئے پرعزم ہیں۔

اسلامی بینکاری کی صنعت

پاکستان میں اسلامی بینکاری مسلسل فروغ پذیر ہے خصوصاً 2022 میں وفاقی شرعی عدالت کے فیصلے کے بعد اس کی بنیادیں مزید مستحکم ہوئی ہیں، جس میں ملک کے بینکاری نظام کو شریعہ کھلا سٹ ایکٹیم میں تبدیل کرنے کا حکم دیا گیا ہے۔ میزان بینک پاکستان میں اسلامی بینکاری کے پیش رو کے طور پر اپنی صف اول کی حیثیت برقرار رکھے ہوئے ہے، اور اس کے ڈپازٹس اسلامی بینکاری کی مجموعی صنعت کا ایک تہائی حصہ ہیں۔

334 شہروں میں 1000 سے زائد برانچوں کے ساتھ بھرپور موجودگی

زیر جائزہ سال میزان بینک نے ایک اور امتیازی کامیابی حاصل کی جب اس کا برانچ نیٹ ورک 334 شہروں میں 1000 سے زائد برانچوں تک وسیع ہو گیا۔ ہم نے اس سال 17 نئے شہروں میں 42 نئی برانچیں قائم کیں، ہم سمجھتے ہیں کہ ملک کی بینکوں کی سہولت سے فائدہ نہ اٹھانے والی بڑی، متنوع اور جغرافیائی طور پر پکھری ہوئی آبادی کی وجہ سے فزیکل اور ڈیجیٹل، دونوں سطحوں پر مسلسل توسیع کی ضرورت ہے۔ ہماری توجہ فزیکل اور ڈیجیٹل، دونوں طریقوں سے بے مثال اور بلا رکاوٹ خدمات کی تسلسل کے ساتھ فراہمی پر مرکوز ہے تاکہ برانڈ سے وفاداری، صارفین کے اطمینان اور اعتماد کے حصول کو یقینی بنا یا جاسکے۔ ایک ہائبرڈ گروتھ ماڈل پر عمل کرتے ہوئے ملک کے بینکاری کی سہولت سے محروم علاقوں میں اپنی موجودگی کو بڑھانا اور اس کے ساتھ ساتھ جدید پیشکش کے ذریعے ڈیجیٹل سطح پر اپنی موجودگی کو مستحکم بنانا ہمارے بینکاری ماڈل کا محور و مرکز ہے۔

موبائل ایپ

ہماری جدید ترین موبائل بینکنگ ایپ ہمارے صارفین کو محفوظ اور موثر طریقے سے اپنی ڈیجیٹل ٹرانزیکشنز کی تکمیل کے لئے ایک ہموار پلیٹ فارم فراہم کر رہی ہے۔ زیر جائزہ سال میں ہماری موبائل ایپ کے ذریعے 12.2 ٹریلین روپے مالیت کی 275 ملین مالیاتی ٹرانزیکشنز کی گئی، جس نے پاکستان کی بینکاری صنعت کے لئے ایک نیا معیار قائم کیا۔ ریشیل صارفین کی جانب سے کی گئی ڈیجیٹل ٹرانزیکشنز میں میزان بینک کی صف اول کی حیثیت کا اظہار Link 1 کی ماہانہ ریٹنگ رپورٹس سے بھی ہوتا ہے جن میں میزان بینک کو دوران سال Link 1 کے گز کے ذریعے ہونے والی مجموعی ڈیجیٹل ٹرانزیکشنز کے حوالے سے مسلسل نمبر 1 بینک قرار دیا جاتا رہا ہے۔

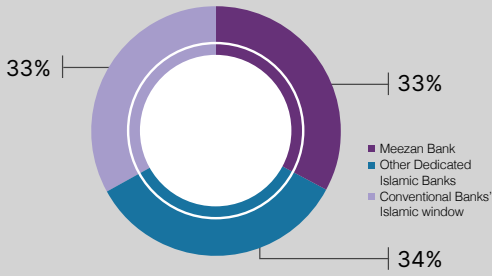
اے ٹی ایم نیٹ ورک

میزان بینک ملک بھر میں بائیومیٹرک کے حامل 1,100 سے زائد اے ٹی ایم نیٹ ورک رکھتا ہے جس سے صارفین ڈیٹ کارڈ کی موجودگی کے بغیر صرف اپنے انگوٹھے کے نشان کے ذریعے باآسانی ٹرانزیکشنز کر سکتے ہیں۔ مزید برآں، ہمارے اے ٹی ایم نیٹ ورک کی خصوصیات بھی رکھتے ہیں جن سے ہمارے صارفین اپنے NFC-enabled ڈیٹ کارڈز کے ذریعے بنا کسی رکاوٹ کے ہماری خدمات کی وسیع ترین رینج سے فائدہ اٹھا سکتے ہیں۔ دوران سال ہمارے اے ٹی ایم نیٹ ورک سے 1.87 ٹریلین روپے نکالے گئے، جو گزشتہ سال کے مقابلہ میں 32 فیصد کے نمایاں اضافے کو ظاہر کرتے ہیں۔

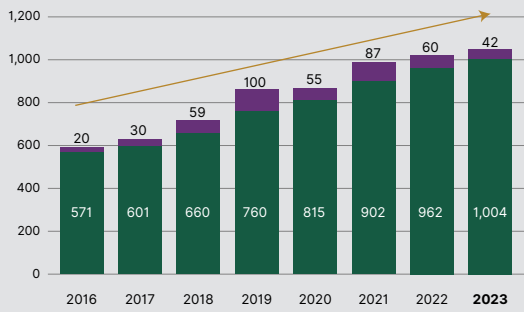
مرچنٹ ایکوائزنگ بزنس اور ای کامرس گیٹ وے

میزان بینک نے پاکستان کے ڈیجیٹل منظر نامے کو تبدیل کرنے کے حوالے سے اپنی مستحکم حیثیت برقرار رکھی اور اپنے مرچنٹ ایکوائزنگ بزنس کے ذریعے کیش۔ بیڈ صارفین کو ڈیجیٹل پلیٹ فارمز پر منتقل کرنے کے لئے اقدامات کئے۔ ہمارے POS اور ای کامرس بیسٹ گیٹ وے پر 17,000 مرچنٹس کی موجودگی کے ساتھ ہمارا ایکوائزنگ بزنس 320 سے زائد شہروں تک پھیل گیا ہے۔ مزید اہم بات یہ ہے کہ ہمارے مجموعی ایکوائزنگ بزنس 45 فیصد حجم SMEs کے ویئنڈرز سے حاصل ہوتا ہے، جو چھوٹے پیمانے کے مرچنٹس تک رسائی کے ہمارے عزم کو ظاہر کرتا ہے اور untapped مارکیٹ کے درمیان مالیاتی

SHARE OF MEEZAN BANK IN ISLAMIC BANKING INDUSTRY - BASED ON DEPOSITS

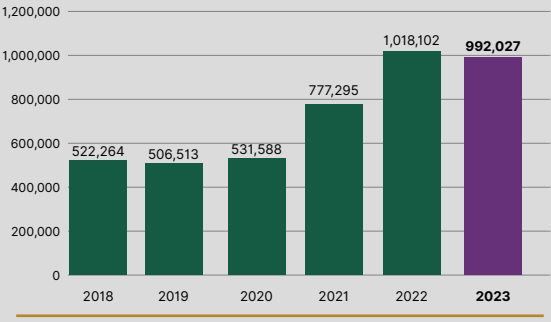


BRANCH NETWORK IN 334 CITIES



GROSS ADVANCES

Rupees in million



(SMCL) کے ساتھ شراکت داری بھی شامل ہے جس میں حیدرآباد، پاکستان میں یقین نام کے نام کے ساتھ پہلی اسلاک مائیکرو فنانس برانچ قائم کی جائے گی۔ میزان بینک نے فنانسنگ، پروڈکٹ ڈویلپمنٹ کے لئے تکنیکی تعاون، تعمیر استعداد اور تربیت کے لئے 100 ملین روپے فراہم کر کے انتہائی اہم کردار ادا کیا۔ اس شراکت کا مقصد معاشرے کے پسماندہ اور کم آمدنی کے حامل طبقات کو شریعہ کمپلائنس مائیکرو فنانس خدمات فراہم کرنا ہے، جو شریعہ کے اصولوں کی سخت پابندی کے ساتھ مائیکرو فنانس خدمات کی متنوع رینج فراہم کرنے کے بینک کے عزم کی نشاندہی کرتا ہے۔

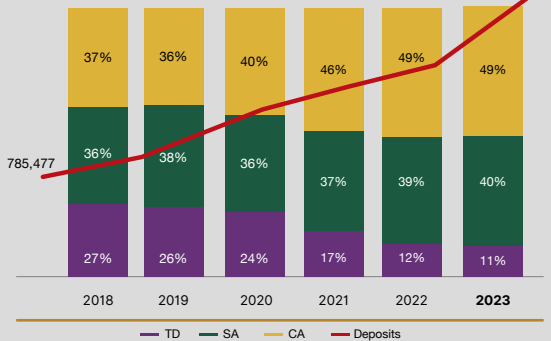
اسماں میڈیم انٹرنیٹ براؤزر (SME) فنانسنگ میزان کی توجہات میں شامل ہے اور اس شعبے کے فروغ کے لئے میزان نے متعدد اقدامات کئے ہیں۔ ہم نے بڑے کاروباری اداروں کے ڈسٹری بیوٹرز کو شریعہ کمپلائنس فنانسنگ کی فراہمی کے لئے اسلاک B2B فنانس ٹیکنالوجی کمپنیوں (FinTechs) اور Haball پلٹ فارم کے ساتھ سہولتوں کی استعداد کو بڑھایا ہے۔ مالیاتی شمولیت کے فروغ کے لئے میزان بینک اسٹیٹ بینک آف پاکستان کی ری فنانس اور کریڈٹ گارنٹی اسکیم میں سرگرمی سے حصہ لے رہا ہے، جو کاروباری خواتین کو فنانسنگ تک رسائی دینے کے لئے شروع کی گئی ہے اور بینک خصوصی طور پر کاروباری خواتین کو رعایتی شرح منافع پر شریعہ کمپلائنس ری فنانسنگ فراہم کر رہا ہے۔ ہم متعدد دیگر اسکیموں کے تحت بھی ری فنانسنگ فراہم کر رہے ہیں جن میں ایس ایم ای کی جدت کے لئے اور زرعی پیداوار کی اسٹورج کے لئے ری فنانس شامل ہے۔ میزان نے اپنے اثاثوں کا مثالی معیار قائم رکھا ہے اور بینکاری صنعت کے معیار پر سہولت حاصل کرتے ہوئے غیر فعال فنانسنگ کی شرح 2 فیصد سے کم پر برقرار رکھی ہے۔ ہمارے اسٹریٹجک فیصلوں کا مقصد اپنے فنانسنگ پورٹ فولیو کے استحکام اور معیار کا تحفظ کرتے ہوئے مشکل معاشی صورتحال میں اپنی راہ متعین کرنا ہے۔

غیر فعال فنانسنگ اور پروویژن

سال 2023 کے دوران بینک نے غیر فعال فنانسنگ کی مد میں 3.9 ارب روپے کا خصوصی پروویژن چارج اور 754 ملین روپے کا ریورسل (Reversal) ریکارڈ کیا جس کے نتیجے میں بینک کا اصل چارج 3.2 ارب روپے ریکارڈ کیا گیا۔ ہمارے محتاط طرز عمل کے مطابق دوران سال عمومی پروویژن کی شرح بھی 14.5 ارب روپے تک بڑھادی گئی۔ پیش بندی کا یہ اقدام قرض خواہوں کی قرض واپس کرنے کی استعداد میں کمی کے پیش نظر کیا گیا، جو ملکی تاریخ کی بلند ترین نچ مارک شرح کی وجہ سے مزید ابتر ہو گئی تھی۔ ہم نے اپنی غیر فعال فنانسنگ کا کوریج ریشو 179 فیصد پر برقرار رکھا ہے جو بینکاری صنعت میں سب سے زیادہ ہے۔ ہمیں یقین ہے کہ ہماری موجودہ پروویژن کی شرح 9 IFRS کے اثرات پر مناسب انداز میں قابو پانے کے لئے کافی ہوگی۔ لہذا ہمیں 9 IFRS اختیار کرنے کے کوئی نمایاں مالیاتی اثرات مرتب ہوتے ہوئے نظر نہیں آتے۔

DEPOSITS

Rupees in million



2 ٹریلین روپے سے زائد کے ڈپازٹس۔ اضافے کی بڑی وجہ کرنٹ اور سیونگز اکاؤنٹ ڈپازٹس

سال 2023 کا اختتام ایک اور انتہائی اہم سنگ میل کے ساتھ ہوا جب ہمارے ڈپازٹس 2.2 ٹریلین روپے سے تجاوز کر گئے، جو ایک سال قبل 1.66 ٹریلین روپے تھے، اور 34 فیصد کے اس نمایاں اضافے کے بعد بینکاری کی مجموعی صنعت میں ہمارا مارکیٹ شیئر 8 فیصد تک جا پہنچا۔ اسی مدت کے دوران بینکاری صنعت کے ڈپازٹس میں 24 فیصد اضافہ دیکھنے میں آیا۔ یہ کامیابی ہمارے صارفین کے ہم پر اعتماد کو منہ بولتا ثبوت ہے اور ہماری ٹیم کی اجتماعی کاوشوں کا مظہر ہے جس نے صارفین کے ساتھ مضبوط تعلقات کے فروغ، اعلیٰ ترین معیار خدمت اور شریعہ کمپلائنس، دیانت داری اور خدمات کے معیار کو، جو ہمارے بینکاری کے رخ کو متعین کرتے ہیں، برقرار رکھنے کے لئے مسلسل کام کیا ہے۔

ڈپازٹس میں یہ اضافہ بنیادی طور پر کرنٹ اکاؤنٹ (CA) اور سیونگز اکاؤنٹ (SA) ڈپازٹس میں بڑی حد تک اضافے کے باعث ہوا جو بڑھ کر 1.98 ٹریلین روپے ہو گئے، اور جو مجموعی ڈپازٹ پورٹ فولیو کا 89 فیصد حصہ بنتا ہے۔ کرنٹ اکاؤنٹ ڈپازٹس نے ایک ٹریلین روپے کا سنگ میل عبور

ٹیکس - قومی خزانے میں حصہ

سال 2023 کے دوران بینک کے منافعوں میں تاریخی اضافے کے نتیجے میں ہمارا ٹیکس چارج سال 2023 میں بڑھ کر 84.9 ارب روپے ہو گیا (2022: 43.4 ارب روپے)۔ مزید برآں بینک نے سال 2023 میں فیڈرل بورڈ آف ریونیو اور صوبائی ٹیکس اتھارٹیز کے دو ہولڈنگ ٹیکس ایجنٹ کے طور پر خدمات (Services) پر اکٹم ٹیکس/فیڈرل ایکسائز ڈیوٹی/پروفیشنل سٹریٹجس کی مدد میں 37.5 ارب روپے اکٹھے کئے اور قومی خزانے میں جمع کروائے (2022: 21.9 ارب روپے)۔

بیلنس شیٹ کا جائزہ

ہمارے کل اثاثے 3 ٹریلین روپے سے تجاوز کر گئے، جو کہ سال 2022 کے 2.6 ٹریلین کے مقابلے میں 17 فیصد یا 434 ارب روپے اضافہ ہے۔ ڈپازٹس میں زبردست نمو کے باعث ہونے والے اس اضافے کو بڑی حد تک بینک کے سرمایہ کاری کھاتوں کی جانب موڑ دیا گیا، جو 2023 میں ہماری بیلنس شیٹ میں نمایاں اضافے کا باعث بنا۔

دوران سال حاصل ہونے والے اہم کاروباری نتائج کا خاکہ درج ذیل ہے:

اہم کاروباری نتائج	2023	2022	تبدیلی کی شرح
کل اثاثے	3.01 ٹریلین روپے	2.58 ٹریلین روپے	▲ 17%
سرمایہ کاریاں			
خود مختار (Sovereign)	1.54 ٹریلین روپے	1.26 ٹریلین روپے	▲ 23%
دیگر	23 ارب روپے	22 ارب روپے	▲ 4%
اسلامی فنانسنگ اور متعلقہ اثاثے - مجموعی	1.57 ٹریلین روپے	1.28 ٹریلین روپے	▲ 23%
جمع شدہ قوم	992 ارب روپے	1.02 ٹریلین روپے	▼ (3%)
ایکویٹی	2.22 ٹریلین روپے	1.66 ٹریلین روپے	▲ 34%
کیپٹل ایڈیکویٹی ریشو (CAR)	185 ارب روپے	115 ارب روپے	▲ 60%
ڈیویڈنڈ ٹی حصص:			
نقد ڈیویڈنڈ - روپے	20.00	8.50	▲ 135%
بونس حصص کا اجراء	-	10%	▼ (100%)
برانچ نیٹ ورک	1,004 برانچیں	962 برانچیں	▲ 4%
موجودگی	334 شہر	317 شہر	▲ 5%
تجارتی کاروبار (درآمدات و برآمدات)	2.16 ٹریلین روپے	2.18 ٹریلین روپے	▼ (1%)

سرمایہ کاریوں میں اضافہ

ہمارا سرمایہ کاری پورٹ فولیو گزشتہ سال کے 1.28 ٹریلین روپے کے مقابلے میں 23 فیصد اضافے کے بعد 1.57 ٹریلین روپے سے تجاوز کر گیا۔ حکومت پاکستان کی جانب سے اجارہ صکوک کے باقاعدہ اجراء نے ہمارے سرمایہ کاری کھاتوں میں اضافے میں اہم کردار ادا کیا۔ سال 2023 میں حکومت پاکستان نے اسلامی بینکاری صنعت (IBI) کی لکو پیڈیٹی مینجمنٹ کے لئے 1 سالہ مہیاد کے قلیل مدتی صکوک متعارف کروائے، جو حکومتی قرضہ جات کو اسلامی طریقوں میں تبدیل کرنے کی جانب ایک اہم قدم ہے، اور جو اسلامی بینکوں کے لئے قلیل مدت کے شریعہ کمپلائنس صکوک میں سرمایہ کاری کا متبادل راستہ فراہم کرتا ہے۔

اسی طرح، دوران سال حکومت پاکستان کی جانب سے پہلی بار پاکستان اسٹاک ایکسچینج (PSX) کے ذریعے لیسڈ اجارہ صکوک کا اجراء کیا گیا جس سے ریٹیل سرمایہ کاروں کو 5,000/ ہزار روپے کی مالیت میں شریعہ کمپلائنس حکومتی سیکورٹیز تک رسائی دی گئی۔ میزان بینک نے بڑے فنانشل ایڈوائزر کا کردار ادا کیا اور اس افتتاحی نیلامی میں ایک بڑے شریک کار کے طور پر سامنے آیا۔ زیر جائزہ سال کے دوران حکومت پاکستان کے اجارہ صکوک میں کل 290 ارب روپے کی سرمایہ کاری کی گئی جس سے حکومت پاکستان کے اجارہ صکوک کا مجموعی پورٹ فولیو 1.1 ٹریلین روپے سے بڑھ کر 1.4 ٹریلین روپے ہو گیا۔ یہاں یہ بات قابل ذکر ہے کہ ہمارے مجموعی فنانسنگ پورٹ فولیو کا 98 فیصد حصہ وفاقی حکومت/حکومت کی ضمانت شدہ سیکورٹیز پر مشتمل ہے۔ میزان نے حکومت پاکستان کے اجارہ صکوک کے لئے مارکیٹ میکر کا کردار ادا کرتے ہوئے اسلامک فیکسڈ انٹرنیشنل مارکیٹ میں اپنی قائمہ حیثیت کا تسلسل برقرار رکھا ہے۔

اسٹیٹ بینک آف پاکستان کے شریعہ کمپلائنس انویسٹ اوپن مارکیٹ آپریشنز (OMO-Injections) اور شریعہ کمپلائنس اسٹیٹنگ سیلنگ فیسیٹی کے نفاذ نے بھی اسلامی بینکاری صنعت (IBI) کی روزمرہ لکو پیڈیٹی کے انتظام میں اہم کردار ادا کیا، جس کے لئے ہم اسٹیٹ بینک آف پاکستان اور حکومت پاکستان کے مشترکہ ہیں۔

مارکیٹ کچھلا نیشن کے لحاظ سے سب سے زیادہ قدر کا حامل بینک

میزان بینک نے 91 ارب امریکی ڈالر سے زائد کی مارکیٹ کچھلا نیشن کے ساتھ پاکستان کے سب سے زیادہ قدر کے حامل بینک کے طور پر اپنی حیثیت برقرار رکھی اور 289 ارب روپے پر سال کا اختتام کیا۔ اس سے بینک کی قیادت، اس کی کارکردگی اور ترقی کی صلاحیت پر سرمایہ کاروں کے اعتماد کا اظہار ہوتا ہے۔

روپے بلین میں

2022	2023	نتیجہ نقصان کھاتہ
232,121	431,722	فنانسنگ، سرمایہ کاری اور یقین سے حاصل شدہ آمدنی / منافع
(110,417)	(205,293)	جمع شدہ رقم پر منافع کی ادائیگی اور دیگر واجب الادا مصارف
121,704	226,429	اصل منافع
14,553	18,713	فیس، کمیشن کی آمدنی اور دیگر آمدنی
3,617	3,095	غیر ملکی کرنسی میں لین دین کی آمدنی
933	299	ڈیویڈنڈ کی آمدنی اور سکیورٹیز پر منافع / (نقصان)۔ اصل
19,103	22,107	نان۔ فنڈ ڈاؤر دیگر آمدنی
140,807	248,536	کل آمدنی
(48,245)	(71,788)	انتظامی اور دیگر اخراجات
92,562	176,748	پروویژنوں سے قبل منافع
(4,177)	(7,340)	پروویژنوں اور قرضوں کی معافی۔ اصل
88,385	169,408	منافع قبل از ٹیکس
(43,378)	(84,932)	ٹیکس
45,007	84,476	منافع بعد از ٹیکس
25.15	47.18	Basic فی شخص آمدنی۔ اضافہ شدہ سرمائے پر۔ روپے
25.14	47.13	Diluted فی شخص آمدنی۔ اضافہ شدہ سرمائے پر۔ روپے

منافع جات

اصل منافع

فنانسنگ، سرمایہ کاریوں اور Placements پر منافع گزشتہ سال کے 232 ارب روپے کے مقابلہ میں بڑھ کر 432 ارب روپے ہو گیا۔ 86 فیصد کا یہ اضافہ آمدنی پیدا کرنے والے اثاثوں کے اوسط حجم میں اضافے اور زیادہ بنیادی بیج مارک پالیسی شرح کی وجہ سے ہوا، جو سال 2022 کے 13.20 فیصد سے بڑھ کر اوسطاً 20.69 فیصد تک پہنچ گئی۔ اسی طرح جمع شدہ رقم (Deposits) اور قرضوں پر منافع میں بھی نمایاں اضافہ دیکھنے میں آیا جو 2022 کے 110 ارب روپے کے مقابلے میں بڑھ کر 205 ارب روپے ہو گیا۔ اس 86 فیصد اضافہ کی وجہ اوسط پائزٹس اور قرضوں کے حجم اور ڈپازٹرز کی شرح منافع میں اضافہ تھی۔

فیس کی آمدنی اور دیگر آمدنی میں 29 فیصد اضافہ

بینک کی فیس، کمیشن کی آمدنی اور دیگر آمدنی گزشتہ سال کے 14.6 ارب روپے کے مقابلہ میں 29 فیصد اضافے کے بعد 18.7 ارب روپے ہو گئی، جس میں ڈیپٹ کارڈ کے اجراء میں اضافے، تجارت سے متعلقہ سرگرمیوں اور برانچ بینکنگ سے متعلقہ آمدنی نے بڑا حصہ ڈالا۔ زیر جائزہ سال کے دوران ہمارے ڈیپٹ کارڈ پورٹ فولیو میں اضافہ ہوا جس سے پورٹ فولیو کا حجم بڑھ کر 3.2 ملین کارڈز تک پہنچ گیا۔ خاص طور پر، ڈیپٹ کارڈز سے خرچ کی گئی رقم 149 ارب روپے سے بڑھ کر 236 ارب روپے ہو گئی، جو کہ 58 فیصد اضافہ ہے، جبکہ NFC ٹرانزیکشنز میں بھی تین گنا کا زبردست اضافہ ہوا۔ گزشتہ سال کے دوران میزان بینک نے 5.06 ٹریلین روپے کی 136 ملین انٹرنیشنل فنڈ ٹرانسفر (IBFT) ٹرانزیکشنز کو Link 1 پلیٹ فارم کے ذریعے کامیابی سے مکمل کیا۔ مزید برآں، ہم نے ایک بہت بڑی تعداد میں انٹرنیشنل ٹرانسفرز (میزان بینک اکاؤنٹس کے مابین ٹرانسفر) بھی کئے جو ہماری حیرت انگیز استعداد اور بھرپور مندی کا مظہر ہیں اور 7.25 ٹریلین روپے کے کل 93.6 ملین ٹرانسفرز پر مشتمل ہیں۔

متعدد معاشی مشکلات اور درآمدات پر عائد پابندیوں کے باوجود میزان بینک نے اپنے تجارتی کاروبار کے حجم کو گزشتہ سال کی سطح پر برقرار رکھا۔ درآمدی و برآمدی کاروبار میں توازن قائم رکھنے پر توجہ مرکوز کرتے ہوئے بینک اپنی تجارت سے متعلقہ آمدنی بڑھانے میں کامیاب رہا۔ 2023 کے پورے سال میں غیر ملکی زرمبادلہ مارکیٹ میں اتار چڑھاؤ کے باعث ہماری غیر ملکی زرمبادلہ کی آمدنی میں 14 فیصد کمی واقع ہوئی۔ تاہم مجموعی طور پر بینک کی نان فنڈ ڈاؤر دیگر آمدنی میں 16 فیصد کا زبردست اضافہ ریکارڈ کیا گیا جو 2023 کے اختتام پر 22.1 ارب روپے تک پہنچ گئی۔

انتظامی اخراجات

انتظامی اور دیگر اخراجات میں 49 فیصد اضافہ ہوا جو 48.2 ارب روپے کے مقابلہ میں 71.8 ارب روپے ہو گئے۔ انتہائی بلند افراط زر کی شرح، روپے کی قدر میں کمی، آئی ٹی سے متعلقہ اخراجات میں روز افزوں اضافہ اور دوران سال 42 نئی برانچ کھولنے پر آنے والے اخراجات اس اضافہ کی وجہ بنے۔ تاہم اخراجات میں اس اضافے کے باوجود بینک کے انکم ایفیشنسی ریشو (Income Efficiency Ratio) میں مزید بہتری آئی کیونکہ ہماری آمدنی میں اخراجات کے تناسب سے زیادہ اضافہ ہوا اور اس طرح ہمارا انکم ایفیشنسی ریشو گزشتہ سال کے 34 فیصد کے مقابلہ میں کم ہو کر 29 فیصد ہو گیا۔

ڈائریکٹرز کی رپورٹ برائے ممبران

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 دسمبر، 2023 کو مکمل ہونے والے سال کے لئے میزان بینک کے تفصیلی مالیاتی نتائج پر مبنی 27 ویں سالانہ رپورٹ پیش کرنے میں مسرت محسوس کرتے ہیں۔

معاشی جائزہ

پاکستانی معیشت کو زیر جائزہ سال میں متعدد مقامی اور بین الاقوامی واقعات کی وجہ سے بے شمار مسائل کا سامنا کرنا پڑا۔ مقامی سطح پر دیکھا جائے تو گزشتہ سال کے غیر معمولی سیلاب کے نتیجے میں پیدا ہونے والی صورتحال اور اس کے ساتھ ساتھ سیاسی بے چینی نے معیشت کو کمزور کیا۔ بین الاقوامی سطح پر، طویل پکڑتے روس - یوکرین تنازعے نے، جس کا آغاز 2022 کے اوائل میں ہوا تھا، عالمی معیشت کو بری طرح متاثر کیا۔ سپلائی چین میں رکاوٹوں، بڑھتی ہوئی افراط زر اور بتدریج وسیع ہوتے ہوئے موڈرنیٹس پر سائیکل نے مجموعی طور پر کئی معاشی مسائل کو جنم دیا۔ اس کے ساتھ ہی مشرق وسطیٰ اور بحیرہ احمر میں بڑھتے ہوئے بحران سے صورتحال مزید خراب ہو گئی، جس نے پاکستانی معاشی صورتحال کے عالمی واقعات کے ساتھ پیچیدہ باہمی رابطہ کو واضح کیا۔

میکرو اکنامک دباؤ کے تناظر میں حکومت پاکستان (GoP) نے سخت اقدامات کئے جن کے نتیجے میں پاکستان کی مجموعی قومی پیداوار (GDP) کی شرح نمو 0.17 فیصد تک محدود رہی۔ اشد ضروری اور غیر ضروری اشیاء، دوائیوں کی قیمتوں میں اضافے کی وجہ سے بڑھنے والی core اور non-core افراط زر نے CPI افراط زر کو مئی 2023 میں 38 فیصد کی تاریخی بلند ترین سطح تک پہنچا دیا۔ ستمبر 2023 میں پاکستانی روپے کی قدر کو زبردست دھچکا لگا جو تاریخ کی کم ترین سطح یعنی 307.1 روپے فی امریکی ڈالر تک جا پہنچی۔ حکومت پاکستان کی جانب سے اٹھائے جانے والے بحالی کے اقدامات بشمول آپریشن کمپنیوں کی ساخت کے حوالے سے کی جانے والی اصلاحات امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں گراؤ کو روکنے میں کامیاب رہے۔ اس کے نتیجے میں 2023 کے اختتام تک پاکستانی روپیہ نے اپنے نقصانات کا کچھ ازالہ کیا اور مستحکم ہو کر 281.9 روپے فی امریکی ڈالر تک پہنچا، جو کہ دسمبر 2022 کے بعد سے 55.40 روپے فی امریکی ڈالر (24 فیصد) کی کمی کو ظاہر کرتا ہے۔

ان اصلاحی اقدامات نے انٹرنیشنل اور اوپن مارکیٹ کے رئیس کے فرق کو بھی کم کیا اور افراط زر کی بڑھتی شرح میں بھی جزوی طور پر کمی آئی، اس طرح CPI افراط زر کی شرح دسمبر 2023 میں 29.7 فیصد پر بند ہوئی۔ درآمدات پر سخت نگرانی کے نتیجے میں کرنٹ اکاؤنٹ کے خسارے (CAD) میں گزشتہ سال کی اسی مدت کے مقابلے میں 78 فیصد کمی واقع ہوئی۔ ایک اور مثبت پیش رفت آئی ایم ایف پروگرام کی بحالی کی صورت میں سامنے آئی جب جولائی 2023 میں پاکستان کے لئے تقریباً 3 ارب امریکی ڈالر کے نوامہ کے اسٹینڈ بائی آرینجمنٹ (SBA) کی منظوری دی گئی اور پہلا جائزہ بھی نومبر 2023 میں کامیابی کے ساتھ مکمل ہو گیا۔ اس کے نتیجے میں آئی ایم ایف کی جانب سے 700 ملین امریکی ڈالر کی پہلی قسط بھی موصول ہو گئی جس نے اسٹیٹ بینک آف پاکستان کے زرمبادلہ کے ذخائر میں بہتری لانے میں اہم کردار ادا کیا، جو بڑھ کر 8 ارب امریکی ڈالر سے زائد ہو گئے۔ مزید برآں، بجلی اور توانائی کے نرخوں میں دی جانے والی سبسڈیز کو بھی معقول سطح پر لایا گیا تاکہ ان شعبوں میں بڑھتے ہوئے گردش قرضوں پر قابو پایا جاسکے۔

اسٹیٹ بینک پاکستان (SBP) کی مانیٹری پالیسی کمیٹی (MPC) نے بھی دسمبر 2022 کے بعد سے اپنی پالیسی شرح میں مجموعی طور پر 600 بیس پوائنٹس کا اضافہ کیا، جس سے جون 2023 میں پالیسی شرح 22.00 فیصد پر پہنچ گئی، اور اس کے نتیجے میں میکرو اکنامک اشاریوں میں بہتری کے تناظر میں حسب سابق صورتحال برقرار رکھی۔

ملکی بازار حصص میں بھی مثبت رجحان دیکھنے میں آیا اور جنوری سے جون 2023 کے دوران زیادہ تر محدود دائرہ کار میں (rangebound) رہنے کے بعد کافی حد تک بحالی کا مظاہرہ کیا اور کیلنڈر سال 2023 میں 66,427 پوائنٹس کی ایک تک بلندی پر سطح کو عبور کرنے کے بعد سال کے اختتام پر 62,052 پوائنٹس پر بند ہوئی، اور اس طرح 21,632 پوائنٹس (54 فیصد) کا سال بہ سال اضافہ ظاہر کیا۔ یہ مثبت رجحان زیادہ تر آئی ایم ایف کے اسٹینڈ بائی آرینجمنٹ کی تکمیل اور نگران حکومت کو اقتدار کی ہموار انداز میں منتقلی کی وجہ سے سامنے آیا جس نے سیاسی غیر یقینی کا بڑی حد تک خاتمہ کر دیا۔

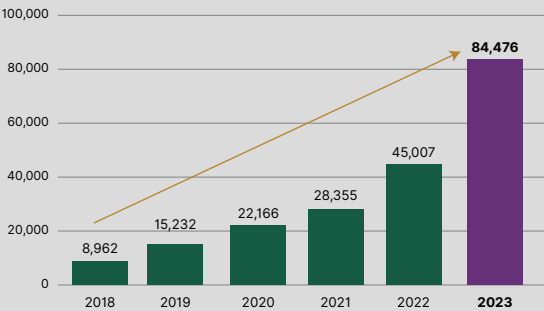
مجموعی طور پر پاکستان مالی سال 2024 میں معاشی بحالی کے لئے تیار ہے کیونکہ حکومت غیر ضروری درآمدات کو کم کرنے، کفایت شعاری کے اقدامات کے نفاذ اور عوام الناس کو معاشی ریلیف فراہم کرنے کے لئے سہ گرمی سے کوشاں ہے۔

ہماری کارکردگی

بعد از ٹیکس منافع

PROFIT AFTER TAX

Rupees in million



الحمد للہ، مشکل معاشی حالات کے باوجود 2023 ہمارے لئے ایک یادگار اور دور رس اثرات کا حامل سال ثابت ہوا، جس میں ہم نے کئی اہم سنگ میل عبور کئے۔ اپنے سفر کا جائزہ لیتے ہوئے ہم سب سے پہلے اللہ ﷻ کا شکر ادا کرتے ہیں جس کی رحمت کے بغیر ہماری یہ کامیابیاں ممکن نہیں ہو سکتی تھیں۔ میزان بینک نے ہر شعبے میں امتیاز کے ساتھ بہترین کارکردگی کا مظاہرہ کیا۔ ہمارا بعد از ٹیکس منافع گزشتہ سال کے 45 ارب روپے کے مقابلے میں 88 فیصد اضافہ کے ساتھ 84.5 ارب روپے ہو گیا اور ایکویٹی پر منافع 50 فیصد تک پہنچ گیا۔ میزان نے پاکستان کے سب سے منافع بخش بینک ہونے کا اعزاز برقرار رکھا۔ فی شخص آمدنی 47.18 روپے ہو گئی، جو کہ گزشتہ سال کے 25.15 روپے فی شخص کے مقابلے میں خاصا نمایاں اضافہ ہے۔

فی شخص ڈیویڈنڈ

ہمیں آپ کو یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ بورڈ نے 2023 کی چوتھی سہ ماہی کے لئے 8.00 روپے (80 فیصد) حتمی نقد ڈیویڈنڈ کی منظوری دی ہے، جس سے سال کے دوران نقد ڈیویڈنڈ

کی ادا کیے گی 20.00 روپے فی شخص (200 فیصد) ہو گئی ہے جس میں سال کے دوران ادا کردہ 12.00 روپے فی شخص (120 فیصد) عبوری نقد ڈیویڈنڈ بھی شامل ہے۔ الحمد للہ، ہمیں اسٹاک آپریشن میں اندراج کے بعد سے اب تک باقاعدگی سے ڈیویڈنڈ کی ادائیگیوں کی اپنی دیرینہ روایت کو برقرار رکھنے پر فخر ہے۔ بینک نے ڈیویڈنڈ کی ادائیگیوں اور منافع برقرار رکھنے کے درمیان توازن قائم رکھنے کے لئے دانشمندانہ نکتہ نظر اپنایا ہے جس سے اسے ایک مستحکم ایکویٹی میں قائم کرنے میں مدد ملی ہے۔



PERFORMANCE

BUSINESS AND OPERATIONS REVIEW

BUSINESS REVIEW

The Bank achieved several important milestones during 2023 despite the challenging macroeconomic environment. Key financial highlights of the Bank for 2023 were as follows:

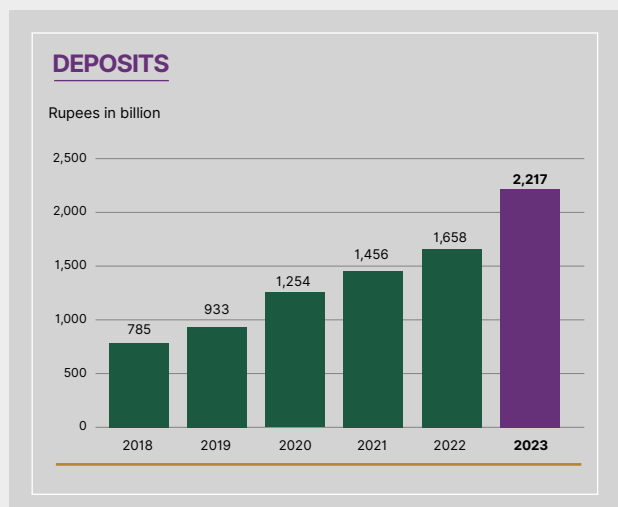
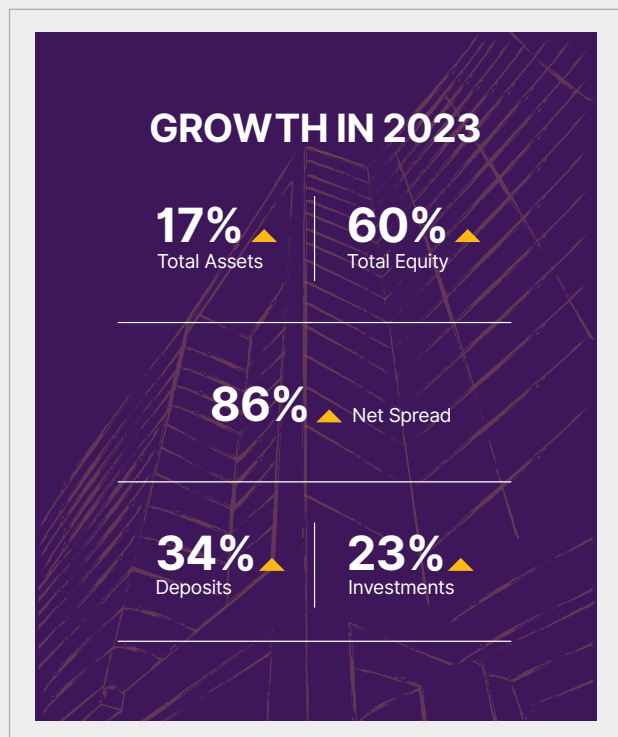
	2023	2022
Total Assets	Rs 3 trillion	Rs 2.58 trillion
Islamic Financing & Related Assets – Gross	Rs 992 billion	Rs 1.02 trillion
Investments	Rs 1.57 trillion	Rs 1.28 trillion
Deposits	Rs 2.22 trillion	Rs 1.66 trillion
Total Equity	Rs 185 billion	Rs 115 billion
Asset to Equity Leverage	Rs 16.29 Times	Rs 22.35 Times
Total Branches	1,004	962

Total Deposits of the Bank crossed the Rs 2 trillion mark for the first time in its history, growing to Rs 2.22 trillion from Rs 1.66 trillion in 2022. This 34% growth was significantly higher than the industry's average deposit growth of 24%.

A landmark achievement for the Bank during the year was crossing a network of 1,000 branches, expanding the brick-and-mortar network to over 330 cities. Supporting the Bank's keen focus on increasing financial inclusion and extending provision of Islamic banking services to untapped markets, Meezan's branch network strategically covers rural as well as urban locations across the country. The strategic geographical expansion, backed by the Bank's robust digital infrastructure, played a significant role in achieving formidable growth and reinforcing the Bank's brand value.

Another highlight of the year was the strong growth in balance sheet size with total assets crossing Rs 3 trillion, investments portfolio of over Rs 1.5 trillion and gross financing of Rs 992 billion. While the total assets grew by 17%, the Bank was able to augment its equity by a higher proportion taking the overall equity base to Rs 185 billion, up by 60% - a direct result of higher profitability and strategic capital retention. The Bank's Capital Adequacy Ratio stands at a very comfortable level of over 20%, which underscores the Bank's commitment to maintaining a robust financial structure that exceeds the industry standards.

The Bank's net spread grew to Rs 226.4 billion from Rs 121.7 billion - a growth of 86% on the back of volumetric growth in earning assets and elevated SBP policy rate. Fee and Commission income also witnessed a growth of 31%, with contributions led by digital services and trade finance services. With profit after tax of Rs 84 billion in 2023, the Bank maintains the distinction of being not only the most profitable bank in the industry but also the most valuable bank by market capitalisation. Meezan Bank has maintained its Return on Average Equity at over 30% over the last 5 years.



The Bank attained the distinction of being the only bank in the country to receive the Best Bank in Pakistan award three times from the Pakistan Banking Awards, the most esteemed recognition in the country's financial sector. The Bank was also bestowed with the prestigious 'Best Bank of the Year - Large Size Banks' award for the fourth consecutive year by the CFA Society of Pakistan.

The Bank has also been recognized by various local and international institutes on several occasions for its outstanding performance as well as contribution to Islamic finance in the region. The Bank expresses its sincere gratitude to all its stakeholders for their continued support and trust in Islamic banking and Meezan Bank.



CREDIT RATING

Meezan Bank is the youngest AAA credit rated bank in Pakistan. The Bank's medium to long-term rating of 'AAA' denotes highest credit quality with negligible risk factors, being only slightly more than for risk-free debt of Government of Pakistan (GoP). The credit rating agency has acknowledged the Bank's liquidity profile as 'strong', as reflected by the Bank's ability to post strong growth in deposits along with an improvement in deposit composition whilst maintaining the lowest cost of fund amongst peers.

AAA
Youngest AAA credit rating bank in Pakistan

RETAIL BANKING

Meezan Bank has achieved impressive growth over the last twenty one years as a commercial bank and is recognised as the flag bearer of Islamic banking in Pakistan. The key elements behind the Bank's growth and success have been its ability to provide a wide range of deposit products, its strong focus on customer service, fast & secure digital banking solutions and a zero-tolerance approach to Shariah compliance in all areas of its business.

2023 Highlights

89%
CASA Mix

26%
Market Share in Roshan Digital Account

*** USD 1.8** billion
inflows in RDA

*** Rs 1.9** billion
Disbursed for Roshan Apni Car

Launch of
Women First Account

**** 100,000**
Meezan Digital Accounts

*Since inception

**FY 2023

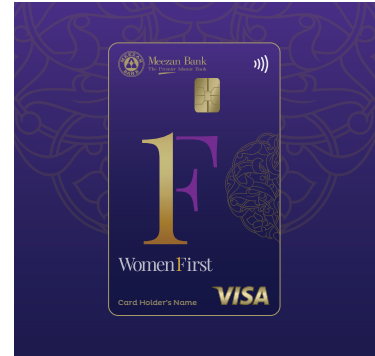
The Bank achieved two important milestones during the year – its deposits crossed the Rs 2 trillion benchmark and its geographical network expanded to more than 1,000 branches. While it took the Bank eighteen years since its commencement of commercial operations to cross the Rs 1 trillion deposits mark in 2020, it took only three years to take the deposit book to Rs 2.2 trillion. The 34% growth achieved in 2023, twice of the Bank's Compound Annual Growth Rate (CAGR) since last 10 years. More importantly, this growth stems largely from current and savings account deposits. A 36% rise in current and savings account deposits underscores the Bank's commitment to maintaining a balanced and sustainable deposit portfolio. Meezan Bank's current account deposit has crossed Rs 1 trillion recording a remarkable surge of 34%.

Key Figures	2023	2022	Growth
Deposits - Rs in billion	2,217	1,658	34%
Current & Savings Account - (CASA) - Rs in billion	1,982	1,460	36%
CASA - %	89%	88%	1%
Total Branches - (No.)	1,004	962	4%
Cities - (No.)	334	317	5%

LAUNCH OF WOMEN FIRST ACCOUNT

In pursuit of fostering financial inclusion and aligned with the State Bank of Pakistan (SBP's) Banking on Equality policy aimed at ensuring equitable access to financial services, Meezan Bank launched a dedicated savings accounts in multiple currencies, designed exclusively for the Women segment, offering competitive Shariah-compliant returns. Available in Pakistani Rupees, US Dollars, British Pounds and Euros, the 'Women First Account' is tailored to meet the distinct financial needs of women. It provides a one-of-its-kind vertically branded debit card, specific discounts across various outlets and exclusive concessions on consumer financing, among other incentives.

The 'Women First Account' portfolio has grown by an impressive 22,500 accounts during the year, contributing deposits of Rs 31 billion within a short span of time.



MEEZAN SENIOR CITIZEN ACCOUNT

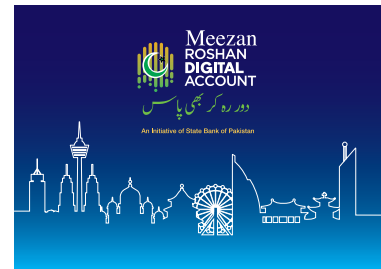
Individual account holders have been a special area of attention for Meezan Bank, owing to their importance for the Pakistani economy. With this focus, Meezan Bank has launched a new product exclusively for Senior Citizens, Widows and Differently Aabled Persons (irrespective of age) called Meezan Senior Citizen Account (MSCA). This is a dedicated Mudarabah-based deposit product, designed to encourage this section of the population to invest their personal savings, pension and retirement funds for exclusive benefits and higher returns. Meezan Senior Citizen Account is offered in Pak Rupee only which allows account holders to have easy and uncomplicated access to their funds. The fact that the Bank has opened 17,000 accounts with deposit of Rs 54 billion as of December 2023 shows that this initiative has received an excellent response from the relevant customer population. A geographically well-diversified customer base of this product, from rural to urban areas, shows that a large segment of the population has benefitted from this initiative.



PRIME MINISTER'S INITIATIVE OF ROSHAN DIGITAL ACCOUNT (RDA)

Meezan Bank has maintained its leadership position in the domain of Roshan Digital Accounts (RDA) representing a dominant 26% of the market share with over 104,000 accounts. Key achievements for Roshan Digital Accounts include:

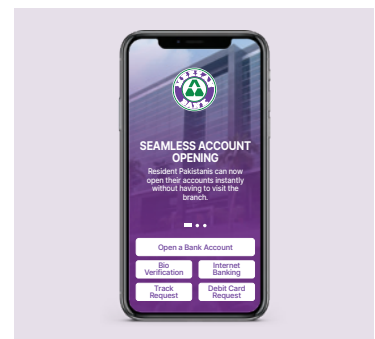
- Inflows surpassing USD 1.8 billion since inception.
- Leading bank in attaining the highest count of Roshan Equity Accounts.
- Disbursement exceeding Rs 1.9 billion for Roshan Apni Car since commencement.
- Investment in Mutual Funds exceeding Rs 1.4 billion since inception.



MEEZAN DIGITAL ACCOUNTS

Launched in 2022, Meezan's end-to-end Digital Accounts have received excellent response with over 100,000 account opened through this channel in 2023. Digital accounts are a significant stride in the Bank's digital transformation journey, enabling customers to initiate account openings online without visiting a physical branch. The following accounts can now be opened digitally:

- Meezan Digi Asaan Account
- Meezan Digi Remittance Account
- Meezan Digi Freelancer Account
- Meezan Rupee Account
- Meezan Bachat Account
- Meezan Saving Account



FREELANCER ACCOUNTS

The growing freelancers segment promises significant untapped potential for the Banking industry as well as the opportunity of promoting financial inclusion in the country. In 2023, the Bank initiated various programs aimed at promoting and facilitating freelancers, including:

- Partnership with the Pakistan Freelancers Association (PAFLA) to assist this segment in addressing their challenges and areas of concern;
- Partnership with BeFiler to provide freelancers with reduced-rate tax consultancy services;
- Diverse focus group sessions with the existing freelancer customers to understand the needs and concerns of freelancers in the area of banking to continually enhance the product offerings.

BRANCH NETWORK

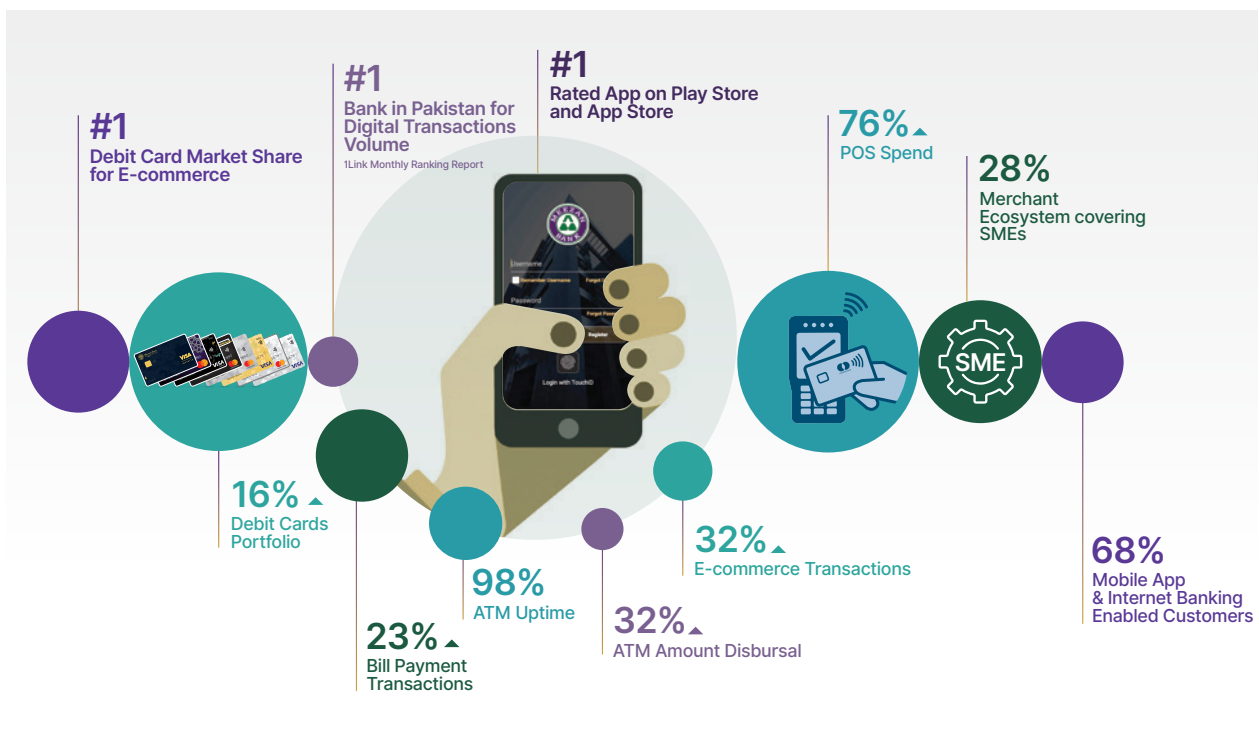
The Bank's strategy of focusing on financial inclusion by opening branches in remote locations has also contributed to its success by giving Islamic banking a geographically diverse footprint and making it accessible to a large portion of the country's population – an approach that is consistent with its Vision of establishing 'Islamic banking as banking of first choice...'

The Bank added 42 new branches to its network, taking the total network size to 1,004 branches in 334 cities across Pakistan. The expanding 'brick-and-mortar' network is supplemented by an extensive suite of digital services, including Meezan Internet Banking and Mobile App — the highest-rated mobile application in the country's banking sector.



ALTERNATE DISTRIBUTION CHANNELS

In addition to the traditional brick-and-mortar banking network, Meezan Bank provides convenient and instant access to banking services through a wide range of Alternate Distribution Channels (ADCs). Meezan Bank has a state-of-the-art ADC infrastructure as an integral part of its digital banking infrastructure, offering a complete digital solution for the banking needs of its diverse customer base.



RAAST PAYMENTS

RAAST offers customers a free-of-cost, simple and convenient mode to send and receive funds on both mobile phone numbers and bank accounts in seconds. RAAST functions on the latest payment standards (ISO 20022) and provides a superior payment experience with real-time settlement between banks. The Bank's customers performed 10.1 million transactions worth Rs 688 billion through Raast during the year.



ATM NETWORK

Meezan Bank has a vast ATM network comprising 1,159 machines nationwide, having 149 off-site and 1,010 on-site machines. With an impressive 98% uptime throughout the year, these ATMs deliver exceptional customer experience. The total dispensation from the Bank's ATMs amounted to Rs 1.87 trillion in 2023, marking a substantial 32% growth from the Rs 1.42 trillion dispensed in 2022. Meezan Bank's network was ranked 2nd out of 36 in both Acquiring volume and Acquiring income within the ATM Banking industry.

The Bank's ATMs offer biometric access, eliminating the need for physical debit cards. Additionally, a second layer of OTP verification is in place, protecting customers from potential financial losses. Meezan Bank is a pioneer in providing NFC-enabled ATM services Pakistan, allowing customers convenient access with a simple tap using their debit cards.

In response to the growing number of transactions, the Bank has deployed dual ATMs in 45 branches to improve customer convenience and reduce the waiting time for customers using ATMs.

2023 Highlights

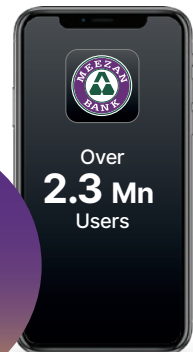
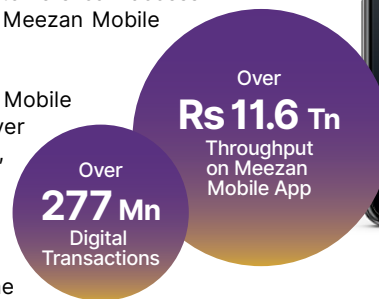
Rs 1.87 trillion
Dispensed from ATMs

32% Growth

MOBILE APP & INTERNET BANKING

Meezan Bank's mobile app is characterised by its simplicity, intuitiveness, speed and high availability, offering a world-class mobile banking experience to over 2.3 million users. It is not only the most trusted app in Pakistan, as evident from the industry-leading throughput of over Rs 11.6 trillion in a year, but also the most liked app that has maintained a rating of over 4.8 on both Google Playstore and Apple App Store over the last 4 years. Meezan Bank's customers can access banking services 24/7 from the comfort of their homes using the Meezan Mobile Banking App and Internet Banking platforms.

In 2023, over 68% of Meezan Bank's customers used the Meezan Mobile App & Internet Banking for their banking transactions, resulting in over 277 million financial transactions amounting to over Rs 11.6 trillion, setting a new benchmark for the banking industry in Pakistan. Meezan Bank's leadership position in digital transactions by retail customers is also confirmed by 1Link's Monthly Ranking Reports, consistently ranking Meezan Bank as the number one bank in terms of overall digital transactions passing through 1Link's grid over the year.



FY 2023

DEBIT CARDS

Meezan Bank offers one of the most prolific Debit Cards portfolios in the industry in terms of product offerings and has made available best in class payments-related technology to its customers, including NFC, Chip & PIN based security, mobile-based contactless payments and 3D Secure e-commerce payments.

In 2023, the Bank was conferred the prestigious 'Market Leader Affluent in Pakistan' award by Mastercard - one of the most extensive International Payment Scheme operating within Pakistan.

With a spending volume of Rs 236 billion during the year, Meezan Bank is the industry leader in Debit card usage. The Bank is also the market leader in e-commerce usage on its Debit Cards, having more than 35% share of the industry spend as per the SBP - Payment Systems Review for Q1 2023-24. The Bank's volume of e-commerce transactions also grew by an impressive 32% over last year. The POS spending volume grew by 76% by value during the year while the cards portfolio grew by 16%.

Meezan Bank launched the Meezan Women First Debit Card this year offering Shariah-compliant payment product with a wide range of features and exclusive discounts nationwide, exclusively for its female customers.



POS TERMINALS

The Bank's acquiring business has expanded to over 17,000 POS terminals with presence in more than 320 cities. These merchants represent various product categories ranging from fuel, clothing, grocery, etc. The distinctive feature of Meezan Bank's merchant ecosystem is that it covers both large-sized as well as small and medium-sized merchants, with around 28% of the overall volume covered through SMEs - contributing to the Bank's aim of financial inclusion for the untapped market. The acquiring business offers distinctive features for a seamless user experience such as:

- Merchant Portal (the only bank to provide merchants with the ease of real-time transaction reporting)
- Electronic Cash Register (ECR) Integrations
- 3D secured transactions
- Discount Management System

E-COMMERCE PAYMENT GATEWAY

Meezan Bank's E-Commerce Payment Gateway Service provides merchants an online platform to accept consumers' payments. This seamless service provides secure transactions to a wide customer base by accepting payments through the merchant's website and mobile application. Around 700 merchants are on-boarded on Meezan Bank's Payment Gateway with the highest monthly volume of 812 million. The Bank's e-Commerce payment gateway offers various features to the merchants, including:

- Multiple integration options
- One-click payment
- Tokenization
- Multi-currency transactions

DIGITAL FUND TRANSFERS

Meezan Bank's customers can transfer funds to both Meezan and other banks' customers through its Mobile App and Internet Banking, both of which include the RAAST payment option as well as its ATM channels. Meezan Bank stands out as a clear market leader in terms of remitting and receiving funds digitally, contributing significantly towards the digitization and documentation of payments in Pakistan. During 2023, the Bank processed 136 million IBFT transactions amounting to Rs 5.06 trillion through 1Link. The Bank has also facilitated one of the biggest volumes of Intra-Bank Transfers (Funds Transfer between Meezan Bank's own customers) in an efficient and reliable manner resulting in a total of 93.6 million transfers amounting to Rs 7.26 trillion.

BILL PAYMENTS

Meezan Bank offers one of the largest bill payments portfolios to its customers, comprising over 2,500 bill payment options for Utility Bills, Top-ups, Internet Bundles, Challans, FBR Taxes, School Fees, University Fees, Club Fees, Vouchers, Credit Card payments and many others. In 2023, the Bank facilitated over 40.7 million bill payments, amounting to Rs 884.7 billion.

COLLABORATION WITH FINTECHS

Meezan Bank is committed to contributing towards financial inclusion and offering a nurturing environment to FinTechs and Startups. The Bank has developed a range of API-based services for FinTechs, enabling them to offer innovative services to their customers including:

- Bin Sponsorship & Settlement Services for local and international payment schemes
- Account based debit services
- Fintech Wallet Unlock & upgrade
- Cash withdrawal via ATM
- Trust Account Services

These services have enabled various organizations to offer advanced features to their customer base at affordable pricing. The Bank will continue to support FinTechs and Startups for greater financial inclusion in the country.

2023 Highlights

17,000 POS Terminals

320+ Cities

812 million
Highest Monthly Volume

136 million
IBFT Transactions via 1Link

93.6 million
Intra-Bank Transfers

40.7 million
Bill Payments

2,500
Bill Payment Options

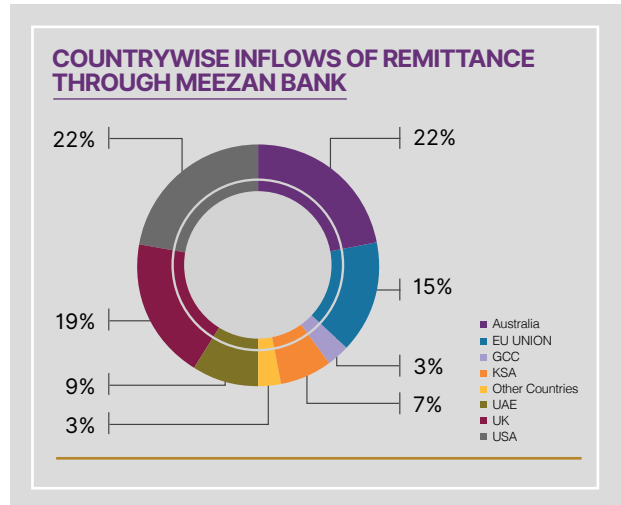


HOME REMITTANCE

Meezan Bank plays a vital role in driving home remittances through banking channels under both Pakistan Remittance Initiative (PRI) and non-PRI arrangements. The Bank's comprehensive remittance services encompass the efficient crediting of remittances to beneficiary accounts/wallets, facilitation of Cash over the Counter transactions (CoC) and issuance of Electronic Pakistan Remittance Certificates (E-PRCs) for the beneficiaries' tax compliance. Meezan Bank's remittance-specific products include Meezan Express Account and Meezan Smart Wallets.

To enhance the quality of its customers' experience, the Bank has automated the issuance of PRC such that each remittance beneficiary receives an E-PRC digitally once they receive their remittance. Further, to promote financial inclusion, the Bank is actively engaging in the protectorate office training initiatives to guide expatriates to send remittances through the banking network. The Bank is also onboarding partners from major remittance corridors to boost remittance volumes. This strategic commitment not only contributes significantly to the country's economy but also enhances the Bank's business performance. During the year, the Bank achieved a 15% growth in remittance transactions.

Furthermore, for the first time, the Bank co-sponsored the 3rd Pakistan Remittance Summit held in Kuala Lumpur and participated for the first time in the International Association of Money Transfer Network (IAMTN) Summit held in Dubai to further bolster its remittances business.



Syed Amir Ali, Deputy CEO Meezan Bank, delivering speech as a keynote speaker at 3rd Pakistan Remittance Summit (Kuala Lumpur, Malaysia).

FINANCING PORTFOLIO

The Bank offers a comprehensive array of Shariah-compliant solutions to cater to the financing needs of its customers including large size Corporates, mid-tier Commercial and SMEs and consumers. The Bank's performance in various types of financing segments has been as follows:

2023 Highlights

Rs 706 billion
Corporate Banking Portfolio

Rs 200 billion
Commercial Banking Portfolio

Rs 146 billion
Investment Banking Transactions

SME Financing

2023 Rs 20.3 billion
2022 Rs 17.8 billion

Financed Pakistan's **First-ever Musharaka - based Project**

CORPORATE BANKING

The Bank's Corporate Banking focuses on addressing the financial needs of its diverse clientele, encompassing private and public sector entities as well as multinational corporations. The Bank has established enduring partnerships with its corporate clients, leveraging the expertise of in-house product specialists and Shariah scholars operating under the guidance of its Shariah Board to deliver diverse financing solutions such as working capital finance, import finance, export refinance, commodity operations financing, long-term finance, documentary credit requirements and project financing. Owing to its robust risk management strategy, the Bank has developed a well-diversified Corporate Banking portfolio that stood at Rs 706 billion in December, 2023 with an admirably low infection ratio of less than 2%.

INVESTMENT BANKING

Meezan Bank is one of the most active Investment Banking players in Pakistan. The Bank led and closed transactions worth over Rs 146 billion in 2023 comprising arrangement and advisory deals in diverse sectors including infrastructure, power, telecommunications, real estate, pharma, sugar and textile. Through these endeavours, the Bank actively contributed to building local capacities in the country, fostering economic development and channelizing much-needed Foreign Direct Investment (FDI) into the country. Sectoral breakdown of the transactions led by the Bank is depicted in the chart.

Meezan Bank has consistently prioritized initiatives that centre around Environmental, Social and Governance (ESG) considerations, strategically focusing on renewable energy and green banking projects as part of its overarching commitment to combat climate change and reduce reliance on expensive imported fuels. Meezan Bank is actively collaborating with its customers to extend financial support to large and small-scale renewable energy projects.

In 2023, Meezan Bank financed the country's first-ever Musharaka-based investment in a real estate project, recognized as 'Deal of the Year' by CFA Society Pakistan. Meezan Bank has also been widely recognized and acknowledged by numerous local and international bodies through various awards and accolades. Awards and recognitions along with key transactions of the year are highlighted below:

Client	Facility Amount (Rs Mn)	Roles
Enertech Water Private Limited	51,500	Mandated Lead Advisor & Arranger, Investment Agent, Accounts Bank, Shariah Structuring Bank & Security Agent
Nasda Green Energy Private Limited	750	Mandated Lead Advisor & Arranger & Investment Agent
Gul Ahmed Electric Limited	670	Mandated Lead Advisor & Arranger & Musharaka Agent
Din Energy Limited	670	Mandated Lead Advisor & Arranger & Musharaka Agent
Sindh Engro Coal Mining Company	4,000	Mandated Lead Advisor & Arranger
ThalNova Power Thar (Pvt.) Limited	3,000	Working Capital Financial Advisor, Mandated Lead Arranger & Investment Agent & Shariah Advisor
Punjab Thermal Power Limited	5,000	Mandated Lead Arranger & Advisor, Investment Agent & Shariah Structuring Bank
Engro Powergen Thar Limited	5,000	Financial Advisor & Lead Arranger
Unicol Limited	6,000	Mandated Lead Arranger & Advisor, Investment Agent, Shariah Advisor & Shariah Structuring Advisor
D.G. Khan Cement Company Limited	7,000	Mandated Lead Arranger & Advisor, Investment Agent, & Shariah Structuring Advisor
Engro Enfrashare Private Limited	6,000	Mandated Lead Arranger & Advisor, Investment Agent Account Bank & Shariah Structuring Advisor
Sui Southern Gas Company Limited	15,000	Lead Arranger and Shariah Advisor
Sui Northern Gas Pipelines Limited	10,000	Lead Arranger and Investment Agent
Nishat Mills Limited	8,000	Mandated Lead Arranger & Advisor, Investment Agent, Shariah Structuring Bank & Shariah Advisor
Power Holding Limited	12,500	Mandated Lead Arranger & Advisor, Investment Agent & Shariah Structuring Bank
Engro Powergen Thar Limited	1,250	Mandated Lead Advisor & Arranger

KEY AWARDS AND RECOGNITIONS

Key Awards for the year 2023 are as follows:

Asian Banking and Finance Corporate & Investment Banking Awards

- Project Infrastructure Finance Deal of the Year, Pakistan
- Innovative Islamic Deal of the Year - Pakistan award

CFA Society Pakistan

- Best Transaction of the Year – 2022

Asset Triple A – Hong Kong

- Best Investment Bank – Pakistan
- Sukuk Adviser of the Year – Pakistan
- Best green financing – Pakistan
Burj Solar Energy Private Limited 1 billion rupees syndicated Islamic finance facility Mandated lead arranger and adviser
- Best Structured Financing – Pakistan
Pakistan Telecommunication US\$171 million diminishing Musharaka sales and lease back Mandated lead adviser and arranger
- Best Syndicated Loan – Pakistan
Trans World Associates (Private) Limited 11.1 billion rupees syndicated Islamic finance facility Shariah structuring bank, and mandated lead adviser and arranger



DEVELOPING ISLAMIC CAPITAL MARKETS

An investor in the stock market can trade in Shariah-compliant stocks to earn Halal income in the form of dividend. PSX has two designated Shariah Compliant indexes namely KMI-30 and KMI-All Shares, respectively. During the year, 2023, KMI-30 outperformed and reported yearly return of 53.39% against the yearly return of 40.04% of KSE-30 Index while KMI-All Shares also recorded annual yield of 53.42% as compared to KES-All Shares which reported yearly yield of 52.24%.

DID YOU KNOW?

COMMERCIAL BANKING

Including Small & Medium Enterprises (SME) and Agriculture Finance

Meezan Bank recognizes the fact that in order to achieve its Vision of establishing 'Islamic banking as banking of first choice...' it must increase the outreach of Islamic banking well beyond the blue-chip corporate sector. In this regard, the Bank has developed a very clear focus on nurturing the growth its SME and agriculture financing portfolios as these sectors play a significant role in the country's economy, serving as integral components and pillars of economic stability.

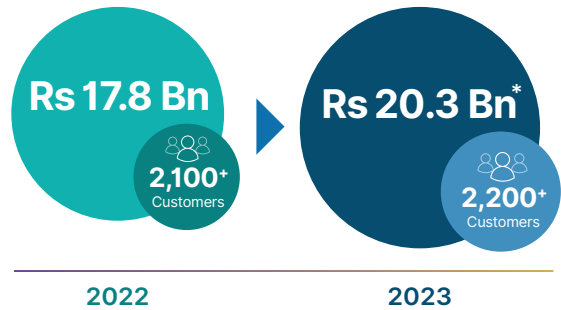
The growth in the Bank's Commercial Banking portfolio over the years underscores the significant trust and confidence cultivated with its customers. In 2023, the Bank's Commercial Banking portfolio grew by 16% crossing the Rs 200 billion milestone with a non-performing financings ratio of less than 3%.

SMALL & MEDIUM ENTERPRISES (SMES) & SUPPLY CHAIN

Meezan Bank has strategically prioritized SME financing as a key focus area with several initiatives to enhance its support for SMEs, demonstrating a commitment to fostering the growth and development of this vital sector. The Bank enhanced its supply chain efficiency with B2B FinTechs helping over 500 distributors with Shariah-compliant financing. Owing to this initiative, end to end digital transaction is now being done in under 30 seconds as compared to two days under the manual mode.

* Net off attrition of Rs 868 million arising from the transfer of customers from the SME segment to the Commercial segment.

SME Financing



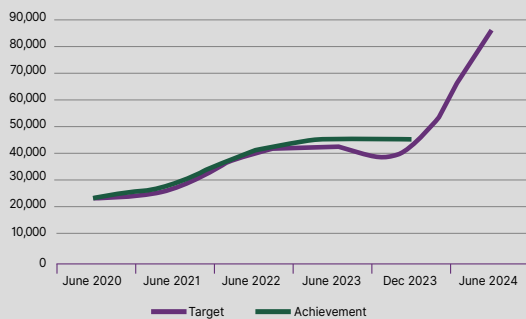
SME Initiatives

Digital Financing for SMEs	Total disbursement: Rs 17.3 billion	No. of transactions: 20,187
Commercial Fleet Financing for SMEs	Total Portfolio: Rs 7.0 billion	Total no. of Customers: 350 No. of SME Customers: 240
Islamic SME Aasaan Financing (ISAAF)	Total Disbursement: Rs 2.76 billion	373 customers onboarded
PMYBL & ALS (Youth Entrepreneurship Scheme)	Total Disbursement: Rs 343 million	78 customers onboarded
Supply Chain Financing for SMEs (SCF)	Total Portfolio: Rs 3.9 billion	Total Customers: 465

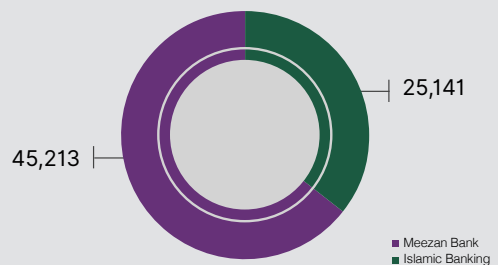
AGRICULTURE FINANCE

Meezan Bank provides products that cater to the needs of the entire Agri value chain and non-crop sector activities such as dairy, livestock, poultry and allied activities.

AGRI SBP TARGETS (PKR Mn)

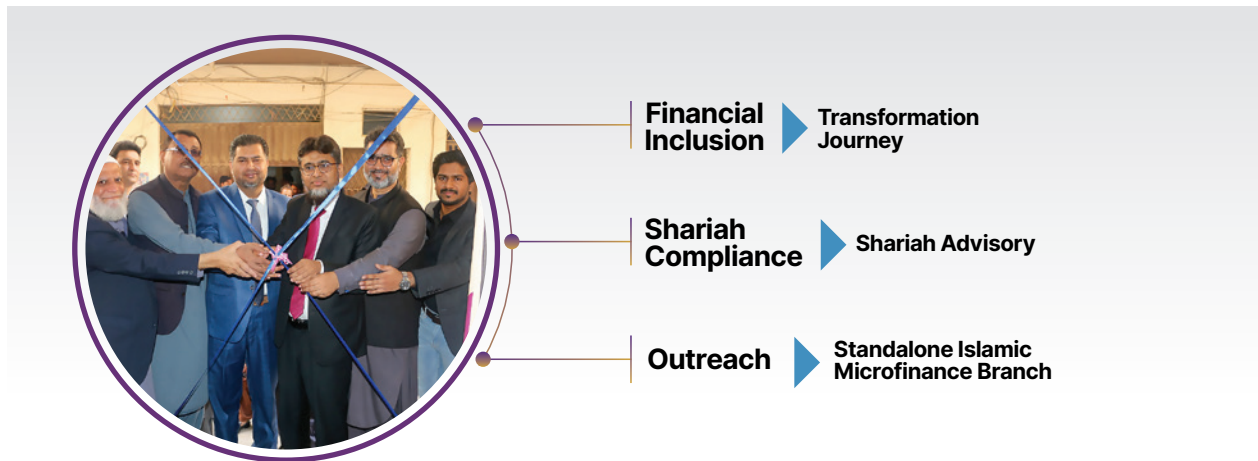


ISLAMIC AGRI FINANCE VS MEEZAN'S SHARE



Meezan Bank demonstrated excellent performance by exceeding the agriculture credit disbursement and outstanding targets set by the State Bank of Pakistan (SBP). The Bank has significantly improved its ranking, moving from the 6th to the 2nd position in the SBP scorecard for Agriculture Credit Performance of Banks. Below are the key agriculture related initiatives taken by the Bank:

- Subsidized Financing (IFFSAP and Storage for Agri produce) ▪ Tractor Financing (Regular and PMYB & ALS)
- Dealer Finance ▪ Solar Tube wells ▪ Grower Finance ▪ Partnership with SAFCO Microfinance
- Electronic Warehouse Receipt ▪ SBP's Farmer Literacy Program



Ground-breaking partnership with SAFCO Microfinance, offering Shariah compliant funds for Islamic Microfinance and provision of technical support for product development, capacity building and training of staff.

TRADE BUSINESS

Navigating the challenges arising from the prevailing economic conditions, the Bank steadfastly addressed the trade finance needs of its customers. In 2023, the Bank recorded a trade business volume of Rs 2.16 trillion.

In line with the Bank's strategic objectives, there was a deliberate shift in focus towards enhancing the export business volume. The export business ratio increased to 46%, demonstrating a notable improvement compared to 36% the previous year.

2023 Highlights

Rs 2.16 trillion
Trade Business Volume

CONSUMER FINANCE

Meezan Bank is the pioneer in providing Shariah-compliant consumer financing in the country and offers a diverse range of products including Car Ijarah, House Finance, Bike Finance, Solar Finance, Consumer Ease and Labbaik Hajj and Umrah schemes. The Bank prioritizes digital transformation to provide seamless banking experiences through its user-friendly online platforms allowing customers to apply for any Consumer product with robust security measures in place. The Bank's upcoming initiatives focus on expanding its digital footprint, providing personalized experiences for financial solutions and strengthening its commitment to social impact through community engagement programs.

2023 Highlights

Rs 18.6 billion
Housing Finance Portfolio

Rs 360 million
Solar Financing

Relaunch of
Meezan Apni Bike

1st Position
in Govt. Hajj Application Collection

Launch of
Residual Value Vehicle Ijarah

CAR IJARAH

Meezan Bank's Car Ijarah product remains at the forefront as the premiere Riba-Free car financing solution in Pakistan, structured on Islamic financing principle of ijarah (leasing). The Bank achieved strong growth in its corporate Car Ijarah portfolio during the year and also launched the Residual Value (RV) Model for used vehicles, that offers significantly lower monthly rentals, in collaboration with leading car manufacturers in the country.



MEEZAN APNI BIKE

In 2023, Meezan Bank relaunched its motorcycle financing product - Meezan Apni Bike under the Islamic Financing Mode of Musawama. To promote this initiative, the Bank has joined hands with major Motorcycle manufacturers such as Atlas Honda Limited, Yamaha Motor Pakistan (Pvt.) Ltd., Pak Suzuki Motor Co. Ltd., Pirani Group of Companies (PGC) and Memon Motors. The Bank has also started extending financing for Chinese motorcycles to facilitate customers in their choice of vehicle. As a major step towards environment-friendly financing, the Bank has started financing Electric Bikes and has signed an MOU with Pakistan's largest E-Commerce platform, Daraz, to encourage the use of Electric Bikes in Pakistan.



MEEZAN EASY HOME

Meezan Bank witnessed Regular Housing Cases disbursement of Rs 3.6 billion, reaching an outstanding portfolio of Rs. 18.6 billion as of December 31, 2023. Meezan Bank, in partnership with the Pakistan Mortgage Refinance Company (PMRC), offers fixed-rate financing to its customers for three years at a considerable discounted profit rate, which has proved to be instrumental in supporting the housing value chain. The goal is to improve access to affordable and Shariah-compliant housing finance in Pakistan by providing flexible products. Moreover, the Bank extends its services globally to overseas Pakistanis through Meezan Bank's Roshan Digital Account product 'Roshan Apna Ghar'.

2023 Highlights

Rs 3.6 billion
Disbursement



Furthermore, to improve its turnaround time for this product, the Bank has digitalised its Housing Financing Approval System. The Easy Home digital journey encompasses customer onboarding and extends to the execution of Musharkah property, eliminating redundant processes and transforming manual work into fully and semi-automated mechanisms to align with our business requirements.

MEEZAN SOLAR FINANCING

Meezan Bank introduced 'Meezan Solar' in August 2021, aligning with the SBP's IFRE scheme for renewable energy. The product gained significant traction, utilizing the limits assigned to the Bank by the apex authority. In 2023, to address the credit shortfall in the market, Meezan Bank launched its own solar financing product, showcasing leadership in green initiatives. The present active portfolio comprises more than 438 satisfied customers with net financing amount of Rs 360 million at the end of December 2023. It highlights the Bank's dedication to environmental responsibility and reflects on its commitment to meeting the diverse needs of its customers.

438 Solar
Panels Financed



MEEZAN LABBAIK HAJJ & UMRAH

Labbaik – a Riba-free financing solution for Hajj & Umrah, was initiated by the Bank as a Corporate Social Responsibility project. Supporting its customers' holy journey in a high inflationary environment, the Bank introduced Group Umrah Packages for customers to avail Umrah facility on cash payment as well as on 12-month instalment plans.



In the Government's Hajj application collection initiatives for 2023, Meezan Bank retained its top position among the 14 participating Pakistani banks. Overall, 79,929 Hajj Applications were collected by all banks, out of which Meezan Bank's share stood at 22% with 17,638 applications. During the year, the Bank strengthened its Hajj Data Collection Portal with all types of payment integration (i.e., Internet Banking, ATM, Mobile App, 1Link and Branch counter).

SHARIAH ADVISORY SERVICES

Meezan Bank, in its leadership role for promoting Islamic finance, provides Shariah advisory and Shariah related technical services and support to a host of institutions including banking companies, non-banking financial institutions (NBFIs), development financial institutions (DFIs), asset management companies (AMCs), stock exchanges, takaful companies, microfinance institutions and other corporate entities, both domestically and internationally.

The Bank's Shariah Advisory services include establishment of Islamic financial institutions, transforming businesses into Shariah-compliant entities, Shariah compliance advisory services, development of Sukuk structures and Shariah-compliant products, catering to the specific requirements of customers and addressing complex business needs.

In 2023, the Bank extended Shariah Advisory services and support to one of the leading DFIs to launch their first Islamic Finance Division in the country. The scope of these services included delivery of end-to-end Shariah-compliant asset and liability products, policies, procedures and frameworks including Shariah-governance framework, Shariah-audit framework and Shariah-compliance manual. The Bank also organised trainings for their staff on Islamic finance products and pool management.

Meezan Bank also provided Shariah Advisory services and support to microfinance companies for Islamic microfinance services. The services included an initial review of policies and procedures and the development of Shariah-compliant products catering to the diverse needs of microfinance consumers. The Bank conducted training for their staff on Islamic finance and Shariah-compliant products.

The Bank has also developed various innovative Sukuk structures including Asset-light Sukuk based on royalty payment, purchase and sale of digital inventory of airtime which received an overwhelming response from the market. It continues to provide Shariah Advisory services to one of the cooperative finance institutes in Australia and has conducted Shariah audits of their house finance and car finance products.

The Bank also provides Shariah Advisory services to 40 funds and plans of Al Meezan Investment Management Limited and 11 funds of NBP Fund Management Limited with total funds under management of Rs 386.62 billion and Rs 71.10 billion respectively. The Bank conducted two training sessions for Al Meezan Investment Management Limited on Islamic Capital Market and Charity guidelines.



Further details about the Shariah Advisory initiatives of the Bank are provided in the Shariah Board Report 2023, which is included in this Annual Report.



Mr. Urooj ul Hasan Khan – Group Head, Corporate, Investment Banking & Shariah Advisory, Meezan Bank and Mr. Haseeb Haque – Managing Partner, Fieldfisher Capital LLP at the signing ceremony, in presence of Mr. Ariful Islam – Deputy CEO, Meezan Bank, Mr. Khalid Mansoor – Partner FFC and their respective teams.

2023 Highlights

Total Funds Under Management

Rs 386.62 billion



Rs 71.10 billion



TREASURY

Meezan Bank has maintained its prominence in both the foreign exchange and money markets by serving as an active market maker and a formidable participant. The Bank services the foreign exchange needs of its customers by offering a range of products encompassing import, export, outward remittance, inward remittance, forward and Bai Salam, available in both local and foreign currencies. The Bank is an active participant in SBP's initiatives to enhance the USD-PKR liquidity through participation in the development of a portal for streamlining and bringing transparency to the FX market.

On the fixed-income front, a total of 12 auctions of Government of Pakistan (GoP) Ijarah Sukuk were held in 2023 in which bids of Rs 1.7 trillion were accepted, including Meezan Bank's acceptance amount of Rs 290 billion. The Bank has consistently maintained its leadership position in the Islamic fixed-income instrument market, acting as a market maker for the GoP Ijarah Sukuk. The GoP Ijarah Sukuk is presently available in diverse tenors, spanning 1 year, 3 years and 5 years, offering both fixed & variable rental rates.

Market Maker for the
**Government of Pakistan
Ijarah Sukuk**

Meezan Bank emerged as the one of the most significant participants in the inaugural GoP Ijarah Sukuk auction facilitated through the Pakistan Stock Exchange (PSX). The Bank has also actively participated in the SBP's Shariah-compliant open market operations.

There was pronounced volatility in exchange rates during 2023. This was attributed to the prevailing economic conditions, local political uncertainty, post-COVID global supply shocks and the repercussions of the Russia-Ukraine war. The Bank's prudent risk management practices enabled it to navigate this period of extreme volatility successfully, while simultaneously catering to the foreign exchange needs of its diverse customer base.

FINANCIAL INSTITUTIONS AND CORRESPONDENT BANKING

The Bank, through its Financial Institutions and Correspondent Banking department, concentrates primarily on establishing and nurturing Correspondent Banking relationships globally. The Bank's correspondent network extends across 79 countries with over 600 correspondents. These correspondents offer a spectrum of services, including advising, confirmation, discounting of letters of credit, reimbursement undertakings, standby LCs and guarantees.

In 2023, Meezan Bank added Al Rajhi Bank, Saudi Arabia to its correspondent Banking network. Al Rajhi is one of largest Islamic banks globally and a leading contributor to home remittance flow to Pakistan. Despite the foreign exchange challenges faced in Pakistan, the Bank was able to honour Import LC confirmation requests, owing to sufficient limits set by international correspondents and strategic partnerships with multilateral institutions such as the International Finance Corporation (IFC) and the Asian Development Bank (ADB).

2023 Highlights

600+
Correspondents

79
Countries

Addition of
Al Rajhi Bank, Saudi Arabia

TRANSACTION AND EMPLOYEE BANKING

The Bank offers cash management solutions to enable customers to manage receivables and payables in a seamless manner. Additionally, payroll solutions are also offered to customers where on-site account opening services are rendered through eBiz, eBiz+ Lite, eBiz+ and Meezan Payroll Partner.

In 2023, the number of cash management transactions grew by 45%, increasing the cash management throughput from Rs 2.7 trillion to an impressive Rs 4.4 trillion – witnessing an exponential growth of 63%. The Bank's eBiz+ corporate internet banking application empowers clients across Corporate, Commercial, SME and Institutional sectors to transact securely anytime, anywhere.

2023 Highlights

Rs 4.4 trillion
Cash Management Portfolio

45% ▲
Cash Management Transactions

MEEZAN BANK'S SUBSIDIARY-AL MEEZAN INVESTMENT MANAGEMENT LIMITED

Meezan Bank's subsidiary, Al Meezan Investment Management Ltd (Al Meezan) is the largest Asset Management Company (AMC) in Pakistan. Al Meezan has demonstrated a commendable and unwavering performance record among Asset Management Companies (AMCs) in Pakistan, spanning over 28 years. Al Meezan is also engaged in Investment Advisory Services and manages Voluntary Pension Schemes (VPS).

2023 Highlights

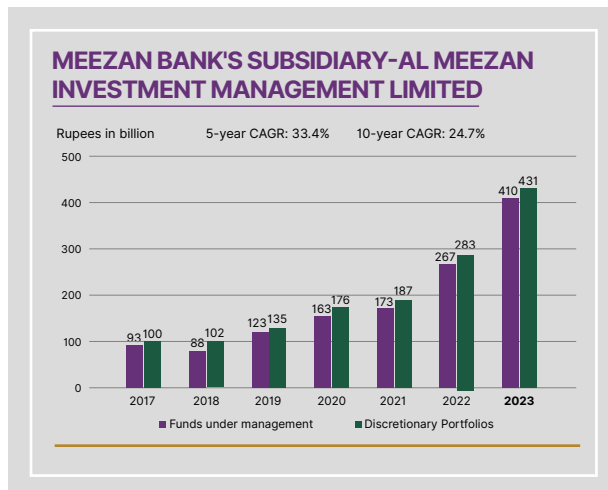
52% ▲
Assets Under Management

254,000+
Investors

40% ▲
Shariah-compliant Segment Share

AWARDS

Al Meezan earned following accolades in 2023:



In 2023, Al Meezan's AUMs have increased to Rs 431 billion, a growth of 52% over last year. The share of Al Meezan in the total Mutual Fund Industry now stands at around 19% as of December 31, 2023, while its share in Shariah-compliant Segment stood at 40% as of December 31, 2023. The total number of customers of Al Meezan now surpassed 254,000 investors. Al Meezan launched a series of plans and fund during the year to cater to the the diverse needs of its investors.

Al Meezan is rapidly growing its presence across Pakistan with 24 branches in 13 cities, supplemented by Meezan Bank's countrywide branch network. Investors can conveniently open their account through Al Meezan's account opening service and easily manage all their investment needs through their mobile application and online portal (Meezan Funds Online). Al Meezan's digital reach goes beyond borders with its services being offered digitally to overseas Pakistanis through the RDA initiative.

Al Meezan offers a comprehensive product suite of 21 products including two Voluntary Pension Schemes (VPS), multiple investment plans (spanning across various asset classes) and Separately Managed Accounts (SMA) customized to the unique needs of the clients. Al Meezan also maintains the highest Asset Management Quality rating of AM1 (AM-One) with stable outlook by both VIS & PACRA Credit Rating Companies.

Al Meezan has also acquired license to carry out Real Estate Investment Trust (REIT) Management Services.

OPERATIONS REVIEW

For an organization to consistently provide products and services that meet the demands of its customers, it requires an effective support functions infrastructure. At Meezan Bank, the support units collaborate to ensure that all transactions conducted by the Bank align with the directives of its Resident Shariah Board Member (RSBM) and the Shariah Board (SB), as well as with the Bank's policies and procedures. The following provides a concise introduction to the support units and their roles within the organization.

SERVICE QUALITY

Service Excellence is one of the three Core Values of Meezan Bank, along with Shariah-compliance and Integrity. Customer-centricity is one of the Bank's core strategic goals as it aspires to be a world-class customer-centric bank.

A Service Board, Chaired by the Bank's President & CEO and consisting of senior-level representatives from key business and support units, convenes regularly to assess the Bank's service delivery performance. The Board takes proactive measures to guarantee the provision of a superior banking experience to the Bank's customers. A dedicated Service Quality team performs continuous monitoring of branch performance against service standards established by the Service Board and assesses the quality of branch services. Additionally, the Bank employs service evaluation methodologies, including mystery shopping and customer satisfaction surveys, to gather feedback aimed at improving its products and services.

The Bank has a dedicated complaint management team that handles customer complaints and disputes under the Customer Grievances Handling policy approved by the Board in line with the SBP's Consumer Grievance Handling Mechanism. Customer feedback is also taken after closure of complaints and Root Cause Analysis is conducted to drive a complaint prevention action plan.

Ensuring fair treatment of customers is a paramount and focal point for the Bank, guided by Shariah principles and SBP guidelines. Conducting staff training and customer awareness campaigns helps the Bank identify gaps and work for improving itself in this domain.

The Bank has put in place an extensive mechanism of scorecards at various levels, covering the aspects of fair treatment of customers and ensuring that service excellence is embedded in all customer-impacting processes. Furthermore, these processes are regularly monitored and optimized through the established framework of process design incorporating concepts of design thinking, process optimization and measuring process performance against standards. To achieve Service Excellence, the Service Quality Department collaborates closely with other departments to foster and nurture a culture of continuous improvement incorporating customer feedback. Such collaborations take the form of formal and informal interactions such as workshops and forums and play a key role in driving the value of Service Excellence across the Bank.

INFORMATION TECHNOLOGY & DIGITAL BANKING

Meezan Bank's achievements in the area of Information Technology in 2023, coupled with its strategic vision for the future, underscore its commitment to technological excellence, customer-centricity and sustainable growth. The Bank remains steadfast in its pursuit of innovation and efficiency, staying at the forefront of technological advancement within the banking sector.

Meezan Bank was awarded the first prize at the Institute of Chartered Accountants of Pakistan's (ICAP) Digital Technology Awards for Best Dashboard, affirming its commitment to leveraging technology to deliver intuitive and comprehensive data analytics solutions.

During 2023, the Bank embarked on a transformative journey, emphasizing digital transformation and innovation. The adoption of Software-Defined Wide Area Networking (SD-WAN) facilitated the migration of over 500 branches to a more agile and robust network architecture. This migration resulted in robust network traffic, increased traffic visibility, improved security and enhanced application performance. Additionally, the integration of state-of-the-art intrusion prevention has fortified the Bank's security posture, providing comprehensive threat protection, real-time machine learning and advanced threat analysis across all network segments.



Mr. Faizur Rehman – Group Head Information Technology, Meezan Bank while receiving the award at The Institute of Chartered Accountants of Pakistan's (ICAP) Digital Technology Awards – AccounTech Innovation Congress

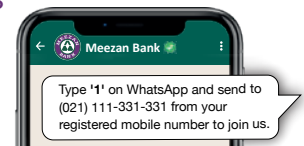
Payment Card Industry Data Security Standard (PCI-DSS) Re-Certification, a widely accepted set of policies and procedures that optimize the security of credit, debit and cash card transactions and protect cardholders against misuse of their personal information, ensures the Bank's strong security controls. Further, achieving EPI-Data Center Operations Standard (DCOS) Certification is an extraordinary first-in-Pakistan milestone, reflecting the Bank's commitment to excellence in IT service management and in hosting a secure, sustainable and adaptable data centre environment.



The Bank continues to place strong emphasis on improving its customers' banking experience and enhancing its operational efficiency. The upgradation and staff launch of an intuitive and feature-rich mobile banking application aims to empower customers with seamless banking experiences, including diverse financial services, payment options, investment insights and personalized offers. This, together with the release of Meezan Digital Account and Roshan Digital Account customer onboarding apps, demonstrates the Bank's strong commitment to digitally facilitating its customers and enriching the Bank's digital offering. Further, expanding banking services to the popular WhatsApp messaging platform for all customers and simplifying transactions through QR-based payments reflected the Bank's dedication to accessible and convenient banking solutions. Customer response has been overwhelming with 5,000+ daily WhatsApp sessions only a couple of months after launch.

2023 Highlights

5,000+
Daily WhatsApp
Sessions



Meezan Bank has continued its pursuit of technological excellence through initiatives comprising blockchain integration, a digital financing platform built with a FinTech and development of a cutting-edge Tijarah financing mobile application. Looking ahead, the Bank is working on the following strategic technology initiatives:

- Investing in AI-driven technologies to enhance operational efficiency, decision-making and customer-centric services.
- Embracing cloud technologies to optimize scalability, reduce costs and enhance agility in service delivery.

HUMAN RESOURCES

Meezan Bank believes in building a dynamic and professionally competent workforce that is fully capable of providing a world-class banking experience to its customers.



For the Year 2023



A total of 3,642 staff were inducted, with 1,442 joining through a countrywide batch-hiring initiative. Batch hiring enables the Bank to develop a pipeline of trained human resources for its continuously growing network. The Bank maintained its focus on the diversity and inclusion through induction of female staff as well as differently abled individuals, aiming to foster a workplace that reflects a broad spectrum of talent and perspectives.

Meezan Bank strongly believes in providing avenues for career growth to its employees, with 635 individuals benefiting from both internal job placements and elevations at various levels within the organization.

To support the higher education of its staff’s children, the Bank introduced the Meezan Scholar Policy, under which the Bank would sponsor up to 80% of university expenses of children of staff of VP level and 90% of university expenses for children of staff of level AVP and below.

The Bank launched the Annual Hajj Sponsorship Program in 2023, under which 25 staff members and their spouses would be sent to perform the holy journey. This gesture not only fosters spiritual fulfilment but also strengthens the bond between the Bank and its employees, creating a workplace that values holistic well-being. The Bank also remains committed to promoting inclusivity through its Roshnaas Program for Persons with Disabilities (PWDs) by providing meaningful training and employment opportunities for PWDs and contributing to a more inclusive community.

In response to the challenges posed by spiralling inflation and heightened vehicle and property prices, Meezan Bank undertook a comprehensive revision of its Staff Auto Finance Policy and Staff House Finance Policy to provide increased flexibility and support to its staff.



A glimpse of Meezan Roshnas Program.

Acknowledging the efforts of its staff towards the Bank achieving certain significant milestones, such as surpassing the Rs 2 trillion deposit mark and being recognized as the Best Bank in Pakistan 2023 by Pakistan Banking Awards, the Bank rewarded its employees with two Ex-Gratia Bonuses, equivalent to one month’s basic salary each, as a token of appreciation. The Bank has also expanded the domain of the monthly advance bonus so that a much larger section of its staff could benefit from this initiative.

Meezan Bank’s Employee Benevolent Fund Trust (EBFT), launched in November 2012, continues to play a pivotal role in supporting employees and their families in times of need. The program provides financial assistance on a need and merit basis, covering medical, marriage, education and related expenses. In the unfortunate event of an employee’s passing away, the Bank extends its support by providing a monthly payment to the family for a period of 5 years. During 2023, the Bank provided support to 390 families through the EBFT program.

LEARNING & ORGANIZATIONAL DEVELOPMENT

The Bank conducts its learning activities using a blended approach including Virtual Instructor Led Trainings (VILTs) and classroom trainings. A total of 13,500 staff members participated in various learning interventions in the year 2023.

In addition to regular learning activities, the Bank also introduced a series of specialized programs tailored to distinct roles and departments:

- The Branch Manager Development Program (BMDP) focused on polishing the leadership and operational skills of branch managers, benefiting 366 participants across all regions through 11 sessions.
- The Regional Sales Team Development Program (RSTDP) engaged all 30 Regional Sales and Channel Managers in a comprehensive 3-day program, equipping the sales force with advanced strategies and techniques.
- The Regional Operation Managers Development Program (ROMDP) empowered 21 participants with essential skills and knowledge in a 3-day initiative designed to help them excel in their roles.
- The Advance Credit Analysis Program (ACAP) enhanced critical thinking and analytical skills for 47 professionals from Risk Management and Commercial Banking departments.

Given the fact that a vast majority of training sessions are conducted by the Bank's internal trainers, the Bank organized 7 Train the Trainer sessions, benefiting 196 trainers and strengthening the foundations of its internal training ecosystem.

Focusing on Diversity and Inclusion remains a priority for the Bank, with approximately 13,500 and 13,000 participants undergoing Banking on Equality (BOE) and disability sensitization training sessions respectively. Dedicated sessions such as Meezan GOLD – Global Outcomes with Leadership Development Program empowered 88 senior women professionals across Regions and Cancer Awareness Sessions reached 194 women in key cities.

To build Islamic finance expertise, 7 sessions of Islamic Banking Refresher for Executives were conducted for 207 senior executives (SVP and above) and 36 sessions of Refresher on Retail Products were conducted for over 1,800 staff members.

2023 Highlights

13,500
Employees Trained



Meezan Bank team holding Islamic Banking Awareness Sessions across the country.

SHARIAH COMPLIANCE

Shariah compliance is a way of life at Meezan Bank and the Bank maintains a zero-tolerance policy in this area. To continually ensure Shariah compliance in all its products, services and processes, the Bank established a dedicated Shariah Compliance Department (SCD) in 2005. The department works under the guidance and direct supervision of the Bank's Shariah Board (SB) to facilitate product research and development, conduct Shariah compliance reviews, provide internal and external training, act as secretariat to Shariah Board, resolve Shariah Audit observations and take other initiatives for development of the Islamic banking industry - both locally and globally. Some of the key functions that the Shariah Compliance Department undertakes are:

SECRETARIAT TO THE SHARIAH BOARD

During 2023, the Shariah Compliance Department organized four meetings of the Shariah Board at regular intervals for obtaining timely approvals of relevant proposals, agreements, manuals, process flows and contracts. The department also liaises between management and the Shariah Board - reviewing all proposals, agreements, manuals, process flows, contracts and checklists submitted by different units of the Bank. SCD also reviews profit calculation on deposit pools and their distribution to depositors.



Islamic banking awareness seminar in collaboration with Memon Professional Forum (MPF), at ICAP Karachi.

PRODUCT SUPPORT & RESEARCH

All business functions of the Bank are provided product support by Shariah Compliance Department, from the initiation of business proposals till the structuring and execution of the solution through Shariah-related research, interdepartmental coordination and customer engagement. This process enables the Bank to continually modify existing products, identify new market niches and address emerging customer needs.

SHARIAH COMPLIANCE REVIEW

Shariah Compliance Review is a continuous process of ensuring that all internal and external activities of the Bank remain compliant to Shariah rules. All financing cases are reviewed periodically to monitor adherence with relevant Shariah guidelines. Moreover, industry visits and random checking by Shariah Compliance Department helps identify gaps and subsequently add value through continuous process and controls improvement.



SCOPE OF SHARIAH COMPLIANCE REVIEW

The SCD ensures compliance to Shariah Guidelines in all areas of the Bank's business and operation, including the following key areas:

Corporate Banking	Fresh Proposals, Renewals, Enhancements, Structured Transactions
SME/Commercial/Agri Finance	Fresh Proposals, Renewals, Enhancements, Structured Transactions
Ancillary Documents	Letter of Guarantees, MoUs, Security Agreements, NOCs, Procurement Agreements, Vendor Agreements, Service Agreements
Investment Banking	Term Sheets, Shariah Structure, Legal Agreements, Post Transaction Review
Treasury	Placement of Funds, Acceptance of Funds, International Placements, Forex Transactions, Alternate to Bill Discounting Transactions
Branch Assessment	Branch Environment and understanding of employees
Marketing promotions	Bank's Product Promotions, Social Media Posts, Print and Electronic Media Ads, Sponsorship Proposals, Enlistment of Charitable Institutions
Other Head Office Departments	Policies, MoU, Legal Agreements, Understanding and Application of Shariah Guidelines

INTERNAL AND EXTERNAL TRAINING

The Shariah Compliance and Learning & Development teams work closely to design, implement and reinforce Islamic banking and financing product knowledge to employees, customers and the public. Training sessions are conducted throughout the year including orientations, refreshers and specialized courses for staff, based on Training Need Analysis.

The Bank also collaborates with leading educational institutes such as IBA-CEIF towards the common aim of capacity building for Islamic banking. Major programs include the Certified Shariah Auditor AAOIFI certification and the Certified Islamic Finance Reporting and Auditing Course.



Meezan Bank team holding an Islamic Banking Awareness Session.

CONTRIBUTIONS TOWARDS THE ISLAMIC BANKING INDUSTRY IN PAKISTAN

The Bank regularly acts as a joint financial advisor for the issuance of Government of Pakistan Sukuk to help address the liquidity management needs of the Islamic Banking industry.

SHARIAH AUDIT

Meezan Bank is committed to conducting its operations strictly by Shariah principles. The Bank maintains a dedicated and independent Shariah Audit Department, which plays a pivotal role in safeguarding the Bank's adherence to the rulings and guidelines established by its Shariah Board (SB), Resident Shariah Board Member (RSBM) and the SBP.


The Shariah Audit team has a unique blend of skills with professionals such as Certified Shariah Advisers by AAOIFI, Chartered Certified Accountants and Shariah scholars working in the function. This diverse skillset equips the team with very strong insight into financial and Shariah-related matters.



Meezan Bank's dedication to Shariah compliance has earned it international recognition. Global Islamic Finance Awards (GIFA) UK has consistently lauded the Bank's efforts, awarding it the coveted 'Shariah Auditor of the Year' title for six consecutive years and the 'Shariah Authenticity Award' for multiple years.

In 2023, the Bank continued its digital transformation journey in this domain and successfully developed an in-house e-Shariah Audit software. The software is a unique and specialized tool which will enable end-to-end digitalization of Shariah Audit operations in the years to come.

INFORMATION SECURITY



Meezan Bank places paramount importance on cybersecurity, considering it a top priority. The Bank has instituted comprehensive controls at multiple levels to protect customer data and information assets from cyber threats. The Bank rigorously adheres to international best practices and has achieved certifications for global card security standards such as PCI DSS and PCI PIN, underscoring its commitment to safeguarding customer data.

The Bank has a dedicated Information Security department equipped with the necessary systems to ensure 24/7 prevention, detection and response to unforeseen events. Various initiatives have been taken to continuously improve the cyber security of the Bank's digital assets, engaging departments such as Information Technology, Information Security, Internal Audit, Compliance and Risk Management which handle diverse responsibilities while ensuring enterprise-wide enforcement of Information Security policies to improve the overall Cyber Security posture of the Bank.

The Bank also has a state-of-the-art data centre. The centre is ISO 27001 certified and has achieved the DCOS-3 rated by EPI, which acknowledges its Service Level Management, Facilities Management, Data Centre Operations and Monitoring / Reporting. Advanced security systems such as firewalls, intrusion detection and prevention systems and anti-malware and encryption technologies have been put in place to safeguard against cyber threats.

The Bank engages both local industry experts and international consultants to perform assessments of the Bank's information assets and cybersecurity practices in line with both national and international standards and best practices. This engagement also includes penetration testing exercises to timely identify and rectify any potential weakness or vulnerability of our assets. The Bank also has a dedicated Transaction Monitoring Unit (TMU) with real-time fraud analytic systems. These detection functionalities help analysts to investigate specific transaction patterns, which has enabled the Bank to enhance its customers' trust in its digital services' security. The services of the CTM 360 platform for digital risk protection have further enhanced the Bank's incident response and management capabilities by enabling it to detect and respond to alerts efficiently and effectively.

The bank recognizes the significance of fostering staff awareness and providing thorough training to ensure strong cybersecurity. To this end, the Bank's Orientation program for all new joiners includes detailed Cyber Security awareness sessions while the existing staff are provided awareness through emails, phishing simulations and special sessions on Cyber Security. Furthermore, professionally tailored specialized training is provided to employees of Information Security and Information Technology departments to ensure that their knowledge and skills are in line with the growing industry challenges.

Recognizing the critical importance of cybersecurity challenges, the Bank is committed to ongoing investments in systems and resources. This commitment aims to enhance its resilience against cyber threats by implementing comprehensive cybersecurity measures that cover all aspects of the ever-evolving cyber landscape.

facebook

Largest fan base
in Pakistan's banking
industry

Meezan Careers
Facebook Page
More than

53K+ Likes **10%**▲
Growth since 2022

**21st in World's
Top 100 Banks**
on Facebook by
'The Financial
Brand'

Over
2.40
Million Likes

Over
1,400
Posts released



**First dedicated
Islamic Banking
Channel**
in the country

More than
40,800
Subscribers

27% Growth
since 2022

Instagram

**The highest number
of followers**
amongst all banks in
Pakistan

More than
121,200 Followers

12% Growth
since 2022

MEEZAN BANK'S SOCIAL MEDIA FOOTPRINT



More than
401,700 Followers

32% Growth
since 2022

More than
160 Job Ads



More than
10,000 Followers



More than
30,700 Followers

19% Growth
since 2022

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MeezanBankLtd/

/MeezanBankLtd1

/company/meezan-bank-ltd



Website Visitors
4.7M+

KEY FIGURES AT A GLANCE

	2023	2022	2021	2020	2019	2018
Profit and Loss Account						
Return on financing, investments and placements	431,722	232,121	110,073	106,589	94,270	48,625
Return on deposits and other dues expensed	205,293	110,417	41,152	41,740	47,731	20,457
Net Spread earned	226,429	121,704	68,921	64,849	46,539	28,168
Fee, commission, forex and other income	21,808	18,170	13,351	8,765	9,396	6,887
Gain / (loss) on securities - net and dividend income	299	933	1,541	1,307	(76)	575
Total income	248,536	140,807	83,813	74,921	55,859	35,630
Operating and other expenses	71,788	48,245	35,324	29,775	25,522	19,670
Profit before Provisions	176,748	92,562	48,489	45,146	30,337	15,960
Provisions / (reversals) and write offs - net	7,340	4,177	993	8,210	4,186	1,168
Profit before Taxation	169,408	88,385	47,496	36,936	26,151	14,792
Taxation	84,932	43,378	19,141	14,770	10,919	5,830
Profit after Taxation	84,476	45,007	28,355	22,166	15,232	8,962
Statement of Financial Position						
Islamic Financing and Related Assets - Gross	992,027	1,018,102	777,295	531,588	506,513	522,264
Total Assets	3,012,109	2,577,397	1,902,971	1,521,560	1,121,258	937,915
Total Deposits	2,217,474	1,658,490	1,455,886	1,254,431	932,579	785,477
Share Capital	17,913	17,896	16,269	14,147	12,861	11,692
Sub-ordinated sukuk	20,990	20,990	20,990	18,000	14,000	14,000
Total Shareholders Equity	184,908	115,321	86,558	69,155	59,015	40,333
Market Capitalization	289,037	178,139	218,188	147,754	122,348	108,022
Number of Staff	17,186	15,380	14,007	12,423	11,649	10,069
Number of Branches	1,004	962	902	815	760	660
Ratios						
Book Value (Rs)	103.23	64.44	53.2	48.9	45.9	34.5
Market Value per Share (Rs)	161.36	99.54	134.1	104.4	95.1	92.4
Price to Book Value Ratio	1.56	1.54	2.5	2.1	2.1	2.7
Cash Dividend (%)	200	85	60	60	50	35
Stock Dividend (%)	-	10	15	10	10	10
Right Shares at par (%)	-	-	-	-	-	-
Price Earning Ratio	3.42	3.96	8.46	6.7	8.8	13.3
Basic Earning per Share (Rs)	47.18	25.15	15.84	12.39	8.51	5.01
Net Spread to Gross Return (%)	52.45	52.43	62.6	60.8	49.4	57.9
Profit Before Tax to Gross Income (%)	37.33	35.18	38.0	31.7	25.2	26.4
Profit After Tax to Gross Income (%)	18.61	17.92	22.7	19	14.7	16
Operating & Other Expenses to Income before provisions (%)	28.88	34.26	42.2	39.7	45.7	55.2
Gross Financing / Advances to Deposit Ratio-ADR (%)	44.74	61.4	53.4	42.4	54.3	66.5
Investment to Deposit Ratio - IDR (%)	70.91	77.4	42.6	34.6	24.2	15.8
Capital Adequacy Ratio (%)	22.39	18.42	17.8	17.8	16.6	14.6
Return on Average Assets (%)	3.02	2.01	1.7	1.7	1.5	1
Return on Average Equity (%)	56.27	44.59	36.4	34.6	30.7	23.8

(Comparitive information has been reclassified / rearranged / restated for better presentation)

Rupees in Million

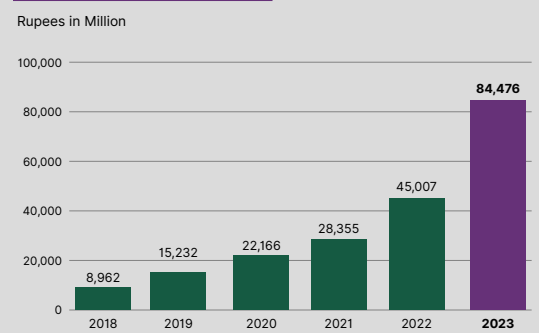
2017	2016	2015	2014	2013
36,427	31,027	32,893	28,487	23,016
15,684	13,239	15,181	15,539	12,658
20,743	17,788	17,712	12,948	10,358
5,622	4,102	3,617	3,387	1,971
2,002	1,622	971	1,432	1,539
28,367	23,512	22,300	17,767	13,868
16,832	14,787	13,313	10,402	8,128
11,535	8,725	8,987	7,365	5,740
1,283	(218)	535	467	93
10,252	8,943	8,452	6,898	5,647
3,939	3,381	3,429	2,328	1,690
6,313	5,562	5,023	4,570	3,957

428,833	319,617	215,776	183,286	133,475
788,808	662,055	535,864	440,149	332,095
667,181	559,398	468,281	378,744	288,433
10,629	10,027	10,027	10,027	10,027
7,000	7,000	-	-	-
35,077	30,474	26,347	23,890	18,913
71,321	67,422	45,875	47,129	39,488
9,551	9,168	8,581	7,429	6,248
601	571	551	428	351

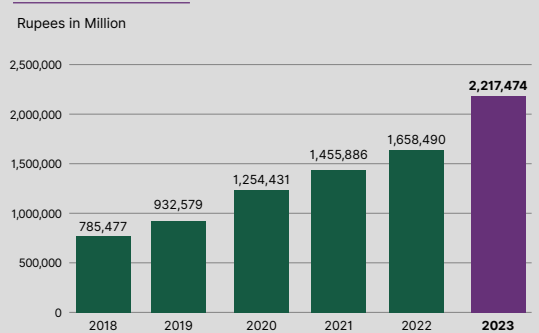
32.3	28.1	25.5	23.2	17.9
67.1	67.2	45.7	47	39.4
2.1	2.4	1.8	2	2.2
30	30	30	27.5	20
-	-	-	-	-
6	-	-	-	-
12.1	12.3	9.1	10.3	10
3.53	3.11	2.81	2.55	2.21
56.9	57.3	53.9	45.5	45
23.3	24.3	22.6	20.7	21.3
14.3	15.1	13.4	13.7	14.9
59.3	62.9	59.7	58.6	58.6

64.3	57.1	46.1	48.4	46.3
17.9	23.3	31.2	30.1	52.6
12.9	12.9	11	11.9	12.5
0.9	0.9	1	1.2	1.3
19.3	19.6	20	21.4	22.3

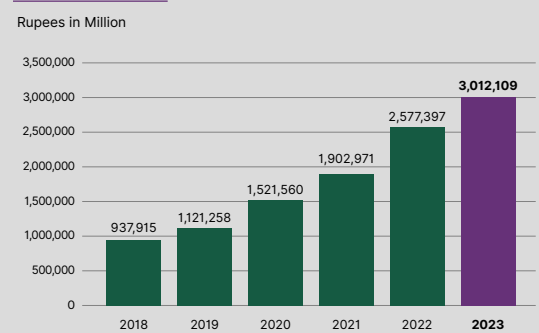
PROFIT AFTER TAXATION



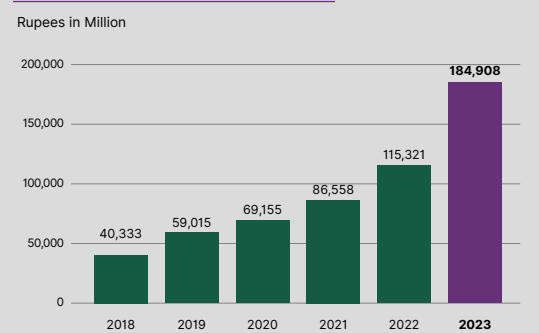
TOTAL DEPOSITS



TOTAL ASSETS



TOTAL SHAREHOLDERS EQUITY



SIX YEARS' HORIZONTAL ANALYSIS

STATEMENT OF FINANCIAL POSITION / PROFIT & LOSS ACCOUNT

Rupees in Million

Statement of Financial Position

	2023	23 Vs 22	2022	22 Vs 21	2021	21 Vs 20	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs 17
		%		%		%		%		%		%
Assets												
Cash and balances with treasury banks	242,612	106	117,743	(31)	170,501	25	136,243	48	92,194	42	65,022	1
Balances with other banks	11,452	(16)	13,676	(17)	16,420	(16)	19,446	27	15,372	86	8,255	69
Due from financial institutions - net	34,964	-	34,964	(85)	238,402	(30)	342,069	53	223,689	21	184,815	26
Investments - net	1,572,388	23	1,283,210	107	620,132	43	434,208	92	225,646	82	123,743	4
Islamic financing and related assets - net	961,673	(3)	995,508	31	758,086	48	512,532	4	493,775	(4)	512,564	22
Fixed assets	58,618	45	40,427	19	33,958	44	23,568	1	23,285	77	13,129	16
Intangible assets	2,272	23	1,844	23	1,496	39	1,080	38	780	25	625	22
Deferred tax assets	-	(100)	4,646	2,555	175	(55)	390	100	-	(100)	983	-
Other assets - net	128,130	50	85,379	34	63,801	23	52,024	12	46,517	62	28,779	37
	3,012,109	17	2,577,397	35	1,902,971	25	1,521,560	36	1,121,258	20	937,915	19
Liabilities												
Bills payable	39,724	(1)	40,175	11	36,141	36	26,494	54	17,187	(28)	23,751	38
Due to financial institutions	377,495	(34)	573,326	160	220,414	133	94,501	125	42,047	15	36,408	(1)
Deposits and other accounts	2,217,474	34	1,658,490	14	1,455,886	16	1,254,431	35	932,579	19	785,477	18
Sub-ordinated Sukuk	20,990	-	20,990	-	20,990	17	18,000	29	14,000	-	14,000	100
Deferred tax liabilities	4,213	100	-	-	-	-	-	(100)	2,830	-	-	(100)
Other liabilities	167,305	(1)	169,095	104	82,982	41	58,979	10	53,600	41	37,946	48
	2,827,201	15	2,462,076	36	1,816,413	25	1,452,405	37	1,062,243	18	897,582	19
Net Assets	184,908	60	115,321	33	86,558	25	69,155	17	59,015	46	40,333	15
Represented by:												
Share capital	17,913	-	17,896	10	16,269	15	14,147	10	12,861	10	11,692	10
Reserves	37,082	32	28,188	20	23,393	15	20,424	12	18,207	20	15,161	13
Unappropriated profit	118,992	70	69,900	63	42,832	48	29,022	56	18,546	37	13,526	31
Surplus / (deficit) on revaluation of assets - net of tax	10,921	(1,745)	(664)	(116)	4,064	(27)	5,562	(41)	9,401	204 times	(46)	(106)
	184,908	60	115,321	33	86,558	25	69,155	17	59,015	46	40,333	15

Profit & Loss Account

	2023	23 Vs 22	2022	22 Vs 21	2021	21 Vs 20	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs 17
		%		%		%		%		%		%
Return on financing, investments and placements	431,722	86	232,121	111	110,073	3	106,589	13	94,270	94	48,625	33
Return on deposits and other dues expensed	(205,293)	86	(110,417)	168	(41,152)	(1)	(41,740)	(13)	(47,731)	133	(20,457)	30
Net spread earned	226,429	86	121,704	77	68,921	6	64,849	39	46,539	65	28,168	36
Fee, commission, forex and other income	21,808	20	18,170	36	13,351	52	8,765	(7)	9,396	36	6,887	23
Gain / (loss) on securities - net and dividend income	299	(68)	933	(40)	1,541	18	1,307	1,820	(76)	(113)	575	(71)
Total income	248,536	77	140,807	68	83,813	12	74,921	34	55,859	57	35,630	26
Operating and other expenses	(71,788)	49	(48,245)	37	(35,324)	19	(29,775)	17	(25,522)	30	(19,670)	17
Profit before Provisions	176,748	91	92,562	91	48,489	7	45,146	49	30,337	90	15,960	38
Provisions and write offs - net	(7,340)	76	(4,177)	321	(993)	(88)	(8,210)	96	(4,186)	258	(1,168)	(9)
Profit before taxation	169,408	92	88,385	86	47,496	29	36,936	41	26,151	77	14,792	44
Taxation	(84,932)	96	(43,378)	127	(19,141)	30	(14,770)	35	(10,919)	87	(5,830)	48
Profit after taxation	84,476	88	45,007	59	28,355	28	22,166	46	15,232	70	8,962	42

(Comparative information has been reclassified / rearranged for better presentation)

SIX YEARS' VERTICAL ANALYSIS

STATEMENT OF FINANCIAL POSITION / PROFIT & LOSS ACCOUNT

Rupees in Million

Statement of Financial Position

Assets	2023	%	2022	%	2021	%	2020	%	2019	%	2018	%
Cash and balances with treasury banks	242,612	8	117,743	4	170,501	9	136,243	9	92,194	8	65,022	7
Balances with other banks	11,452	1	13,676	1	16,420	1	19,446	1	15,372	2	8,255	1
Due from financial institutions - net	34,964	1	34,964	1	238,402	12	342,069	22	223,689	20	184,815	20
Investments - net	1,572,388	52	1,283,210	50	620,132	33	434,208	29	225,646	20	123,743	13
Islamic financing and related assets - net	961,673	32	995,508	39	758,086	40	512,532	34	493,775	44	512,564	55
Fixed assets	58,618	2	40,427	2	33,958	2	23,568	2	23,285	2	13,129	1
Intangible assets	2,272	-	1,844	-	1,496	-	1,080	-	780	-	625	-
Deferred tax assets	-	-	4,646	-	175	-	390	-	-	-	983	-
Other assets - net	128,130	4	85,379	3	63,801	3	52,024	3	46,517	4	28,779	3
Total Assets	3,012,109	100	2,577,397	100	1,902,971	100	1,521,560	100	1,121,258	100	937,915	100
Liabilities												
Bills payable	39,724	1	40,175	2	36,141	2	26,494	2	17,187	2	23,751	3
Due to financial institutions	377,495	12	573,326	22	220,414	12	94,501	6	42,047	4	36,408	4
Deposits and other accounts	2,217,474	74	1,658,490	64	1,455,886	76	1,254,431	82	932,579	83	785,477	84
Sub-ordinated Sukuk	20,990	1	20,990	1	20,990	1	18,000	1	14,000	1	14,000	1
Deferred tax liabilities	4,213	-	-	-	-	-	-	-	2,830	-	-	-
Other liabilities	167,305	6	169,095	7	82,982	4	58,979	4	53,600	5	37,946	4
	2,827,201	94	2,462,076	96	1,816,413	95	1,452,405	95	1,062,243	95	897,582	96
Net Assets	184,908	6	115,321	4	86,558	5	69,155	5	59,015	5	40,333	4
Represented by:												
Share capital	17,913	1	17,896	1	16,269	1	14,147	1	12,861	1	11,692	1
Reserves	37,082	1	28,188	1	23,393	2	20,424	2	18,207	2	15,161	2
Unappropriated profit	118,992	4	69,900	2	42,832	2	29,022	2	18,546	2	13,526	1
Surplus / (deficit) on revaluation of assets - net of tax	10,921	-	(663)	-	4,064	-	5,562	-	9,401	-	(46)	-
	184,908	6	115,321	4	86,558	5	69,155	5	59,015	5	40,333	4

Profit & Loss Account

	2023	%	2022	%	2021	%	2020	%	2019	%	2018	%
Return on financing, investments and placements	431,722	95	232,121	93	110,073	88	106,589	91	94,270	91	48,625	87
Return on deposits and other dues expensed	(205,293)	(45)	(110,417)	(44)	(41,152)	(33)	(41,740)	(36)	(47,731)	(46)	(20,457)	(37)
Net spread earned	226,429	50	121,704	49	68,921	55	64,849	55	46,539	45	28,168	50
Fee, commission, forex and other income	21,808	5	18,170	7	13,351	11	8,765	8	9,396	9	6,887	12
Gain / (loss) on securities - net and dividend income	299	-	933	-	1,541	1	1,307	1	(76)	-	575	1
Total income	248,536	55	140,807	56	83,813	67	74,921	64	55,859	54	35,630	63
Operating and other expenses	(71,788)	(16)	(48,245)	(19)	(35,324)	(28)	(29,775)	(25)	(25,522)	(25)	(19,670)	(35)
Profit before Provisions	176,748	39	92,562	37	48,489	39	45,146	39	30,337	29	15,960	28
Provisions and write offs - net	(7,340)	(2)	(4,177)	(2)	(993)	(1)	(8,210)	(7)	(4,186)	(4)	(1,168)	(2)
Profit before taxation	169,408	38	88,385	35	47,496	38	36,936	32	26,151	25	14,792	26
Taxation	(84,932)	(19)	(43,378)	(17)	(19,141)	(15)	(14,770)	(13)	(10,919)	(10)	(5,830)	(10)
Profit after taxation	84,476	19	45,007	18	28,355	23	22,166	19	15,232	15	8,962	16

(Comparitive information has been reclassified / rearranged for better presentation)

REVIEW OF SIX YEARS' PERFORMANCE

The summary of financial performance of Meezan Bank Limited over the last six years (2018 – 2023) is as under:

STATEMENT OF FINANCIAL POSITION

ASSETS

In 2023, Meezan Bank achieved a significant milestone with total assets surpassing Rs 3 trillion mark - a substantial increase from Rs 938 billion in 2018 driven by robust growth in deposits. The liquidity generated through deposits was channelised towards investments as well as financings. Investment portfolio saw remarkable growth, soaring to nearly Rs 1.6 trillion from Rs 124 billion in 2018 reflecting a growth of 11.7 times since 2018. The Bank's investments in Government of Pakistan (GoP) Ijarah Sukuk amounted to Rs 1.4 trillion, while its holdings in Pakistan Energy Sukuk, guaranteed by the Federal Government, reached Rs 119 billion. The resumption of Government of Pakistan (GoP) Ijarah Sukuk auctions at regular intervals has addressed the chronic liquidity deployment challenges faced by the Islamic Banking Industry enabling them to reduce the dependency on inter-bank secured placements under Bai Muajjal which have remained at Rs 35 billion (around 1% of the Balance sheet as of December-2023) since last year compared to Rs 185 billion, representing 20% of total assets, in 2018.

Net financing portfolio closed at Rs 962 billion, representing 32% of total assets, compared to Rs 513 billion in 2018, reflecting a five-year Compound Annual Growth Rate (CAGR) of 13%. Throughout these years, the Bank remained steadfast in its commitment to allocate liquidity across various sectors of the economy. The primary driver of financing growth was the corporate segment, which expanded to Rs 706 billion, representing 71% of the total financing book. SME/Commercial financing also experienced a healthy growth increasing to Rs 200 billion - almost double of its size in 2018, while the consumer portfolio witnessed a modest growth closing at Rs 74 billion. Despite pursuing growth amidst a challenging economic environment, the Bank maintained a balanced approach, ensuring that all the risk acceptance parameters were met. With an infection ratio of around 1.7%, one of the lowest in the banking industry, the Bank's high-quality financing portfolio is a testament to its prudent risk management practices.

The Bank's fixed assets (excluding right-of-use assets recognized under IFRS 16) have increased to Rs 39 billion in 2023 from Rs 13 billion in 2018 primarily due to the Bank's sizable investment in its branch network which reached to 1,004 branches in 2023 as compared to 660 branches in 2018 - an increase of 344 branches in last six years. The Bank's strategic expansion of its branch network has yielded favourable results, as evident by the notable increase in deposits and profits over successive periods. Additionally, the Bank's substantial investment in technological infrastructure and digital channels has played a crucial role in augmenting its fixed and intangible assets, further driving growth.

LIABILITIES

Deposits of the Bank crossed Rs 2.2 trillion, experiencing a substantial surge increasing by 2.8 times from Rs 785 billion in 2018, reflecting a five-year Compound Annual Growth Rate (CAGR) of 23%. Notably, Current Account deposits witnessed remarkable growth, surging by Rs 809 billion or 2.79 times to reach Rs 1.1 trillion compared to Rs 289 billion in 2018. This improvement resulted in the Current Account mix rising to 49% from 37% in 2018. Savings Account deposits also saw significant growth, increasing by Rs 599 billion from Rs 284 billion in December 2018, reflecting a growth of 2.1 times since 2018. Conversely, fixed deposits recorded a modest increase of Rs 23 billion, increasing from Rs 212 billion in 2018 to Rs 236 billion in 2023. This strategic shift aligns with the Bank's focus on maintaining low-cost deposits as part of its branch expansion and mobilization strategy which is a core driver of profitability. The Bank attributes this achievement to the dedicated commitment of its staff to uphold high standards of customer service, coupled with the seamless digital banking experience provided to customers.

The introduction of SBP's Shariah Compliant Open Market Operation (OMO) and Standing ceiling facility at start of 2022, enabled the Bank to manage its day-to-day liquidity more efficiently. As of December 31, 2023, the Bank's total borrowing from SBP under the SBP OMO amounted to Rs 180 billion. This was followed by Rs 141 billion under various other SBP subsidized refinancing schemes to targeted businesses and export-oriented industries. The total due to financial institutions amounted to Rs 377 billion compared to Rs 36 billion in 2018.

To fortify the Bank's robust business operations while maintaining a resilient regulatory capital base, the Bank successfully issued Subordinated Tier II Sukuk and Additional Tier I Sukuk to bolster its regulatory capital base. As of December 31, 2023, the total Subordinated Sukuk amounted to Rs 21 billion, comprising Rs 7 billion of Additional Tier I Sukuk and Rs 14 billion of Subordinated Tier II Sukuk. VIS Credit Company Limited has rated the Bank's Additional Tier I Sukuk as AA+ (Double A Plus), and Tier II Sukuk as AAA (Triple A). Consequently, despite the considerable expansion of total assets between 2018 and 2023, the Capital Adequacy Ratio remained comfortably positioned at 22.39% in 2023, exceeding the minimum requirement of 11.5%.

EQUITY

The Bank's equity increased to Rs 185 billion compared to Rs 40 billion in 2018, reflecting a substantial rise over the last six years. The Bank remains committed to ensuring a prudent

balance between depositors' liabilities and shareholders' funds, thereby maintaining an optimal capital/debt ratio. The Bank has consistently upheld its record of uninterrupted dividend payouts since its listing on the Stock Exchange, showcasing its commitment to delivering value to shareholders over time.

PROFIT AND LOSS ACCOUNT

The Bank has achieved remarkable growth in Profit after Tax, surging nine-fold from Rs 9 billion in 2018 to Rs 84.5 billion in 2023. As of December 31, 2023, Meezan remained the most profitable bank in Pakistan with a profit after tax of Rs 84.5 billion.

Aligned with the expansion of the Bank's asset base, significant increase in current and saving accounts, and the uptick in the underlying State Bank of Pakistan (SBP) policy rate, the net spread of the Bank surged to Rs 226 billion, marking a substantial increase from Rs 28 billion in 2018. The Bank experienced notable growth in fee, commission, foreign exchange, and other income, escalating from Rs 6.9 billion in 2018 to Rs 21.8 billion in 2023. This surge in fee income can be primarily attributed to the Bank's burgeoning trade business, which surpassed Rs 2.1 trillion, up from Rs 1.0

trillion in 2018. Additionally, the Bank's significant expansion in ADC services contributed significantly to this growth, complemented by a considerable rise in its customer base.

With the expanded branch network and substantial investments in IT infrastructure to accommodate the growing volume of banking transactions, the Bank witnessed a rise in operating expenses, reaching Rs 72 billion in 2023 compared to Rs 20 billion in 2018. Factors such as inflation and rupee devaluation further contributed to this increase in operating costs. Presently, the Bank employs over 17,000 staff nationwide as compared to 10,069 staff at the end of 2018, thus fostering increased employment opportunities within the population. Despite the increase in operating expenses, the Bank's income efficiency ratio improved to 29% in 2023 from 55% in 2018, which is a reflection of the Bank's commitment to enhancing operational efficiency and driving sustainable growth.

Additionally, the Bank's direct contribution to the national exchequer expanded significantly, surging to almost fifteenfold. The total taxation charge for 2023 soared to Rs 84.9 billion, up from Rs 5.8 billion in 2018, primarily attributable to higher profitability and increased tax rates.

FINANCIAL ANALYSIS

STATEMENT OF FINANCIAL POSITION

The Bank's total assets increased by 17% crossing Rs 3 trillion milestone this year compared to Rs 2.6 trillion in 2022. The investments portfolio grew to Rs 1.6 trillion from Rs 1.3 trillion in 2022, primarily driven by a significant increase in investments in Federal Government Securities – GoP Ijarah Sukuk, which now amount to Rs 1.4 trillion compared to Rs 1.1 trillion the previous year.

The Gross Financing portfolio remained at Rs 992 billion as a result of Bank's strategic focus on preserving asset quality given the unprecedentedly high benchmark policy rate. The Gross Advance to Deposits ratio (ADR) of the Bank stood at 45%, compared to 61% in the prior year. The Bank's financing portfolio remains well-diversified, serving a broad spectrum of clients including large corporates, small and medium-sized enterprises, and retail consumers. As of December end, the Bank holds a market share of approximately 8% of the overall banking industry's financings. The Bank's financing portfolio continued to exhibit strong quality, with an infection ratio consistently below 2%. This is notably lower than the banking industry average of around 8%. Additionally, the Bank's coverage ratio was 179% as of year-end, much higher than the banking industry average of around 96%.

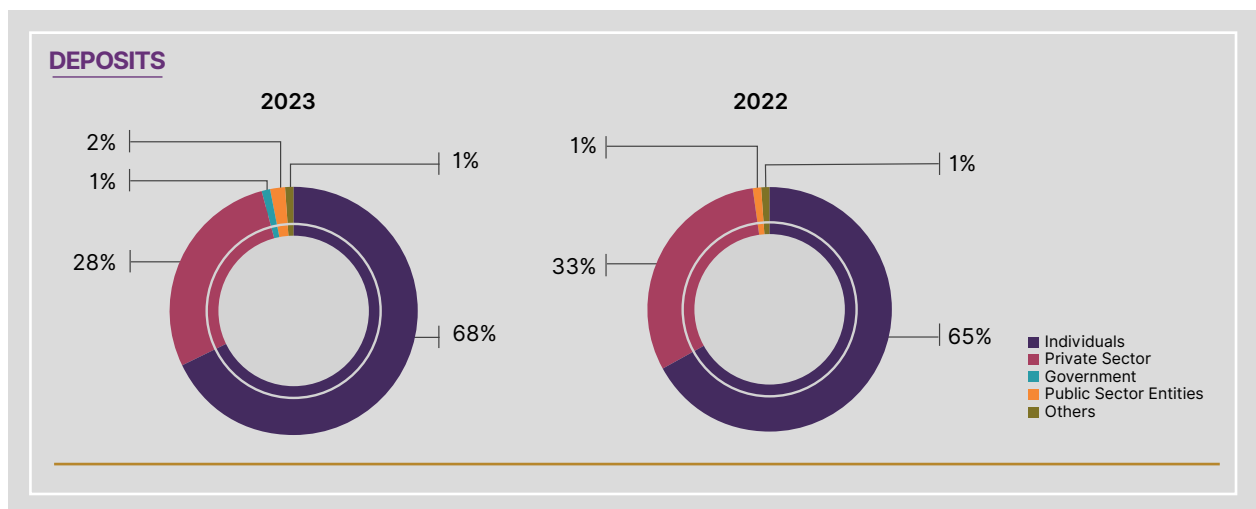
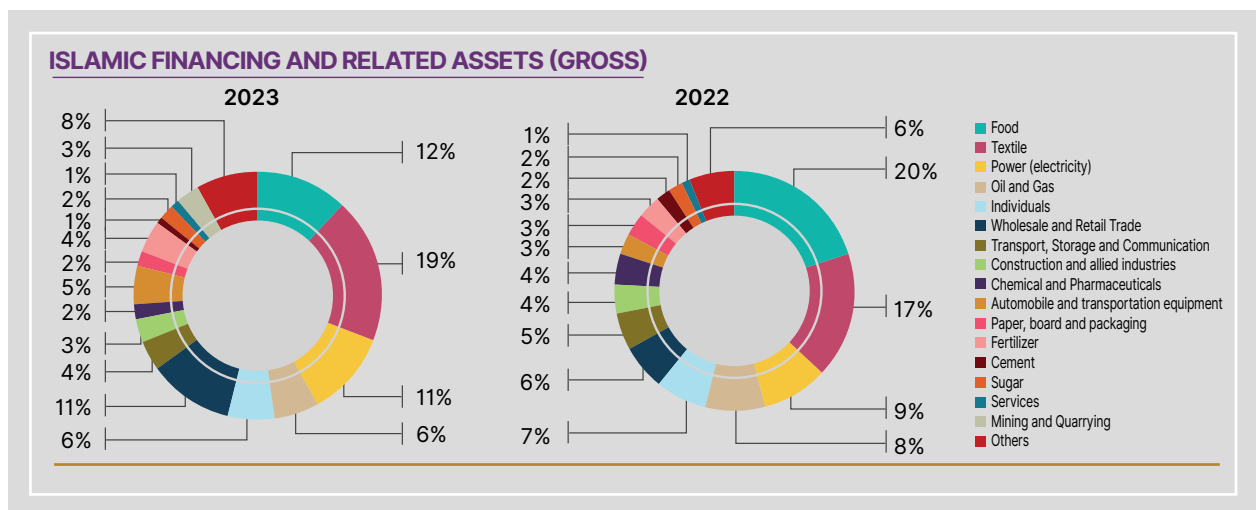
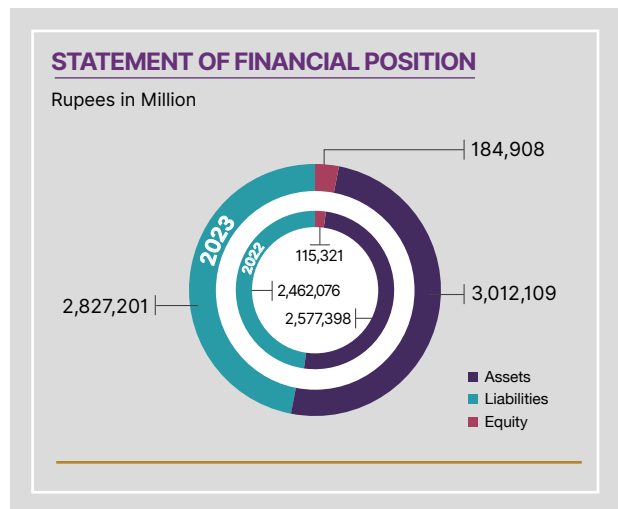
In 2023, the Bank reached a significant milestone by surpassing Rs 2.2 trillion deposits with a market share of 8%. Continuing its trend of outpacing the industry, the Bank's deposits portfolio witnessed an uptick of 34% compared to the industry average growth of 24%. The majority of this deposit growth stemmed from CASA deposits, which grew by 36% and now constitute 89% of the deposit mix. Current Account (CA) and Savings Account (SA) deposits totalled to Rs 1.98 trillion. As a preferred retail bank, Meezan Bank's deposits demonstrate a high level of granularity, with individual depositors accounting for 68% of the deposit portfolio, underscoring customers' preference and trust in selecting Meezan for their banking needs.

Throughout the year, the Bank expanded its network by adding 42 new branches, bringing its total coverage to 1,004 branches across 334 cities in the country. This extensive physical infrastructure is complemented by a network of 1,100+ biometric-enabled, card-less ATMs. In addition to its physical presence, the Bank has established a strong digital footprint. This is evident from the continual growth in debit card usage, as well as the rise in Inter Bank Fund Transfers (IBFT) and Utility

Bill Payments (UBPS) transactions. The Bank's Mobile Banking App maintained its position as an industry leader, boasting the highest rating among mobile banking applications throughout the year with a 4.8 rating on Google Play Store and Apple Store.

The Bank's equity increased to Rs 185 billion as compared to Rs 115 billion a year ago. The Board has approved the final cash dividend of Rs 8 per share (80%) bringing the total payout to Rs 20 per share (200%) as Rs 12.00 per share i.e. 120% interim cash dividend was paid during the year.

The Bank maintains a strong capital position, with a Capital Adequacy Ratio of 22.39%, well above the minimum regulatory requirement of 11.5%.

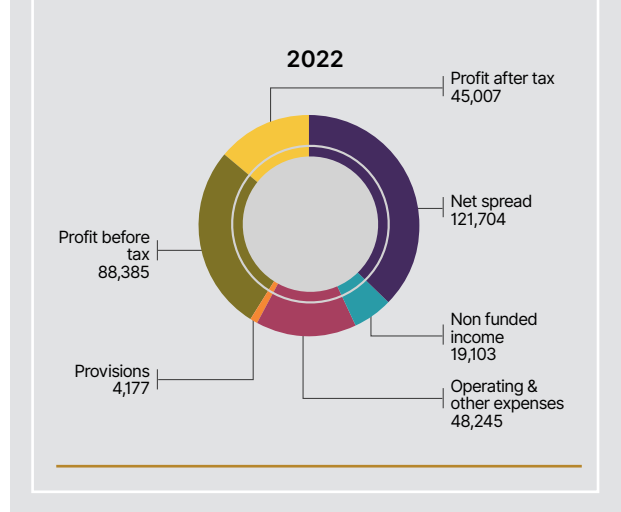
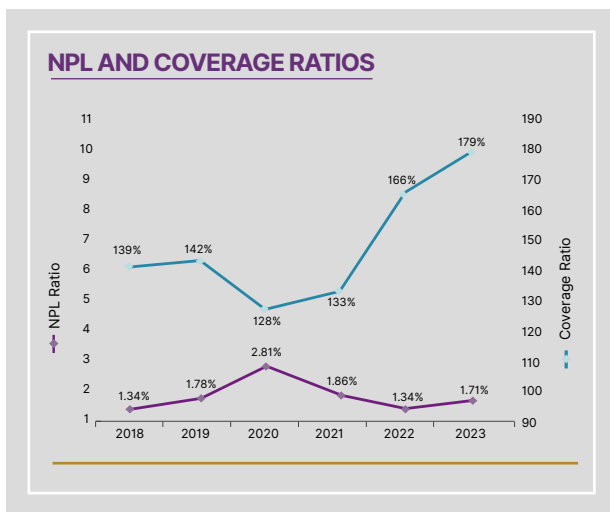
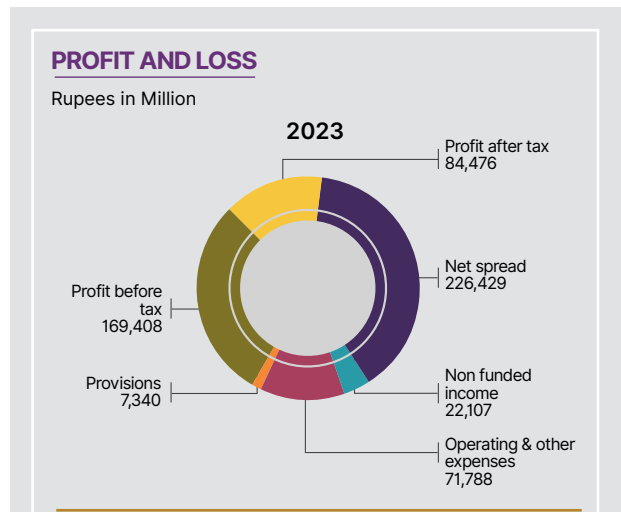
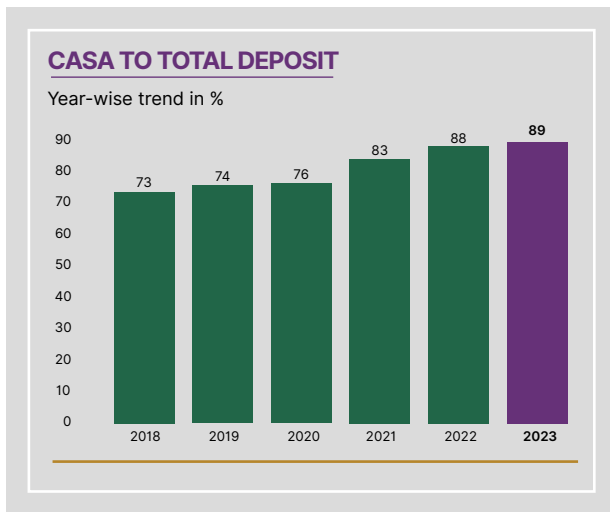


PROFIT AND LOSS ACCOUNT

The Bank recorded a profit after tax of Rs 84.5 billion, marking an 88% increase from Rs 45 billion in the previous year. The return on average equity rose to 56.3%, and basic Earnings Per Share nearly doubled from the previous year, reaching Rs 47.18 per share compared to Rs 25.15 per share in 2022.

The Bank's net spread increased by 86%, driven primarily by robust balance sheet growth and higher underlying benchmark rates. This was further supported by a significant increase in average current and savings account balances, contributing to a healthy net spread. Fee, commission, and other income rose by 29% compared to the previous year, with a notable increase in fee income related to debit cards. Overall, the Bank's non-funded income grew by 16%, reaching Rs 22 billion compared to Rs 19 billion in 2022.

Operating and other expenses rose to Rs 71.8 billion from Rs 48.2 billion, primarily driven by steep inflation, rupee devaluation, increased costs related to opening 42 new branches, and investments in IT infrastructure. The Bank maintained its focus on cost optimization through operational efficiencies and streamlining processes, resulting in further improvement in its income efficiency ratio to a satisfactory level of 29% compared to 34% in the previous year. The total tax charge for the year, including super tax, rose to Rs 84.9 billion from Rs 43.4 billion, driven by higher profitability.



DUPONT ANALYSIS

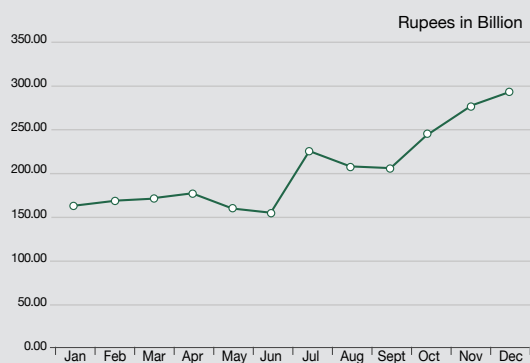
Description	2023	2022	2021	2020	2019	2018
Profit Margin - %	18.6%	17.9%	22.7%	19%	14.7%	16%
Asset Turnover	0.16	0.11	0.07	0.09	0.10	0.06
Equity Multiplier - Times	18.6	22.2	22	20.6	20.7	22.9
ROE	56.3%	44.6%	36.4%	34.6%	30.7%	23.8%

Following are the main Dupont analysis highlights:

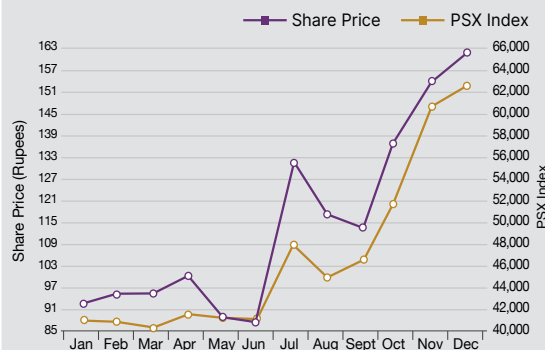
- The Bank's profit margin depicts an increase in 2023 due to a rise in benchmark rates
- The asset turnover has increased during the current year due to higher benchmark rates
- The equity multiplier is directly dependent on the Bank's equity in relation to total assets
- The Bank's Return on Equity is dependent on above mentioned three factors

Market Statistics of Meezan Bank's Share during 2023

MARKET CAPITALISATION



SHARE PRICE SENSITIVITY



	Share Price		Closing	Daily average volume	Number of trading days	Market Capitalisation	
	High	Low				Share Capital	Value
	Rupees					Rupees in Million	
Fourth Quarter	178.98	114.55	161.36	2,055,969	63	17,913	289,037
Third Quarter	137.48	92.85	114.61	2,013,039	62	17,913	205,296
Second Quarter	100.25	82.42	86.37	849,258	57	17,896	154,570
First Quarter	102.50	85.70	95.20	1,248,308	64	17,896	170,372

Below are the key factors that may influence the share price of the Bank:

- Bank's Performance
- Regulatory Changes specifically in Banking sector
- Changes in Macro Economic scenario of Pakistan
- Changes in Political Environment of Pakistan

ALLOCATION OF INCOME AND EXPENSES TO REMUNERATIVE DEPOSITORS' POOL

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
	Rupees in '000	
Income from financing activities	137,796,020	76,628,930
Income from investments	65,688,810	72,946,915
Income from placements with financial institutions	4,078,032	9,202,271
Other income attributable to pools	8,904,189	5,973,096
Total Income	216,467,051	164,751,212
Less: Directly attributable charges to pools including takaful (Note)	(1,850,152)	(2,197,829)
Less: Profit on assets allocated to IERS and other special pools	(5,029,798)	(48,158,641)
Less: Profit share allocated to bank's equity and other pools in Mudarabah pools	(43,752,490)	(24,501,071)
Gross distributable Income	165,834,611	89,893,671
Mudarib (Bank) share of profit before hiba	84,839,624	45,581,851
Less: Hiba from Mudarib (Bank) share	(19,399,417)	(7,846,233)
Net Mudarib (Bank) Share of profit	65,440,207	37,735,618
Rab-ul-Maal share of profit	100,394,404	52,158,053
Rab-ul-Maal share of profit is distributed as follows:		
Remunerative depositors' profit share in mudarabah pools	100,394,404	52,158,053

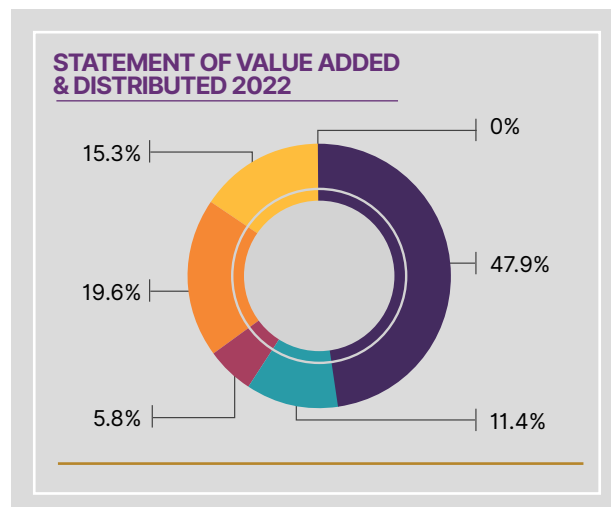
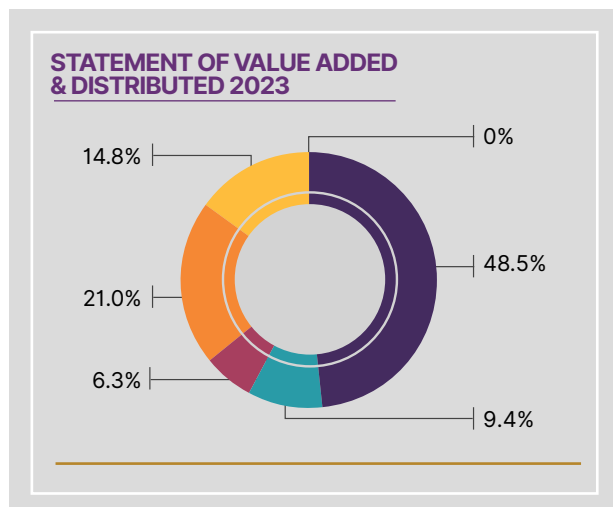
The Bank maintain following four remunerative general pools:

	Income earned	Profit share allocated to bank's equity and other pools in mudarabah pools	Mudarib share of profit	Hiba from Mudarib (Bank) share	Net Mudarib (Bank) Share of profit	Remunerative depositors' share in Mudarabah pool
	2023					
	Rupees in '000					
Rupee deposit pool	198,837,154	40,454,136	79,191,509	19,128,342	60,063,167	98,319,851
Dollar deposit pool	10,088,318	3,032,929	5,291,533	239,711	5,051,822	2,003,567
Pound deposit pool	447,972	169,654	250,485	20,715	229,770	48,548
Euro deposit pool	213,657	95,771	106,097	10,649	95,448	22,438
	<u>209,587,101</u>	<u>43,752,490</u>	<u>84,839,624</u>	<u>19,399,417</u>	<u>65,440,207</u>	<u>100,394,404</u>
	2022					
	Rupees in '000					
Rupee deposit pool	110,760,902	23,329,815	43,715,542	7,846,233	35,869,309	51,561,778
Dollar deposit pool	3,423,579	1,090,112	1,750,106	-	1,750,106	583,361
Pound deposit pool	158,838	59,207	89,665	-	89,665	9,966
Euro deposit pool	51,423	21,937	26,538	-	26,538	2,948
	<u>114,394,742</u>	<u>24,501,071</u>	<u>45,581,851</u>	<u>7,846,233</u>	<u>37,735,618</u>	<u>52,158,053</u>

Note: Administrative and operating expenses (including salaries and marketing costs) are paid by the Bank and not charged to the Depositors' pool as per the guidelines of Mudarabah pools.

STATEMENT OF VALUE ADDED AND DISTRIBUTED

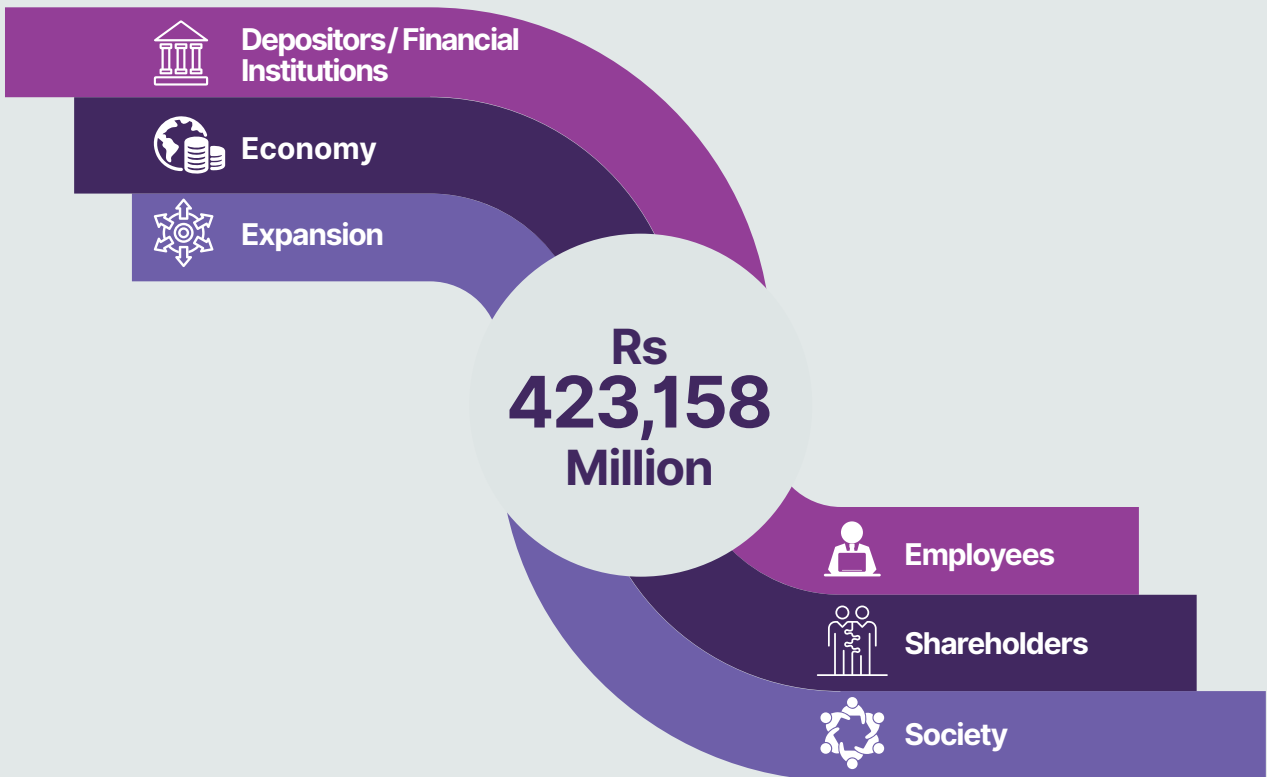
	2023 Rupees in '000	%	2022 Rupees in '000	%
Value Added				
Profit / return on Islamic financings, investments and placements-net of provision	424,381,871	100.3%	227,944,571	98.8%
Fee and commission income	17,414,213	4.1%	13,316,054	5.8%
Dividend income	1,107,177	0.3%	987,533	0.4%
Foreign exchange income	3,094,654	0.7%	3,617,274	1.6%
Other income and loss on securities - net	491,117	0.1%	1,182,327	0.5%
	446,489,032		247,047,759	
Operating and other expenses excluding salaries, depreciation, amortisation and workers welfare fund	(23,331,312)	(5.5%)	(16,381,620)	(7.1%)
	423,157,720	100%	230,666,139	100%
Value allocated as follows:				
To Depositors / Financial Institutions Profit on deposits and other dues expensed	205,293,460	48.5%	110,417,606	47.9%
To Employees Salaries, allowances & other benefits	39,956,408	9.4%	26,327,851	11.4%
To Shareholders Cash Dividend	26,859,025	6.3%	11,713,905	5.1%
Bonus Shares	-	-	1,626,931	0.7%
	26,859,025	6.3%	13,340,836	5.8%
To Government Workers Welfare Fund	3,606,231	0.9%	1,910,344	0.8%
Income tax	84,932,274	20.1%	43,378,218	18.8%
	88,538,505	21.0%	45,288,562	19.6%
To Expansion Depreciation & Amortisation - owned assets	4,887,180	1.2%	3,581,193	1.6%
Retained in business	57,616,617	13.6%	31,665,774	13.7%
	62,503,797	14.8%	35,246,967	15.3%
To promote development and welfare of the society Donations	6,525	-	44,317	-
	423,157,720	100%	230,666,139	100%



■ To Depositors/Financial Institutions ■ To Employees ■ To Shareholders ■ To Government ■ To Expansion ■ To Society

HOW WE DISTRIBUTE THE VALUE CREATED

In fulfilling our promise to our stakeholders, Meezan Bank distributes the value created in relevant and meaningful ways – and for some stakeholders, beyond financial means. Stakeholders receive intangible benefits ranging from employee upskilling programmes to diverse avenues of alternate Shariah-compliant investments & financings, in our effort to ‘Establish Islamic banking as banking of first choice...’



Depositors/Financial Institutions 48.5%

Rs 205,293 Mn
Profit paid to depositors and financial institutions.

Economy 21%

Rs 88,539 Mn
A total of Rs 88,539 Mn in Income Tax & Workers Welfare Fund to the Govt., contributing to the development of the country's economy.

Expansion 14.8%

Rs 62,504 Mn
Depreciation & amortization - owned assets and retained in business.

Employees 9.4%

Rs 39,956 Mn
Salaries, allowances & other benefits to the Bank's employees.

Shareholders 6.3%

Rs 26,859 Mn
We rewarded our equity shareholders with a cash dividend of Rs 20 (200%) per share.

Society

Rs 7 Mn
Donations to promote development and welfare of the society.

STATEMENT OF INVENTORY

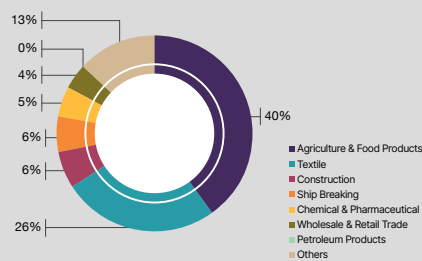
Meezan Bank Limited provides financing through various sale-based modes including Murabaha, Musawammah, Istisna, Tijarah, Salam, etc. Under these modes, the Bank either purchases the goods or gets them manufactured. Meezan Bank being a premier Islamic bank, has a diversified portfolio, well spread amongst sectors such as Pharmaceutical, Agriculture, Textile and Ship-Breaking, etc. Furthermore, Meezan Bank is continuously exploring new and untapped sectors of the economy in order to enhance its portfolio.

Islamic banks have expertise in products based on real assets and are involved in the process of trading, renting and construction contracts using various Islamic modes of financing that are based on risk sharing, owning and handling of physical goods, and participation on profit and loss basis. It also demonstrates the exposure that the Bank takes in different sectors.

The goods lying unsold at the date of the financial statements are carried as inventory in the financial statements of the Bank. The sectorwise detail of inventory held by the Bank as at December 31, 2023 is as follows:

Sector	Nature of Inventory	2023 Rs in '000	2022 Rs in '000
Agriculture & Food Products	Corn, Sugar, Soybean, Ghee, Canola, Rice (Grain, Paddy), Wheat, Syrups, Oil Cake, Edible Oil, Meat, Seed, Flour	18,330,114	13,043,810
Textile	Cotton (Raw Cotton, Bales, Fabric, Yarn), Bed Sheets, Garments, Home Textile Products (Towels, Pillow Covers, etc), Nylon	11,668,641	10,050,336
Construction	Iron & Steel, Sanitary items & Fittings, Pipes, Cement Bags, Construction Equipment	2,939,920	3,151,229
Ship Breaking	Ship Scrap	2,584,272	4,207,910
Chemical & Pharmaceutical	Chemicals, Medicines, Paints, Fertilizer, Polymers	2,098,885	3,886,820
Wholesale & Retail Trade	Rock Phosphate, Coal, Caps and Corks, Confectionary Items, Medical Machinery	1,808,621	3,000,000
Petroleum Products	High Speed Diesel, Low Sulphur Furnace Fuel Oil, High Sulphur Furnace Fuel Oil, Premium Motor Gasoline	-	1,878,835
Others	Poultry Feed, Float Glass, Copper Wire, Bottle Caps, Battery Lead Panels, Electronic Components, Sport Goods, Cars, ATM Machines, Fans, Furniture, Foam, Fiber, Auto Spare, Tractors, Cleaning Products, Finished Leather, Hardware Parts, Paper, Plastic Products, Packaging & Material (Chip Boards, Glass Vials, Glass Bottles)	5,954,984	4,626,294
Grand Total		45,385,437	43,845,234

SECTOR WISE BREAKDOWN



STATEMENT OF FINANCING PORTFOLIO INCOME

Meezan Bank provides financing to its corporate, commercial, SME, Agriculture and Consumer banking customers using a variety of Shariah-compliant modes of financing. The below mentioned matrix shows the percentage of income earned on different financing modes, and depicts a well balanced and diversified financing portfolio of the Bank.

The diversification has been achieved by using arrangements based on trade, rent, joint ownership, profit / loss partnership and agency, to suitably meet the needs of customers and provide a halal return.

Rs in Million

Islamic modes of financing	Amount	2023 %	Amount	2022 %
Diminishing Musharakah	46,601	27.5%	24,563	27.4%
Running Musharakah	43,289	25.6%	24,652	27.5%
Istisna	19,698	11.6%	8,110	9.0%
Musawamah	10,079	5.9%	4,916	5.5%
Ijarah	8,751	5.2%	7,038	7.8%
Murabaha	7,601	4.5%	6,148	6.9%
Wakalah	6,674	3.9%	4,002	4.5%
Salam	4,724	2.8%	1,699	1.9%
Tijarah	2,598	1.5%	1,412	1.6%
Others	19,394	11.5%	7,194	7.9%
Total	169,409	100%	89,734	100%

A PRODUCT MATRIX THAT DISTINGUISHES US

Meezan Bank has a unique business model that is based on trade. All our products and services are application of any of the various trade transactions that are permissible in Shariah, such as sale, rent, partnership. Based on these modes of trade, Meezan Bank's products and services can be categorized in the following broad categories.

SALE-BASED

Murabaha & Musawammah – **Murabaha** is a sales transaction where the seller discloses the cost and profit to the buyer at the time of execution of sale. **Musawammah** is a sales transaction where cost and profit is not disclosed at the time of sale.

- **Customer Needs** – asset-based working capital requirement (e.g. raw material & inventory), Import Financing
- **Key Features** – short-term facility, bank sells required asset on deferred or spot payment
- **Variants** – Murabaha/Musawammah FIM (Finance Against Imported Merchandize), Murabaha/Musawammah FIM Spot, Murabaha against Export Usance Bill, Musawammah against Sight LC, etc.

Tijarah – working capital solution where customers sell their inventory on spot basis to Bank to get funds required for operations. Later the inventory is sold by the Bank in the market.

Istisna – A working capital solution for manufactures where Bank orders its customer to manufacture and deliver certain specific asset against spot/deferred payment.

Commodity Salam – A working capital solution where homogenous commodities like sugar, wheat, rice are purchased from customers by the Bank against advance payment and deferred delivery.

PARTNERSHIP-BASED

Running Musharakah – Shirkatul-aqd based financing facility offered to the customers where the Bank participates in the operating activities of the customer and shares profit and loss as per the actual performance of the business. It can be used by both service sectors and manufacturing sectors in meeting their day-to-day financing requirements.

RENT-BASED

Ijarah – technically means to give something on rent. The Bank acquires the asset required by the customer and then leases it to the customer for a fixed period

- **Customer Needs** – fixed asset financing (e.g., plant, machinery, generators, equipment, vehicles, etc).
- **Key Features** – Long-term facility

Diminishing Musharakah – Bank and the customer jointly purchase an asset and create joint ownership in the asset. The Bank then leases its share in the asset to the customer while the customer purchases units of ownership in the asset from the Bank at periodic intervals. Upon purchase of all the units, the customer becomes the owner of the asset.

- **Customer Needs** – fixed asset financing (e.g., land, house, factory, building, equipment, etc.)
- **Key Features** – medium & long-term facility.

SERVICE-BASED

Letter of Credit Services – In order to facilitate imports of customers, Meezan Bank offers letter of credit establishment services on Wakalah basis.

Hedging Facilities – In order to hedge the risk of foreign currency price fluctuations, Meezan Bank offers a Shariah-compliant hedging facility on the basis of Wa'ad.

Guarantee Services – In order to facilitate trade, Meezan Bank offers Shariah-compliant guarantee facility to its customers where the Bank provides different types of payment and performance guarantees on behalf of the customer.

[BEWARE]

Meezan Bank or its Employees
never ask for your



OTP
OTP



Password



CVV
CVV



login ID

via SMS, Call or Email



[خبردار!]

میزان بینک یا اس کے ملازمین
آپ سے کبھی بھی آپ کا



OTP
OTP



پاس ورڈ



CVV
CVV



لاگ ان آئی ڈی

بذریعہ ایس ایم ایس، کال یا ای میل طلب نہیں کرتے





**STRATEGY &
RESOURCE
ALLOCATION**

STRATEGIC OBJECTIVES

Meezan Bank strategically emphasizes achieving optimal performance in the present while preparing for the future. A key objective is maintaining customer trust through tailored financial products and premium 24/7 customer service in today's competitive landscape. The Bank ensures financial success by closely monitoring micro and macroeconomic conditions, emerging financial trends, and cultivating long-term business opportunities. The overarching focus is on long-term optimization and establishing resilient business relationships across sectors to withstand market shocks.

Shariah Compliance

Meezan Bank's primary objective is to uphold the core principle of providing Shariah-compliant banking services. Our commitment to offering financial solutions that adhere to the highest standards of integrity and morality remains unwavering. We are dedicated to maintaining our reputation as a trusted institution where Shariah Compliance is not merely a requirement but a fundamental foundation of our identity and service delivery.

Service Excellence

We recognize that exceptional service is not just a commitment but a promise to those who entrust us with their financial needs. Through innovative solutions, personalized attention, and a continuous pursuit of excellence, we aim to elevate the banking experience for our clientele. As we strive to exceed expectations, our core value of Service Excellence presents itself not just as a goal but as an ongoing journey. Our unwavering focus on customer satisfaction, efficiency, and responsiveness highlights our dedication to setting the standard for excellence in the financial services sector.

Digitalization

Our ongoing commitment to digitalization is a pivotal strategy in shaping the future of Meezan Bank. Embracing the digital era, Meezan Bank has embarked on a transformative journey to enhance accessibility, convenience, and efficiency for its customers. By utilizing cutting-edge technology and digital infrastructure, Meezan Bank continues to streamline its operations while empowering customers with innovative and user-friendly digital banking solutions. Meezan Bank's digital initiatives extend beyond mere transactions; they represent a commitment to providing a seamless and secure banking experience in an increasingly interconnected world. We are excited about the possibilities that digitalization brings, reinforcing our position as a forward-thinking Islamic bank that blends tradition with technological advancement to meet the evolving needs of our diverse customers.



LONG TERM OBJECTIVES

- Establish Islamic banking as banking of first choice
- Protect and augment Meezan Bank's brand by maintaining its Core Values of Shariah Compliance, Integrity and Service Excellence

MEDIUM TERM OBJECTIVES

- Enhance customer experience by taking customer-centric initiatives, leveraging digital tools to personalize services and strengthen communication
- Boost technological agility to increase operational efficiency
- Foster collaboration with multiple stakeholders to promote Islamic banking and support Islamic bankers

SHORT TERM OBJECTIVES

- Expand the business portfolio to cater to customer needs
- Ensure consistent profitability to exceed shareholder and market expectations

STRATEGIES IN PLACE

Meezan Bank is strategically positioned to strengthen its relationships across diverse customer segments, emphasizing increased cross-selling opportunities and a more meaningful approach to wealth management. As the Bank continues to expand physically, simultaneous investments in digital platforms underscore its commitment to serving customers better, more conveniently, and with greater accuracy.

In this digital era, Meezan Bank recognizes that digital banking is not merely a disruptor but an indication of opportunities, with product development and service delivery being critical differentiators. By maintaining a judicious lending approach and cultivating progressive relationships with various business entities, Meezan Bank positions itself as a partner in their commercial activities.

Dedicated to making Islamic banking the preferred choice, routine awareness sessions engage audiences from all walks of life, contributing to evident growth in the Islamic banking market. Upholding the highest standards of Shariah compliance and ethical banking practices, Meezan Bank ensures continuous compliance assurance through robust monitoring. Educational initiatives foster a deeper commitment to ethical practices.

Meezan Bank's commitment to innovation is evident in the pursuit of new Shariah-compliant financial products. Our customer-centric training programs emphasize empathy and responsiveness. Robust feedback mechanisms and streamlined processes ensure customer expectations are exceeded. Digital initiatives, including user-friendly platforms and continuous technological upgrades, keep Meezan Bank at the forefront of the evolving digital landscape. Meezan Bank remains steadfast in providing exceptional service and innovative, Shariah-compliant solutions to meet the diverse needs of its customers in an increasingly digital world.

KEY PERFORMANCE INDICATORS AND FUTURE RELEVANCE

Meezan Bank tracks its Key Performance Indicators at multiple levels so that smart business decisions may be made regarding all current and future projects.

Category	Initiative	KPIs	Future Relevance
Maintain leadership in Islamic banking, ensuring continuous growth and profitability	Sustain an upward trajectory in deposits and maintain a high-quality financing portfolio; optimize returns on equity and assets, maximizing the impact of each rupee invested.	<ul style="list-style-type: none"> ROA ROE NFI CASA mix Deposits in PKR Financing mix ADR NPL 	✓
Increase touchpoints to enhance customer confidence and brand value	Ensure meaningful interactions with all business segments; protect and augment the organization's brand value by adhering to lofty Shariah compliance and customer care standards.	<ul style="list-style-type: none"> Brand Equity Index NPS 	✓
Increase coordinated operational efficiency with enhanced controls	Enhance internal synergies and cross-functional coordination for improved efficiencies, ultimately benefiting customers through superior customer care.	<ul style="list-style-type: none"> Error rate Surveys Process flows reviewed / automated 	✓
Increase employee association with enrichment in personal and organizational capital	Empower, train, and retain employees; provide a learning yet challenging environment for a rich career path.	<ul style="list-style-type: none"> Retention rate Employee Satisfaction Survey 	✓

RESOURCE ALLOCATION



Rs 47.18
Basic Earnings Per Share

98%
ATM Uptime

HUMAN CAPITAL

- Enhancing employee base
- 13,500 employees trained
- Launch of Meezan Scholar Policy & Hajj Sponsorship Programs for employees



MANUFACTURED CAPITAL

- 42 New Branches
- 1,159 Biometric enabled ATMs
- Call Centres, Premium Banking and Consumer Finance Centres
- State-of-the-art Data Centres
- 35.85% share of e-commerce spend on debit cards in industry
- Deployment of over 18,326 POS machines nationwide



FINANCIAL CAPITAL

- Rs 84,476 million net profit
- Rs 184,908 million total equity



NATURAL CAPITAL

- 128 branches including Head Office converted to Solar Power
- Cumulative solar capacity in FY23: 2.64 MW



INTELLECTUAL CAPITAL

- Highest-rated Mobile App on Google Playstore & Apple App Store
- Highest issuance of Mastercard World in the industry
- Highest issuance of Visa Infinite Debit Card in the industry



SOCIAL AND RELATIONAL CAPITAL

- CSR initiatives undertaken in health and education sectors
- Multiple security awareness & financial literacy campaigns for customers
- 69 million awareness SMS sent in 320 different awareness campaigns to customers
- First dedicated Islamic Banking YouTube channel in the country



COMPETITIVE LANDSCAPE AND MARKET POSITIONING

The banking sector has witnessed an increased focus on digital banking solutions, with several banks investing in online platforms and innovative financial technologies. Additionally, efforts toward financial inclusion, coupled with ongoing developments in Islamic banking, have contributed to the dynamic and evolving nature of the domestic banking industry. Meezan Bank keeps a keen eye on these developments and strives to respond with alacrity.

SWOT ANALYSIS

S

STRENGTHS

Shariah credibility

Dedicated Shariah Board comprising of world-renowned Shariah scholars

Strong financial position

Wider branch network

The highest-rated mobile banking application in Pakistan

AAA rating

Highest market capitalization

W

WEAKNESSES

Lack of availability of human resources having specialized knowledge related to Islamic banking

Surplus liquidity with limited investment opportunities

O

OPPORTUNITIES

General acceptance and increased demand for Islamic banking products

Advancements in digital banking

Financial inclusion initiatives, reaching unbanked or underserved populations with Shariah-compliant services

T

THREATS

Macroeconomic and microeconomic instability

Migration of industries leading to limited financing avenues

Increased data security concerns regarding the rise in demand for digital transactions



RISK MANAGEMENT

RISK MANAGEMENT FRAMEWORK

Meezan Bank manages its risks through a framework of sound risk management principles, which includes the identification of potential risks, establishment of risk appetite and limits, assessment of the impact of potential risks, and formulation of policies, procedures, plans, and strategies to mitigate such risks. Continuous monitoring and reporting to stakeholders are also ensured. While the Board provides the policy framework and sets the strategic direction, the Bank's management is required to formulate procedures, establish organizational structures, introduce systems and monitoring tools, and implement controls.

The Board has constituted a Board Risk Management Committee, comprising Board members, with well-defined terms of reference. The Committee evaluates the Bank's risk profile and appetite, ensuring systems are in place for monitoring the overall risk of the Bank. The Board of Directors has also constituted a Board IT Committee, which, among other IT and digital banking related matters, ensures that cybersecurity risk management strategies are designed and implemented. The Bank's risk governance is mainly exercised through the following management committees:

- Credit Risk Management Committee (CRMC)
- Asset Liability Management Committee (ALCO)
- Compliance & Operational Risk Management Committee (CORMC)
- Business Continuity Steering Committee (BCSC)
- IT Steering Committee (ITSC)
- Service Board

The CRMC ensures that credit risk activities of the Bank fall within the ambit of approved policies, regulatory requirements, and risk appetite thresholds. The ALCO reviews market and liquidity risk exposures, assets and liabilities mix, maturity profile, repricing gaps, and sets pricing, making decisions for sound liquidity management. The CORMC focuses on issues arising from compliance risk along with operational risk, Shariah non-compliance risk, and control issues. The BCSC ensures that adequate business continuity/disaster recovery plans are prepared, tested, and decision-making authority in the event of a crisis is clearly defined. The ITSC is responsible for assisting the Senior Management in implementing IT and digital strategies approved by the Board of Directors and for playing an advisory role in all technology-related matters. It is responsible for reviewing significant incidents, major risks and breaches submitted by Information Security. The Service Board oversees and monitors the performance of all relevant departments involved directly or indirectly in delivering customer experience and providing services to external as well as internal customers of the Bank.

Meezan Bank follows a 'Three Lines of Defense' model for risk management with clearly defined roles and responsibilities that are at the core of the Bank's operations.



Meezan Bank has been designated as a Sample Domestic Systemically Important Bank (D-SIB) by the State Bank of Pakistan for 2023-2024. The Bank has a comprehensive Recovery Plan in place for dealing with various crisis scenarios along with early warning signals and appropriate remedial actions during crises. The Bank has a Board-approved Internal Capital Adequacy Assessment Process Framework and Risk Appetite Statement that are regularly reviewed and updated. The Bank has been continuously improving its stress testing framework to capture the impact of various shocks on the Bank's business portfolio, capital adequacy, liquidity, and profitability.

The Risk Management framework has been implemented by functions independent of commercial lines of business. The Risk Management Group (RMG) continues its efforts, focusing on improving policies and procedures, limit structuring, and strengthening systems and controls. Under RMG, the credit risk function caters to corporate, investment banking, commercial & SME, agriculture, supply chain, and consumer business segments. The Bank has an automated financing approval system for corporate, commercial, SME, agriculture, and supply chain customers, bringing significant improvements in customer facilitation. Enterprise Risk Management (ERM) under RMG caters to market, liquidity, financial institutions, country, operational, environmental, and business continuity risks. ERM also deals with Basel and Capital Strategy Formulation & portfolio management. ERM closely works with Compliance, Shariah Compliance, and other relevant departments for risk management. The Information Security Department conducts regular cybersecurity reviews and penetration testing exercises performed by an internal team and cybersecurity consultants for continuous improvement.

The Bank recognizes the importance of compliance, reputational, strategic, and information security risks as distinct types of risks and continuously improves upon its practices to cater to these risks. Shariah non-compliance risk management principles are also at the heart of the business practices of the Bank.

RISK AND OPPORTUNITY REPORT

Risk assessment, management, and oversight are continuous activities at Meezan Bank. Based on the internal and external environment, the Bank's Governance works to identify, monitor, control, and mitigate risks to formulate a strategy that is both risk-responsive and opportunity-aware.

Key Sources of Uncertainty

Banks are typically exposed to risks, including but not limited to credit, market, concentration, liquidity, operational, information security/cybersecurity, regulatory, compliance, reputational, strategic, as well as Shariah non-compliance risks. Meezan Bank, being the largest Islamic bank in the country, is fully aware of the importance and implication of Shariah non-compliance risk on its business and strategy.

The year 2023 started with the continuation of severe economic challenges faced in the previous year. The unprecedented increase in global commodity prices resulted in a balance of payment crisis, rupee devaluation, inflation, and created uncertainty about the sovereign debt servicing capacity. The challenges were exacerbated by political uncertainty along with the security situation in the country. The IMF deal in mid-2023 gave breathing space to the fragile economy, however, some tough structural reforms are required for long-term sustainability.

Despite economic challenges, Meezan Bank continued its journey towards growth by increasing its deposits, private financing, and total asset base. Financing was increased in selected sectors of the economy with a prudent selection of customers, keeping in view the current economic environment and risk-return trade-off. Moreover, the Bank continued its role as an active player in mobilizing deposits from overseas Pakistanis, as evident from the increase in Roshan Digital Accounts deposit base. The continuous flow of GoP Ijarah Sukuk remained an element of relief to Islamic banks in managing their excess liquidity.

The year 2024 is expected to be challenging as well, as inflation is still high, which is expected to delay the reduction in the policy rate, keeping the economic growth rate stagnant. Political uncertainty will also keep the economic and investment climate depressed. Conflicts in the global arena may pose another threat in the form of rising commodity prices, which can be very detrimental to the country's fragile economy. The continued high level of policy rate will present severe challenges for businesses due to high financial costs and may result in a high level of NPLs for the banking sector.

Statement of Board of Directors on Risk Assessment

The Board of Directors and its subcommittees, comprising Board members, thoroughly assessed all principal risks, including but not limited to credit, market, concentration, operational, liquidity, information security/cybersecurity, regulatory, reputational, strategic, Shariah non-compliance, and compliance risks through various reports, including early warning indicators. This ensures that the Bank has in place necessary policies, procedures, systems, and controls to mitigate risks that may affect its business objectives, performance, financial viability, and sustainability.

Materiality Approach

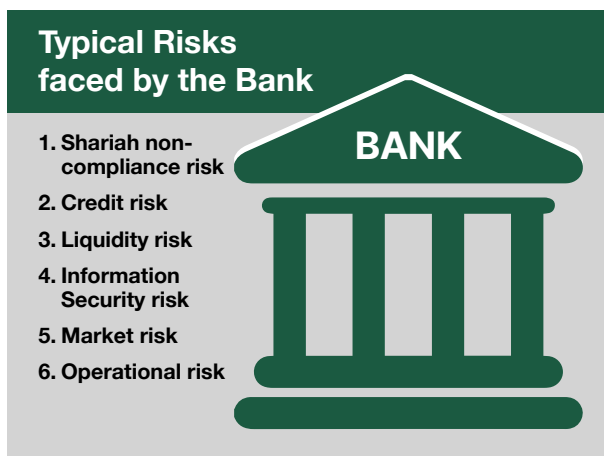
The Bank gives due consideration to the materiality concept while managing its risks. Resources are deployed efficiently in medium to high-risk areas, while minor risks are typically managed through transfer and outsourcing arrangements. The Bank manages all its core operations on its own. Regulatory and Shariah-compliance are at the heart of the Bank's materiality approach while managing existing operations and taking new initiatives.

Meezan Bank will continue its journey of growth by exploring opportunities to achieve its strategic objectives, ensuring that effective risk mitigants and controls are in place, Insha'Allah.

BUSINESS CONTINUITY MANAGEMENT

The Bank's Business Continuity Plans are developed to enable the management of the impact of any crises and ensure uninterrupted operations. The Bank has implemented well-defined, approved plans, effective decision-making processes, outlined descriptions of distressed scenarios, and roles and responsibilities of various functions. This ensures coordinated efforts among stakeholders and operational continuity in case of any disruption. Simultaneously, the Bank has leveraged its technology infrastructure to improve its IT Disaster Recovery Set-up, developing the right contingency plans and mitigating actions beforehand.

The Business Continuity Plans facilitate the continuance of business activities and safeguard the interests of the Bank's key stakeholders in the event of crisis situations by ensuring the appropriate availability of systems and other critical resources. The implementation of the plans ensures the safety of human resources, protection of critical assets, and the resumption of mission-critical activities from alternate processing site(s) in case the primary site(s) are not accessible or available. Additionally, to test the Bank's preparedness and ensure the continued relevance of Business Continuity Plans, the Bank carries out drills replicating real-life situations. At Meezan Bank, the priority is always to ensure the safety of human life in case of any disaster.



RESPONDING TO CRITICAL CHALLENGES AND UNCERTAINTIES

The global economic situation and geopolitical turmoil, mainly the Russia-Ukraine war and the Red Sea crisis, have resulted in economic challenges worldwide. The global economic conditions, along with domestic economic and political situations, have adversely impacted Pakistan. Higher profit benchmark rates, coupled with economic slowdown and political uncertainty, along with a high rate of inflation, have had an adverse impact on the paying capacity of financing customers, translating into a high risk of Non-Performing Financing. Macroeconomic challenges, including external and domestic debt concerns, low level of foreign currency reserves, volatility in the exchange rate, and political uncertainty, remain key concerns for the banking industry. Going forward, economic factors, along with timely and peaceful elections and the security situation, are expected to be the key determinants for the outlook of the country.

To maintain a high level of asset quality, the Bank has equipped itself with a robust risk assessment mechanism, effective portfolio management, limit structuring, a four-eye financing approval mechanism, rapid portfolio reviews, and post-disbursement monitoring to minimize the level of its non-performing assets portfolio and early identification of distressed accounts. Moreover, an effective limit structure with respect to Money Market, FX, & Equity, counterparty limits, and portfolio limits is already in place to mitigate the risk.

Considering the exponential growth in digital banking, the Bank has state-of-the-art digital platforms, including a mobile app and internet banking, enabling it to provide efficient platforms to customers for performing their banking transactions hassle-free. The continuous growth of digital banking has resulted in an elevated cybersecurity risk for banks. To manage the associated risks, the Bank has preventive, detective, and corrective controls implemented in the data center. The Bank also has an Information Security Department in place to have independent oversight, manned with experienced and qualified resources. The Bank conducts regular cybersecurity reviews and penetration testing exercises performed by an internal team and cybersecurity consultants for continuous improvement. To maintain the highest standards in cybersecurity, the Bank also maintains international certifications of PCI DSS for its card operations and ISO 27001 for its data centers and Information Security function. Continuous awareness related to cybersecurity for staff and customers is also performed on a periodic basis.

Information Security Measures



Strengthened the Bank's Data Security Infrastructure



Ensured regular and consistent Cyber Security Reviews across the Bank

The Bank's strong focus on learning and development of its staff helps ensure their competitiveness and ability to face new challenges and uncertainties. The Bank has a competitive compensation plan and reward policy to ensure the retention of existing staff and hire the best human resources from the industry.



DID YOU KNOW?

During the year 2023, SBP has adopted three more AAOIFI Shariah standards to bring the best Islamic banking practices in the country. This ensures transparency and uniform Shariah environment and practices among all Islamic banks/windows. Till 2023, SBP has adopted a total of 23 AAOIFI Shariah standards to match the universal Shariah guidelines and practices.



GOVERNANCE

BOARD OF DIRECTORS

MR. RIYADH S.A.A. EDREES Chairman

Mr. Riyadh S.A.A. Edrees has been a Director of Meezan Bank since October, 2012. In addition to being the Chairman of the Board, he is also Chairman of the Human Resources, Remuneration & Compensation Committee and IFRS 9 Implementation Oversight Committee of the Board and a member of the Information Technology Committee. Mr. Riyadh has also previously served as the Vice Chairman of Meezan Bank's Board.

Mr. Riyadh S.A.A. Edrees holds a B.Sc. degree in Chemical Engineering from Newcastle Upon Tyne University, U.K., and M.Sc. in Chemical Engineering from Kuwait University. His skills and experience encompass a wide range of industries and various roles which include:

CURRENT DIRECTORSHIPS

- Deputy CEO, National Industries Group Holding – Kuwait
- Chairman, Meezan Bank Limited – Pakistan
- Board Member, Sahara International Petrochemical Co. (SIPCHEM) – KSA
- Member Executive Committee, Sahara International Petrochemical Co. (SIPCHEM) – KSA
- Chairman, Middle East Complex for Engineering, Electronics and Heavy Industries Co. – Jordan
- Chairman & CEO, Ikarus Petroleum Industries Co. – Kuwait
- Board Member, Privatization Holding Co. – Kuwait
- Board Member, Noor Financial Investment Co. – Kuwait
- Chairman Audit Committee, Noor Financial Investment Co. – Kuwait
- Member Risk Management Committee, Noor Financial Investment Co. – Kuwait
- Member Nomination & Remuneration Committee Noor Financial Investment Co. – Kuwait
- Chairman, IT Partners Information Technology Co. – Kuwait
- Board Member, Combined National Industries Holding Co. for Energy – Kuwait
- Board Member, Al Durra National Real Estate Co. – Kuwait
- Chairman & CEO, Gas & Oil Fields Services Co. – Kuwait
- Chairman, Proclad Group Limited – UAE

OTHER RECENT OFFICES HELD

- Vice Chairman, Airport International Group Co. – Jordan
- Board member, Kuwait Rock Co. – Kuwait
- Vice Chairman, Eastern United Petroleum Services Co. – Kuwait
- Kuwait Ceramic Co. – Kuwait
- Director, Sajaa Gas Private Limited Co. – UAE
- United Gas Transmissions Company Limited Co. – UAE
- Advisory Board Member, Markaz Energy Fund – Kuwait
- Chairman, K-Electric Co. – Pakistan
- Board Member, Investment Committee of Bunyah Fund of the Kuwait Investment Co. – Bahrain
- Advisory Board Member, Cleantech I & II Zouk Venture Limited – U.K

MR. FAISAL A.A.A. AL-NASSAR Non-Executive Director

Mr. Faisal A.A.A. Al-Nassar has been a Director of Meezan Bank since March, 2015. He is Vice Chairman of the Board and Chairman of the Risk Management Committee as well as a member of the Audit Committee and Information Technology Committee of the Board. Mr. Faisal A. A. Al-Nassar has a

Bachelor's degree in Accounting and Finance from Kuwait University and has held many senior management positions in the finance industry including Corporate Affairs Executive Manager at National Industries Group Holding Co., Auditor for government agencies in Kuwait Bureau of Accountancy and Head of Taxation Department, Ministry of Finance, Kuwait.

CURRENT DIRECTORSHIPS

- Deputy CEO, Finance and Administration, National Industries Group Holding Company – Kuwait
- Director, Noor Financial Investment Company – Kuwait
- Member Audit Committee, Noor Financial Investment Company – Kuwait
- Member Risk Management Committee, Noor Financial Investment Company – Kuwait
- Member Nomination & Remuneration Committee, Noor Financial Investment Company – Kuwait
- Board Member, Al Durra National Real Estate Company – Kuwait
- Chairman, Shorfat Al Safwa – KSA
- Chairman and Director, Noor Al Salhia Real Estate – Kuwait
- General Manager, IKARUS Real Estate – UAE
- Vice Chairman & CEO, Al Manar Financing & Leasing – Kuwait
- Chairman of Nomination & Remuneration Committee, Al Manar Financing & Leasing – Kuwait
- Executive Committee Member, ARADI Abu Dhabi Investment – UAE
- Board Member, Arab Information Management Services (AIMS) – Kuwait
- Board Member, Hotels Global Group – Jordan
- Board Member, Al Ruwad Company – Kuwait

MR. BADER H.A.M.A AL RABIAH Non-Executive Director

Mr. Bader H.A.M.A. Al Rabiah has been a Director of Meezan Bank since November, 2015. He is also a member of the Risk Management Committee of the Board.

investments honed over the past 20 years. He was involved in establishing the Real Estate Investment Department at Noor Financial Investment Company and served as the Chairman at Arab Investment, Real Estate and Agricultural Development Group, Egypt.

Mr. Bader H.A.M.A. Al Rabiah has a strong academic background in accounting and a focused experience in

CURRENT DIRECTORSHIPS

- Director, Savola Group – KSA
- Director, Midchem Co – KSA
- Director, Noor Financial Investment Co., – Kuwait
- Member Audit Committee, Noor Financial Investment Co., – Kuwait
- Chairman Risk Management Committee, Noor Financial Investment Co. – Kuwait
- Director, Palms Agro Production Co., – Kuwait
- Chairman, Al-Durra National Real Estate Co., – Kuwait
- Vice Chairman & CEO, Noor Al Salhiya Real Estate Co., – Kuwait
- Board Member, International Hotels Group – Jordan
- Director, Ikarus Real Estate (W.L.L) – UAE
- Vice Chairman, Amar Finance & Leasing Co. – Kuwait
- Vice Chairman, Injazzat Real Estate Development Co., – Kuwait
- Director, Noor International Co for Selling & Buying Shares and Bonds (W.L.L) – Kuwait

OTHER RECENT OFFICES HELD

- Chairman & CEO, Palm Agro Production Co.
 - Director and Member Executive Committee, Al-Manar Financing and Leasing Co., – Kuwait
 - Director, Osoul Investment Co. – Kuwait
 - Director, Qatar Finance House. – Qatar
 - Director, Kuwait Indian Holding Co. – Kuwait
 - Chairman, Arab Investment Real Estate and Agriculture (Egypt)
 - General Manager, Sidra Middle East for Electrical, Mechanical and Building Contracting Co.
 - Board Member, Abu Dhabi Marina Real Estate Investment – UAE
 - Reserve Director, Kuwait Finance House – Kuwait
 - General Manager, Tamouh National & General Trading & Contracting
-

MR. SAAD UR RAHMAN KHAN Non-Executive Director

Mr. Saad Ur Rahman Khan joined the Board of Directors of Meezan Bank in August 2023. He is also a member of the Audit Committee, Risk Management Committee and IT Committee of the Board.

Mr. Saad Ur Rahman Khan is a graduate of Institute of Business Administration (IBA), Karachi with an extensive banking career spanning more than 30 years in the area of Retail, Trade, SME,

Commercial, Corporate, Investment Banking, Financial Institutions, International Banking and Risk Management.

Having started his professional journey with MCB Bank Limited in 1993, Mr. Khan has since held numerous senior roles in large local and multinational banks including Citibank, National Bank of Pakistan, Habib Bank Limited and Bank Alfalah.

CURRENT DIRECTORSHIPS

- Pakistan Kuwait Investment Company (Pvt.) Limited
 - National Clearing Company of Pakistan
 - Al Meezan Investment Management Limited
-

OTHER RECENT OFFICES HELD

- Board Member in Alfalah Asset Management Limited
 - Board Member in NBP Fund Management Limited
 - Board Member in National Bank of Pakistan, Kazakhstan
 - Board Member in National Bank of Pakistan, Tajikistan
 - Board Member in Sapphire Wind Power Company Limited
 - Board Member in Triconboston Consulting Corporation (Pvt) Limited
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MR. FAISAL FAHAD AL-MUZAINI Non-Executive Director

Mr. Faisal Fahad Al-Muzaini joined the Board of Directors of Meezan Bank in 2021. He is a member of IFRS 9 Implementation Oversight Committee of the Board.

Mr. Al-Muzaini holds a Bachelor's Degree in Business Administration from Gulf University for Science and Technology and a PLD Harvard Business School Alumni. He

has more than 17 years' experience of working in Investments and Corporate Finance and has held various senior management positions.

Currently, he is working as Deputy and acting Head of Debt Management Dept., with Ministry of Finance, Kuwait since 2018.

OTHER RECENT OFFICES HELD

- Board Member, Arab Monetary Fund (AMF)
 - Board Member, Arab Trade Financing Program (ATFP)
 - Head of Investment, Commercial Bank of Kuwait
 - Sec. to the Board, Commercial Bank of Kuwait
 - Board Member, Al Mulla International Financing Co.
 - Board Member, Al Soor Financing Co (Al Mulla Group)
 - Board Member, Al-Tijari For Investment Funds Company – Kingdom of Bahrain
 - Board Member, KIC Brokerage Company
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MR. TARIQ MAHMOOD PASHA Non-Executive Director

Mr. Tariq Mahmood Pasha joined the Board of Directors of Meezan Bank in October, 2023.

Mr. Mahmood has over 38 years experience of serving the Government of Pakistan in various capacities, most notably as the Special Assistant to the Prime Minister on Revenue, Non-Executive Director on the Board of Directors of State

Bank of Pakistan, Chairman Federal Board of Revenue, Special Assistant to the Federal Finance minister, Federal Secretary for four Ministries/Divisions (Revenue, Economic Affairs, Statistics and Kashmir Affairs and Gilgit Baltistan), Principal Secretary to the Governor of Punjab Province, Provincial Secretary (Punjab Province) for two departments (Finance, Religious Affairs).

CURRENT DIRECTORSHIPS

- Director, Pakistan Center for Philanthropy
 - Member, Management Committee of Islamabad Club
-

MR. MOHAMED GUERMAZI Non-Executive Director

Mr. Mohamed Guerhazi joined the Board of Directors of Meezan Bank in 2018. He is also a member of the Audit Committee of the Board. He currently serves as Lead Awqaf Investment Specialist in the Islamic Development Bank (IsDB).

Mr. Guerhazi served in recent years as the Islamic Development Bank representative on the Board of the Waqf BID Guinée (WBG), a not-for-profit organization to support the development of the education and health sectors in Guinea, and on the Board of Irada for Microfinance Co. Ltd., which is part of the Bank of Khartoum Group in Sudan.

Mr. Guerhazi holds a Masters in Engineering from the National School of Bridges and Roads in Paris, France (Ponts ParisTech, formerly Ecole Nationale des Ponts et Chaussées).

Before joining the IsDB in 2010, for over 15 years, he served as Director of Equities, Asset Management, Treasury, and

Financial Markets at Banque de Tunisie, one of Tunisia's most prominent private commercial banks. Besides his operational responsibilities within Banque de Tunisie, he also served as Chairman of the Société de Bourse de Tunisie, a subsidiary of the bank specializing in brokerage in securities, General Manager and Chairman of the Board of Placements de Tunisie, an affiliated investment company, Board Member and Chairman of the Audit Committee of Astrée Insurance company, Board Member of the Tunis Stock Exchange, as well as Board Member of several companies in which Banque de Tunisie holds a participation of reference.

Previously, Mr. Guerhazi had also served as Deputy Managing Director of the Investment Loan Department at Banque de Tunisie, Project Officer at the Tunisian Qatari Bank for Investment, and Senior Engineer in charge of the budget and follow-up of the activity of the fertilizer plants at the Tunisian Chemical Group.

MR. MOHAMMAD ABDUL ALEEM Independent Director

Mohammad Abdul Aleem was re-elected as an Independent Director on the Board of Meezan Bank in November, 2021. He is the Chairman of Audit Committee and member of Human Resources Remuneration and Compensation Committee of the Board.

Previously, he had served as Director on Meezan Bank's Board from October, 2010 till November, 2018. He was Chairman of the Audit Committee as well as the Information Technology Committee of the Board during his last tenure. Besides Meezan Bank, Mr. Aleem currently is also a Director and Member, Audit Committee of the Engro Corporation Limited and Pakistan Refinery Limited.

Mr. Abdul Aleem is currently the CEO and Secretary General of Overseas Investors Chambers of Commerce & Industry (OICCI). He has worked in senior positions within both Exxon Chemicals and Engro Corporation, serving in both Singapore and Pakistan. Thereafter, he has worked with British American Tobacco Group UK (BAT) in Pakistan and overseas, where he ultimately served as CEO of BAT

Operations in Cambodia, Mauritius, and Indian Ocean territory. Since 2004, he has served in senior positions with large Government-owned organizations in Pakistan. His last assignment was as the Managing Director, Pakistan State Oil Company Ltd.

Mr. Abdul Aleem has in the past been a Director of Dawood Hercules Corporation, Pakistan Tobacco, LUMS, Pakistan Institute of Corporate Governance and Chairman of Faysal Asset Management Company.

As a supporter of leading non-profit organizations in the field of education, Mr. Abdul Aleem is currently Vice Chairman of Professional Education Foundation and Chairman of Intellect School Governing Board.

Mohammad Abdul Aleem is a Fellow Chartered Accountant (Gold Medallist) and a Fellow Member of the Institute of Cost & Management Accountant. He has also attended extensive international management training programs at various institutes including Stanford University.

CURRENT DIRECTORSHIPS

- Engro Corporation Limited
- Pakistan Refinery Limited
- Professional Education Foundation
- Sharmeen Khan Memorial Foundation
- Overseas Investors Chamber of Commerce and Industry (OICCI)

MS. NAUSHEEN AHMAD Independent Director

Ms. Nausheen Ahmad joined the Board of Directors of Meezan Bank in April, 2019. She is also a member of the Human Resources, Remuneration & Compensation Committee of the Board.

She holds an LL.B. from Kings College, London, an LL.M. degree from the University of London and a degree in the Philosophy of Religion from Kings College, London. She was called to the Bar from the Honorable Society of Grays Inn London and is registered as an Advocate of the Sindh High Court. She was also accredited as a mediator and master trainer by the Centre for Effective Dispute Resolution, UK and recently completed a negotiation and conflict resolution course from Harvard Law School.

Having spent over 3 decades in the corporate sector, Ms. Ahmad brings with her a tremendous amount of experience and

expertise in the legal field, as well as proven leadership skills. She began her legal practice with the corporate law firm Surridge and Beecheno. Later, she went on to hold the position of Legal Counsel at Pakistan Petroleum Ltd. and Unilever Pakistan Ltd. She has also served with ICI Pakistan Ltd. and Habib Bank Limited as the Company Secretary and General Counsel.

Ms. Ahmad left inhouse legal practice in mid-2021 to establish a boutique law firm called the Legal and Governance Advisory to provide corporate governance advice and training to businesses. She is an executive trainer and teaches the Directors Certification Training with IBA. She also conducts diversity and inclusion training and conflict resolution and negotiation skills courses. She has recently joined the faculty to teach the Diploma of Corporate Law and Taxation at IBA.

CURRENT DIRECTORSHIPS

- International Steels Limited (ISL)
- Jubilee General Insurance Company Limited (JGICL)
- Engro Powergen Qadirpur Limited
- Descon Engineering Limited
- 1Link (Pvt) Ltd.
- Crescent Steel and Allied Products Limited

She is also a member of the Policy Forum on Gender and Finance established by the State Bank of Pakistan.

MR. YOUSEF S. M. A. ALSAAD Independent Director

Mr. Yousef S. M. A. AlSaad joined the Board of Directors of Meezan Bank as an Independent Director in November, 2021. He is a member of Risk Management Committee of the Board.

He holds a Bachelor's in Finance and Financial Institutions from Kuwait University, College of Business Administration. He is also a Certified Credit Management professional from IFS School of Finance, UK.

Mr. AlSaad has completed various local and international training courses from institutes including Harvard Kennedy School, SCOR Global P&C, J.P. Morgan and Chase & Co., Wellington Institute and The Blackstone Group.

He brings over fifteen years of investment and finance expertise, having held several key management positions over the span of his career, including prior entrepreneurial experience in various areas.

CURRENT DIRECTORSHIPS

- Board Member & CEO – Al Ahleia Insurance Company (S.A.K.P.) Kuwait
 - Board Member – Kuwait Reinsurance Company (K.S.C.P.) Kuwait
 - Chairman – Al Etihad Co-operative Insurance (P.L.C) K.S.A
 - Vice Chairman and Managing Director – Trade Union Holding Company – Bahrain
-

MR. IRFAN SIDDIQUI President & CEO

Mr. Irfan Siddiqui is the founding President and CEO of Meezan Bank. He is also a member of the Information Technology Committee and of IFRS 9 Implementation Oversight Committee of the Board. Having articulated with Coopers & Lybrand, London from 1975 - 1979, Mr. Irfan Siddiqui qualified as a Chartered Accountant from the Institute of Chartered Accountants in England and Wales. He

has held several senior management positions including Chief Executive Officer at Al Meezan Investment Bank Limited, General Manager at Pakistan Kuwait Investment Company, Chairman, Al Meezan Investment Management Advisor to the Managing Director at Kuwait Investment Authority, Manager Finance and Operation at Abu Dhabi Investment Company and Senior Business Analyst at Exxon Chemical (Pakistan) Ltd.

CURRENT DIRECTORSHIPS

- Member, Board of Trustees, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain
- Member, Government of Pakistan Advisory Committee of the Planning Commission
- Member, IBA Centre of Excellence in Islamic Finance, (CEIF), Board of Management
- President of the Islamic Finance Association of Pakistan
- Member, Government of Pakistan sub-committee on awareness, training and capacity building for Promotion of Islamic Banking in Pakistan
- Council Member, Institute of Bankers Pakistan (IBP)
- Chairman, Institute of Bankers Pakistan (IBP) HR Committee
- Member, Steering Committee of Housing & Construction Finance
- Member, Steering Committee for providing strategic guidance regarding implementation of Federal Shariat Court (FSC)'s judgement on Riba
- Chairman, Steering Committee on Media Campaign - Improving Islamic Finance Literacy
- Member, State Bank of Pakistan, Electronic Warehouse Receipt Financing Implementation Task Force (ETF)
- Member, Securities & Exchange Commission of Pakistan, Capital Market Advisory Council
- Member, Ministry of Finance Steering Committee for Establishment of Hajj Fund
- Chairman, Board of Directors, Al Meezan Investment Management Limited

OTHER RECENT OFFICES HELD

- President of the Overseas Investors Chamber of Commerce and Industry
- Member of Managing Committee, Overseas Investors Chamber of Commerce and Industry
- Member of Government of Pakistan Steering Committee for 'Promotion of Islamic Banking in Pakistan' (2013 – 2016)

SHARIAH BOARD

JUSTICE (RETD.) MUHAMMAD TAQI USMANI Chairman – Shariah Board

Justice (Retd.) Muhammad Taqi Usmani is a renowned figure in the field of Shariah, particularly in Islamic finance. He currently holds advisory positions in several financial institutions practicing Islamic banking and finance. With vast experience in Islamic Shariah, he has been teaching various subjects on Islam for more than 50 years. Justice (Retd.) Usmani served as a Judge in the Shariat Appellate Bench, Supreme Court of Pakistan, from 1982 to 2002. Additionally, he is a permanent member of the International Islamic Fiqh Academy, an organ of the OIC based in Jeddah, Saudi Arabia, and has served as its Vice Chairman for nine years.

Widely recognized as one of the leading Shariah scholars in the field of Islamic finance, Justice (Retd.) Usmani has, for over a decade, chaired or been a Member of Shariah Supervisory Boards for a dozen Islamic banks and financial institutions worldwide. Presently, he serves as the Chairman of the International Shariah Council for the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in Bahrain. His contributions extend to the higher echelons of the education sector in Pakistan, and he has actively participated in numerous commissions established by the Government of Pakistan in the fields of education and economics.

Since 1967, Justice (Retd.) Usmani has been the Chief Editor of the monthly Urdu-language magazine 'Albalagh,' and since 1990, he has held the position of Chief Editor of the monthly English-language magazine 'Albalagh International.' He has also contributed articles to leading Pakistani newspapers on a range of issues. With an impressive literary output, he has authored more than 60 books in Arabic, English, and Urdu.

Graduating from Punjab University, Pakistan, in 1970, Justice (Retd.) Usmani also holds an LL.B. from Karachi University, Pakistan. Prior to these, he completed the Takhassus course, specializing in Islamic Fiqh and Fatwa (Islamic Jurisprudence), from Jamia Darul Uloom Karachi, Pakistan. In March 2004, His Highness Sheikh Mohammad Bin Rashid Al Maktoum (Dubai Crown Prince and UAE Minister of Defense) presented a special award to Justice (Retd.) Muhammad Taqi Usmani in recognition of his lifetime service and achievements in Islamic finance at the International Islamic Finance Forum in Dubai, one of the biggest events in the Islamic finance industry.

Justice (Retd.) Muhammad Taqi Usmani has been the Chairman of Meezan Bank's Shariah Board since the inception of Meezan Bank.

CURRENT BOARD MEMBERSHIPS

- President and Shaikul-Hadith, Jamia Darul Uloom, Karachi
- President Wifaq ul Madaris, Pakistan
- Chairman International Shariah Standard Council set up by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain
- Permanent Member International Islamic Fiqh Academy, Jeddah, sponsored by OIC
- Member, Islamic Fiqh Academy of Rabita-al-'Alam-e-Islami, Makkah
- Fellow of the Royal Al al-Bayt Academy, Jordan
- Chairman Centre for Islamic Economics Pakistan since 1991
- Chairman Shariah Board, Arif Habib Investments – Pakistan International Islamic Fund, Karachi
- Chairman Shariah Board Guidance Financial Group, USA

Awards Received

Sitara-e-Imtiaz from the Government of Pakistan 2020

His Highness King Abdullah (of Jordan) Award (Royal Aal al Bayt Institute for Islamic Thought, Jordan) 2019

IDB Prize in Islamic Banking and Finance 2014 Lifetime Achievement Award presented by the Islamic Business and Finance Magazine 2011

His Highness King Abdullah (of Jordan) Award Wisamul Istiqlal Award presented by His Highness King Abdullah of Jordan 2010

His Highness Prince Muhammad bin Raashid Aal Maktoum Award 2004

DR. MUHAMMAD IMRAN ASHRAF USMANI Vice Chairman – Shariah Board

Dr. Mufti Muhammad Imran Ashraf Usmani, son of Justice (Retd.) Mufti Muhammad Taqi Usmani, graduated with specialisation in Islamic Fiqh (Islamic jurisprudence) from Jamia Darul Uloom, Karachi, where he has been teaching Fiqh since 1990. He also holds an LL.B. and Ph.D. in Islamic finance. He is a member of the administration board of Jamia Darul Uloom, Karachi.

Presently, Dr. Imran Usmani is the Vice Chairman of the Shariah Board at Meezan Bank and oversees research and product development of Islamic banking products, advisory for Shariah-compliant banking and supervision of Shariah Audit & Compliance. He is also the President and CEO of Usmani & Co. Pvt. Ltd. that provides full suite of Islamic finance consultancy, Shariah advisory and related ancillary services to local and international clients across all legal jurisdictions and financial and non-financial sectors. He is serving in ICFAL-Australia, The Zeal-Canada and USA, Astana International Financial Centre-Kazakhstan, Sarasin Bank Switzerland, Amanah Bank-SriLanka, Guidance Financial Group USA, Nafa Mutual Fund, Al Meezan Investment and other mutual and property funds, Takaful companies and international Sukuk, etc.

Dr. Imran Usmani has been engaged with the Government of Pakistan in various initiatives and is also a member of the Steering Committee and Implementation Committee for promotion of Islamic banking since 2013. He has served as an advisor/member of Shariah Boards of several renowned institutions in various jurisdictions since 1997 including the State Bank of Pakistan, Takaful Pakistan Ltd., Pakistan Mercantile Association, HSBC-Amanah Finance, UBS-Switzerland, Lloyds TSB Bank-UK, Japan Bank for International Cooperation (JABIC), Credit Suisse Switzerland, Royal Bank of Scotland Global, Old Mutual Albarakah Equity & Balanced Funds South Africa, AIG Takaful, ACR ReTakaful Malaysia, Premier Takaful Pakistan, Capitas Group USA, Bank of London and Middle East Kuwait, BMI Bank Bahrain, Al Khaliji Bank Qatar, AIFA Amana Islamic Finance Australia, DCD Group Dubai, Acumen Fund, Swip Sicave Fund, Old Mutual AlBarakah fund and other mutual and property funds, Takaful companies and international Sukuk, etc.

He also is serving as an Executive Committee Member of AAOIFI (Dubai), Shariah Supervisory Board of International Islamic Financial Market (IIFM) Bahrain and Academic Board

at Institute of Business Administration (IBA)-Centre for Excellence in Islamic Finance (CEIF), Karachi and Director at Centre for Islamic Economics (CIE), Hira Foundation School and Hira Institute of Emerging Sciences, Karachi. Dr. Usmani

is the author of numerous publications related to Islamic Finance and other Shariah related subjects. He has presented papers in numerous national and international seminars and has delivered lectures at academic institutions including Harvard, LSE, LUMS and IBA.

BOARD MEMBERSHIPS

- Vice President, Jamia Darul Uloom, Karachi
- CEO - Greens Fin Innovations (Pvt) Ltd.
- CEO & Director - Hira Foundation School
- Director - Centre for Islamic Economics (CIE)
- Faculty Member - Jamia Darul Uloom
- Research Faculty Member - Department of Economics Karachi University
- President & Founder Trustee - Ihsan Trust
- Academic Committee Chairman / Board Member / Faculty Member - Centre for Excellence In Islamic Finance (CEIF) at IBA
- Chairman Shariah Board – Raqami Islamic Digital Bank
- Chairman Shariah Board - NBP Fullerton Asset Management Company (NAFA)
- Shariah Board Member - Al Meezan Mutual Funds
- Chairman - Islamic Index Pakistan Stock Exchange (PSX)
- Shariah Board Member - AAOIFI Shariah Committee
- Shariah Advisor / Shariah Board Secretary - Guidance Financial Group USA
- Shariah Board Member - Sarasin Bank Switzerland
- Shariah Board Member - AAOIFI Dubai
- Shariah Board Member - International Islamic Financial Market Bahrain IIFM
- Board Member - International Islamic Rating Agency Bahrain
- Chairman Shariah Supervisory Council - Amanah Bank Sri Lanka
- President and CEO - Usmani and Company PVT Ltd.
- President and CEO - Usmani and Company Shariah Advisors PVT Ltd.

SHEIKH ESAM MOHAMED ISHAQ Board Member – Shariah Board

Sheikh Esam Mohamed Ishaq graduated from McGill University, Montreal, Canada. He was born in Bahrain and studied Shariah with a number of Sheikhs in the traditional manner.

in various Centers of Islamic studies, supervised by the Ministry of Islamic Affairs in Bahrain.

He is a member of the High Council of Islamic Affairs of the Government of Bahrain and holds various Shariah positions in many social, commercial and educational institutions. Currently, he also teaches Fiqh, Aqeeda and Tafseer courses

Furthermore, Sheikh Esam is Chairman of the Muslim Educational Society, Vice Chair & Shariah Advisor for Discover Islam Centre & member of the Board of Trustees of Al- Iman Islamic Schools, Bahrain.

Sheikh Esam Mohamed Ishaq has served as member Shariah Board since inception of Meezan Bank.

CURRENT BOARD MEMBERSHIPS

- The Shariah Board of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain
- The Shariah Council of the Maldives Monetary Authority (MMA), Maldives
- The Shariah Panel of International Islamic Financial Market (IIFM), Bahrain

In addition to membership of the Shariah Supervisory Boards of a number of local, regional and international

Islamic Financial Institutions (IFIs), he is the Chairman of Shariah Supervisory Boards of the following IFIs:

- The Family Bank for Microfinance, Bahrain
- Islamic Bank of Guinea, Africa
- Investment Dar Bank, Bahrain
- Eco Islamic Bank, Kyrgyzstan
- Al Barakah Islamic Bank, Pakistan

MUFTI MUHAMMAD NAVEED ALAM Resident Shariah Board Member

Mufti Muhammad Naveed Alam holds a Masters in Islamic Banking and Finance from University of Karachi and Shahadat ul Alamiyah and Takhassus (specialization in Islamic Jurisprudence and Fatwa) from Jamia Darul Uloom, Karachi. He is also a Certified Shariah Advisor & Auditor (CSAA) from Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Mufti Muhammad Naveed Alam joined Meezan Bank in 2013 as a member of the Shariah Compliance Department of the Bank. His main responsibilities include Islamic banking training, Shariah Compliance review and Shariah Audit of different departments and branches.

Islamic Finance (CEIF) of Institute of Business Administration (IBA) Karachi, Center of Islamic Economics (CIE) of Jamia Darul Uloom Karachi, as well as several other renowned universities.

He is also a member of the Shariah Board of NBP Funds. Prior to joining as RSBM, Mufti Muhammad Naveed Alam served as Shariah Advisor of Premier Window Takaful Operations and also as Shariah Coordinator at the Indus Hospital & Health Network.

Mufti Muhammad Naveed Alam is serving as the Resident Member of Meezan Bank's Shariah Board since October 1, 2018.

He is an active teacher / trainer at Centre for Excellence in

MUFTI ZUBAIR AHMED Board Member – Shariah Board

Mufti Zubair Ahmed completed his Dars-e-Nizami from Jamia Daruloom Karachi. He has also completed three years Takhasus fil Ifta course from Jamia Darul Uloom Karachi. He is a gold medalist from Institute of Business Management which he secured during Masters in Business Administration in Banking and Finance. He is also a Certified Shariah Advisor and Auditor from AAOIFI (Bahrain).

Mufti Zubair is a Certified Professional Trainer from International Association for People and Performance

Development (Global). Mufti Zubair is also registered with Securities and Exchange Commission of Pakistan (SECP) as a Shariah Advisor and has advised various corporates for issuance of numerous Short Term Sukuk.

In addition to the above Mufti Zubair is currently also associated with Kiran Foundation and Muawin Foundation as Shariah Advisor for Zakat related matters.



DID YOU KNOW?

GOP Ijarah Sukuk?

During the year 2023, annual GOP Ijarah Sukuk issuance has reached a new record of Rs 1.774 trillion. The total outstanding GOP Ijarah Sukuk now stand at over Rs 4 trillion. Towards the end of 2023, the Government has also conducted a first-ever successful experiment of issuing GOP Ijarah Sukuk through PSX, opening a new window of investment for individuals and corporates where they can participate in the auction process directly. Not surprisingly, the Sukuk was oversubscribed by more than 300 times, showing the appetite of investors for a Shariah-compliant capital market instrument.

TERMS OF REFERENCE OF SHARIAH BOARD

DEFINITION OF SHARIAH BOARD

- A Shariah Board (SB) is an independent body of specialized jurists in fiqh almu'amat (Islamic commercial jurisprudence). Islamic Banking Institutions (IBIs) may, in consultation with the SB, also seek services of or engage lawyers, accountants, economists and such other professionals to assist and advise the SB on banking, legal, financial, economic and other relevant matters. The engagement of such members shall however be of advisory nature and they shall not have any voting rights in the meetings of the SB. The Shariah Board is entrusted with the duty of directing, reviewing and supervising the activities of the Islamic financial institution in order to ensure that they are in compliance with Islamic Shariah Rules and Principles. The fatwas, and rulings of the Shariah Board are binding on the Bank.
- Shariah Board would be appointed by the Board of Directors in line with State Bank of Pakistan's directives.

COMPOSITION, SELECTION AND DISMISSAL OF SHARIAH BOARD

- The Shariah Board shall consist of at least THREE members including the in-house Resident Shariah Board Member (RSBM). The Shariah Board may seek the service of consultants who have expertise in Shariah, business, economics, law, accounting and/or others. The Shariah Board should not include directors or significant shareholders of the Bank. However, at least two members of Shariah Board (other than RSBM) must be unique members and shall not be a part of any IBI in Pakistan.
- Any member can resign from its membership by giving written notice of at least three months to Board of Directors and the copy of which will be submitted to Islamic Banking Department - State Bank of Pakistan (IBD-SBP).

FUNCTIONS OF THE SHARIAH BOARD

- The SB will review, revise, and modify, when necessary, all standard and other agreements of Islamic modes of finance, as and when used by the Bank, whether with the Bank's clients, shareholders or others.
- The SB shall supervise the Shariah review of the Bank through RSBM and will also guide the Shariah Compliance team of the Bank. SB or RSBM has a right to conduct spot Shariah reviews of the Bank's operation at their sole discretion.
- The RSBM through the Shariah Compliance Department shall ensure the implementation of guidelines of SB/RSBM in the Bank.
- SB or any of its members may represent the Bank in various Islamic Finance Conferences, Symposia, and/or Conventions, if and when necessary, which shall be a not conflict of interest.
- The Quorum of SB meeting including that with BOD of the Bank, is at least two third of members of SB and all SB rulings are majority-based decisions by any properly minuted and logged meeting of the SB.
- Rulings of the SB are arrived at by voting. However, in case of difference of opinion, the decisions may be made by a majority vote of the SB members. In the event of equality of votes, the Chairperson shall have a second or casting vote.
- The SB ordinarily holds at least 4 quarterly meetings every financial year. It may hold an extra-ordinary meeting if and when required by the Bank/Chairman of SB.
- The SB has a right to review and modify its former rulings on the basis of factors including but not limited to Internal Shariah Audit Report, Shariah Compliance Review, new findings/developments in industry, etc.
- Dates of SB meetings will be finalized by mutual consent of the members and normally each meeting will fix the date of next meeting.
- All meetings shall be chaired by the Chairperson of the SB and in his absence one of the Shariah Scholar members, other than the RSBM, shall be elected as the acting Chairperson to preside over the meeting.
- The agenda of the SB meeting along with sufficient details and documents shall be sent to SB members 05 days before the meeting to allow them to come prepared to the meeting; the specific timelines shall be set by the SB itself.
- The SB shall ensure to cause that minutes of its meetings are properly recorded incorporating necessary details of all decisions, rulings and fatwa issued along with the rationale and difference of opinion or dissenting note, if any. Further, the minutes shall be signed by all the SB members who attended the meeting and a copy thereof be provided to each member of SB.
- Any regulations pertaining to Governance of Shariah Board, issued by Islamic Banking Department of State Bank of Pakistan, will become part of this TOR as and when such regulation becomes applicable.

NAME OF SHARIAH BOARD MEMBER

NO. OF MEETINGS ATTENDED

Justice (Retd.) Muhammad Taqi Usmani	4
Dr. Muhammad Imran Ashraf Usmani	4
Sheikh Esam Mohamed Ishaq	3
Mufti Muhammad Naveed Alam	4
Mufti Zubair Ahmed*	0
Total Meetings Held	4

*Mufti Zubair Ahmed joined Meezan Bank on February 19, 2024 and has not attended any board meeting in the period under review.

BOARD COMMITTEES

BOARD HUMAN RESOURCES, REMUNERATION & COMPENSATION COMMITTEE

Mr. Riyadh S.A.A. Edrees (Chairman) – Non-Executive Director
Mr. Mohammad Abdul Aleem – Independent Director
Ms. Nausheen Ahmad – Independent Director

TERMS OF REFERENCE

The Board Human Resources & Remuneration Committee (BHRR&CC) is responsible for overseeing the Bank's human resource practices. Comprising at least three Non-Executive Directors, it reviews and recommends human resource management policies, ensures alignment with industry best practices, and oversees executive compensation. Meetings are held quarterly throughout the year, and the committee reports its findings and recommendations to the Board. Additional duties include reviewing remuneration structures, succession planning, and monitoring training activities and budgets.

BOARD RISK MANAGEMENT COMMITTEE

Mr. Faisal A.A.A. Al-Nassar (Chairman) – Non-Executive Director
Mr. Saad ur Rahman Khan – Non-Executive Director
Mr. Bader H.A.M.A Al Rabiah – Non-Executive Director
Mr. Yousef S.M.A. AlSaad – Non-Executive Director

TERMS OF REFERENCE

The Board Risk Management Committee (BRMC) is responsible for assessing the Bank's policies in all major risk categories, including credit, market, liquidity, and operational risk, as well as the adequacy of the Bank's risk management function. The BRMC reviews the adequacy of the Bank's capital in accordance with the rules and regulations laid down by the Basel Accord. It also evaluates the techniques developed and implemented to measure the Bank's risk exposure. The responsibilities of the BRMC include evaluating the risk profile and appetite of the Bank and ensuring that systems are in place for monitoring the overall risk of the Bank. The Committee reviews exception reports that highlight deviations from approved policies and deliberates on risk-related reports, including Shariah non-compliance and early warning signals of potential risks emerging from the Bank's activities.

BOARD AUDIT COMMITTEE

Mr. Mohammad Abdul Aleem (Chairman) – Non-Executive Director
Mr. Faisal A.A.A. Al-Nassar – Non-Executive Director
Mr. Mohamed Guermazi – Non-Executive Director
Mr. Saad Ur Rahman Khan – Non-Executive Director

TERMS OF REFERENCE

The Board Audit Committee (BAC) is responsible for determination of appropriate measures for safeguarding the Bank's assets; review of quarterly, half-yearly and annual financial statements; review of management letter / assurance reports issued by external auditors and management's response thereto; review and implementation of the scope, extent and plan of internal audit / shariah audit; review of internal audit strategy; consideration of major findings, internal investigations of activities characterized by fraud, corruption and abuse of power, SBP inspection / supervisory assessment findings and management's response thereto; ascertaining that the internal control systems are adequate and effective; determination of compliance with relevant statutory requirements; audit observations; monitoring compliance with the best practices of corporate governance and oversight of implementation of Internal Controls over Financial Reporting (ICFR) program across the Bank, review effectiveness of whistle blowing procedures; ensure effectiveness of overall management of compliance and AML risk and consideration of any other issue or matter as may be assigned by the Board of Directors.

BOARD INFORMATION TECHNOLOGY COMMITTEE

Mr. Saad Ur Rahman Khan – Non-Executive Director
Mr. Riyadh S.A.A. Edrees – Non-Executive Director
Mr. Faisal A.A.A. Al-Nassar – Non-Executive Director
Mr. Irfan Siddiqui (President & CEO) – Executive Director

TERMS OF REFERENCE

The Board Information Technology Committee (BoIT) advises and reports to the Board on status of technology activities and digital initiatives, reviews IT and digital strategies and relevant policies periodically considering major technological / regulatory developments. The BoIT ensures risk management strategies are designed and implemented to achieve resilience to respond to wide scale disruptions, including cyber-attacks. It receives periodic updates from IT Steering Committee to monitor major technology-related projects and ensures technology procurements are aligned with the IT strategy. It also approves cloud-based outsourcing arrangements in line with the policy approved by the Board. If deemed necessary, the Committee seeks expert opinion from independent sources wherein the quorum comprises of any two members.

BOARD IFRS 9 IMPLEMENTATION OVERSIGHT COMMITTEE

Mr. Riyadh S. A. A. Edrees (Chairman) – Non-Executive Director
Mr. Faisal Fahad Al-Muzaini – Non-Executive Director
Mr. Irfan Siddiqui (President & CEO) – Executive Director

TERMS OF REFERENCE

The Committee is responsible for reviewing and approving the Bank's transition plan for IFRS implementation. It is required to review progress against the transition plan on a quarterly basis. The Committee is also responsible to ensure smooth implementation of IFRS 9 within the timelines stipulated by the State Bank of Pakistan.

INTERVIEW AND SELECTION COMMITTEE

Mr. Riyadh S.A.A. Edrees (Chairman) – Non-Executive Director

Mr. Muhammad Abdul Aleem – Independent Director

Ms. Nausheen Ahmad – Independent Director

Mr. Mubashar Maqbool – Non-Executive Director

TERMS OF REFERENCE

The Interview and Selection Committee formed by the Board of Directors is fully authorized to identify, evaluate and finalize the selection from internal and external pool of candidates for the position of President & CEO and submit for the formal approval of the Board of Directors. The Committee is tasked with conducting interviews and evaluating internal candidates for the President & CEO position based on specific criteria including: a distinct mindset and skill set tailored to the unique nature of Islamic banking; a demonstration of unwavering commitment and a resolute mindset in support of Islamic finance; a preference for candidates with prior CEO experience in Islamic banks in Pakistan or Gulf countries; a recommended extension of the proposed age limit from 50 to 55, recognizing the experience required for the position; a meticulous consideration of professional qualifications, extensive experience, exposure, track record, and reputation; and the imperative possession of a comprehensive working knowledge of Islamic banking principles, particularly Shariah. The Committee then presents its evaluation to the Board of Directors for formal approval.

Note: The Committee was dissolved with effect from Aug 10, 2023.

Dates and Attendance of Board Committees during 2023

Name of Director	No. of Meetings Attended	Board Human Resources, Remuneration & Compensation Committee				Board Risk Management Committee				Board Audit Committee				Board IT Committee				Board IFRS 9 Implementation Oversight Committee				Interview and Selection Committee ¹	
		09-Feb 2023	12-Apr 2023	07-Aug 2023	17-Oct 2023	08-Feb 2023	13-Apr 2023	03-Aug 2023	12-Oct 2023	13-Feb 2023	17-Apr 2023	08-Aug 2023	16-Oct 2023	08-Feb 2023	10-Apr 2023	24-Jul 2023	04-Oct 2023	08-Feb 2023	12-Apr 2023	07-Aug 2023	17-Oct 2023	12-Apr 2023	05-Jul 2023
Mr. Riyadh S.A.A. Edrees	4/4	P	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Mohammad Abdul Aleem	4/4	P	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Nausheen Ahmad	4/4	P	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Faisal A.A.A. Al-Nassar	4/4	-	-	-	-	P	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Saad Ur Rahman Khan ³	1/1	-	-	-	-	-	-	-	P	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Mubashar Maqbool ¹	2/2	-	-	-	-	P	P	R	R	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Bader H.A.M.A Al-Rabiah ²	3/4	-	-	-	-	P	P	L	P	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Yousef S.M.A. AlSaad	4/4	-	-	-	-	P	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Mohammad Abdul Aleem	4/4	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-	-	-	-	-	-	-
Mr. Faisal A.A.A. Al-Nassar	4/4	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-	-	-	-	-	-	-
Mr. Mohamed Guerhazi	4/4	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-	-	-	-	-	-	-
Mr. Saad Ur Rahman Khan ³	1/1	-	-	-	-	-	-	-	-	-	-	-	P	-	-	-	-	-	-	-	-	-	-
Mr. Mubashar Maqbool ¹	2/2	-	-	-	-	-	-	-	-	P	P	R	R	-	-	-	-	-	-	-	-	-	-
Mr. Saad Ur Rahman Khan ³	1/1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	P	-	-	-	-	-	-
Mr. Mubashar Maqbool ¹	2/2	-	-	-	-	-	-	-	-	-	-	-	-	P	P	R	R	-	-	-	-	-	-
Mr. Riyadh S.A.A. Edrees	4/4	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-	-	-
Mr. Faisal A.A.A. Al-Nassar	4/4	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-	-	-
Mr. Irfan Siddiqui	4/4	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-	-	-
Mr. Riyadh S.A.A. Edrees	4/4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P	-	-
Mr. Irfan Siddiqui	4/4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P	-	-
Mr. Faisal Fahad Al-Muzaini	4/4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P	-	-
Mr. Riyadh S.A.A. Edrees	2/2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	P	P
Mr. Mohammad Abdul Aleem	2/2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	P	P
Ms. Nausheen Ahmad	2/2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	P	P
Mr. Mubashar Maqbool ¹	2/2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	P	P

Notes:

¹ Mr. Mubashar Maqbool has tendered his resignation with effective from July 18, 2023.

² Leave of Absence was granted to Mr. Bader H.A.M.A. Al-Rabiah.

³ Mr. Saad Ur Rahman Khan has been appointed as Director effective from August 1, 2023, and his FPT clearance was received from SBP on August 21, 2023.

⁴ The committee was dissolved with effect from August 10, 2023.

L - Leave of Absence
R - Resignation

MANAGEMENT COMMITTEES

ASSET LIABILITY MANAGEMENT COMMITTEE

President & CEO – Chairman
Deputy CEO – Alternate Chairman
Chief Financial Officer
CRO & Group Head Risk Management
Group Executive Corporate, Commercial & Investment Banking
Group Executive Operations & Branch Banking Group
Group Head Treasury & Capital Market
Group Head Consumer Finance

TERMS OF REFERENCE

The Asset Liability Management Committee (ALCO) is responsible for reviewing the Asset and Liability structure of the Bank, transfer pricing, monitoring the liquidity situation, evaluating asset classes and taking decisions with regards to risks and rewards associated with purchasing and selling of these assets. Market and liquidity risks are examined based on stress testing exercises and gap analysis while considering the overall economic environment of the country. The ALCO is also responsible for monitoring policy rate movements and taking necessary steps across all assets and liabilities to ensure that the overall profitability of the Bank is maximized. This is mainly performed by alterations in the profit rates offered across different deposit products. It is also responsible for ensuring that the Bank's overall operations are fully compliant with regulatory framework for the business as provided by the State Bank of Pakistan.

BUSINESS CONTINUITY STEERING COMMITTEE

Deputy CEO – Chairman
CRO & Group Head Risk Management
Group Executive Operations & Branch Banking
Group Head General Services & Customer Support
Group Head Information Technology
General Manager Compliance
Manager IT Disaster Recovery
Head Enterprise Risk Management

TERMS OF REFERENCE

The Business Continuity Steering Committee (BCSC) is responsible for ensuring that adequate business continuity / disaster recovery plans are prepared, tested and that decision making authority in the event of a crisis is clearly defined. The BCSC reviews and recommends Business Continuity Plan for approval of the Board. It facilitates in execution of Business Continuity Plan as and when invoked and in resumption of critical business activities. BCSC steers BCP project(s) and their implementation and provides guidance on project direction to ensure that organizational requirements are met. It is also responsible for reviewing the findings of mock drills / actual disasters and facilitating in removal of identified gaps.

CREDIT RISK MANAGEMENT COMMITTEE

President & CEO – Chairman
Deputy CEO – Alternate Chairman
Chief Financial Officer
CRO & Group Head Risk Management
Group Executive Corporate, Commercial & Investment Banking
Group Head Corporate, Investment Banking & Shariah Advisory
Group Head Treasury & Capital Markets
Head Credit Risk

TERMS OF REFERENCE

The Credit Risk Management Committee (CRMC) is responsible for overseeing credit risk activities on Bank-wide basis while ensuring compliance with regulatory requirements and internal policies. The CRMC's responsibilities also include providing support and guiding front lines in managing their businesses, performing finance portfolio review, establishing financing standards and benchmarks, maintaining adequate industry diversification and deciding upon provisioning. It is also required for delegating financing approving powers and prudential limits on large financing exposures.

DISCIPLINARY ACTION COMMITTEE - BRANCH BANKING

Group Head Human Resources, Learning & Organizational Development – Chairman
Group Executive Operations & Branch Banking
Group Executive Corporate Commercial & Investment Banking
General Manager Internal Audit & Business Risk Review (Special Invitee)

TERMS OF REFERENCE

The Disciplinary Action Committee for Branch Banking (DAC-BB) is responsible for addressing employee misconduct at the branch, area, regional, and hub levels. This includes investigating and taking appropriate action for policy violations, acts of fraud and forgery, breaches of discipline and code of conduct, ethical and business practice violations, and non-compliance with the law of the land or statutory regulations of the State Bank of Pakistan.

DISCIPLINARY ACTION COMMITTEE - HEAD OFFICE

CRO & Group Head Risk Management – Chairman
Group Head Human Resources, Learning & Organizational Development
General Manager Compliance
General Manger Internal Audit & Business Risk Review

TERMS OF REFERENCE

The Disciplinary Action Committee for Head Office (DAC-HO) is responsible for addressing employee misconduct at Head Office functions. This includes investigating and taking appropriate action for policy violations, acts of fraud and forgery, breaches of discipline and code of conduct, ethical and business practice violations, and non-compliance with the law of the land or statutory regulations of the State Bank of Pakistan.

DISCIPLINARY ACTION REVIEW COMMITTEE

Deputy CEO – Chairman
Company Secretary
Head Legal Affairs

TERMS OF REFERENCE

The Disciplinary Action Review Committee (DARC) is responsible for reviewing appeals from staff who have undergone disciplinary action by DAC. It is committed to conducting a thorough and independent re-evaluation of each appeal, ensuring a comprehensive review of DAC decisions.

COMPLIANCE & OPERATIONAL RISK MANAGEMENT COMMITTEE

President & CEO – Chairman
Deputy CEO
Chief Financial Officer
Group Head Information Technology
Group Executive Operations and Branch Banking
Group Head Shariah Compliance
CRO & Group Head Risk Management
Group Head Human Resources, Learning & Organizational Development
General Manager Compliance
Head Enterprise Risk Management

IT STEERING COMMITTEE

Deputy CEO – Chairman
Group Head Information Technology
Group Executive Operations and Branch Banking
Group Executive Corporate, Investment Banking & Shariah Advisory
CRO & Group Head Risk Management
General Manager Compliance
Group Head Consumer Finance
Chief Digital Officer & General Manager Digital Banking
Manager Information Security

INVESTMENT COMMITTEE

Deputy CEO – Chairman
CRO & Group Head Risk Management
Chief Financial Officer

SERVICE BOARD

President & CEO – Chairman
Deputy CEO
Group Head Customer Support & General Services
Group Executive Operations and Branch Banking
Group Head Information Technology
Group Head Consumer Finance
Group Head Human Resources, Learning & Organizational Development
Chief Digital Officer & General Manager Digital Banking
General Manager Compliance
Head of Service Quality
Unit Head Service Analytics & Customer Insights

IFRS 9 PROJECT STEERING COMMITTEE

Deputy CEO – Chairman
Chief Financial Officer
CRO & Group Head Risk Management
Group Head Information Technology

TERMS OF REFERENCE

The Compliance & Operational Risk Management Committee (CORMC) is responsible for overseeing compliance risk by reviewing the adequacy of controls in place to meet regulatory requirements. The Committee is responsible for promoting compliance culture in the Bank, facilitate in implementation of Compliance Program and oversee Money Laundering, Financing Terrorism and Proliferation Financing risk. In addition, the Committee also oversees Operational Risk Framework by ensuring that policies and procedures are in place in all key risk areas and by reviewing Key Risk Indicators. The Committee also monitors level of compliance of major unresolved and recurring issues pointed out in the Internal Audit, Shariah Audit and SBP Inspection Report.

TERMS OF REFERENCE

The IT Steering Committee (ITSC) is responsible for assisting the Senior Management in implementing IT and digital strategies approved by the Board of Directors and for playing an advisory role to the Senior Management in all technology-related matters. The ITSC monitors implementation of technology-related projects, ensuring that the IT procurement is in line with the business plan. It shall ensure that the outsourcing to Cloud Service Providers (CSPs) is conducted in line with the Service Level Agreement. Further, it shall oversee adherence to regulatory as well as performance requirements for Cloud Services, including SLAs, reviewing of KPIs and KRIs, incidents (including cybersecurity incidents) and other relevant matters. It shall also ensure an efficient IT operating environment that supports the institution's goals and objectives. The ITSC may also review and determine the adequacy of training plan(s) and shall review significant incidents, major risks and breaches submitted by Information Security. The ITSC may also further review the status of projects assigned to PMO on periodic basis.

TERMS OF REFERENCE

The Investment Committee (IC) is responsible for ensuring that the Bank's investments in listed equity securities are made in compliance with the: (i) Investment Policy of the Bank, (ii) Limits prescribed under Prudential Regulations issued by the State Bank of Pakistan, and (iii) Directives of Shariah Board of the Bank. The IC also reviews the performance of equity investment portfolio through its regular meetings and discussions wherein the members also discuss the forgoing investments and future strategies in line with investment policy and market dynamics.

TERMS OF REFERENCE

The Purpose of the Service Board is to oversee and monitor performance of all departments in providing better services to external as well as internal customers of the bank. The Service Board is the main decision-making body for addressing service gaps and improving Service Quality of the Bank.

TERMS OF REFERENCE

The Committee is responsible to ensure compliance with the requirements of SBP in respect of IFRS 9 implementation. It is also responsible to perform initial diagnostic and quantitative impact analysis to determine gaps and develop transition plan for the application of IFRS 9. The Committee is required to inform the Board/ Board IFRS 9 Implementation Oversight Committee about the progress made and key issues that need to be addressed. It is responsible for developing appropriate staffing and training strategies, collect data and other risk inputs, assess existing infrastructure and provide recommendations on the required changes or upgrades and monitor progress against defined timelines.

BEST CORPORATE GOVERNANCE PRACTICES

Governance practices positively impact long-term corporate performance and therefore, the Bank is careful about their implementation. The Bank has a system in place to ensure that it is fully compliant to all the legal requirements for e.g. Company Secretary's Office itself ensures that all the relevant regulatory requirements are complied with within the given deadlines. Furthermore, a dedicated Compliance Department is also functional which remains in contact with the regulators as well as with the internal departments to ensure timely compliance with the legal requirements. The Bank's Best Corporate Governance Practices include the following:

BUILD A STRONG, QUALIFIED BOARD OF DIRECTORS AND EVALUATE PERFORMANCE

The Board comprises of Directors who are knowledgeable and have expertise relevant to the business, are qualified and competent, and have strong ethics and integrity, diverse backgrounds and skill sets. Further, as per regulatory requirement, the Board performance is evaluated periodically.

DEFINE ROLES AND RESPONSIBILITIES

The Board establishes clear lines of roles and responsibilities among the Directors, Chairman and CEO.

EMPHASIZE INTEGRITY AND ETHICAL DEALING

The Directors declare conflicts of interest and refrain from voting on matters in which they have an interest. The Bank has adopted a Conflict of Interest Policy, a Code of Business Conduct that sets out the Bank's requirements and a Whistle-blowing Policy.

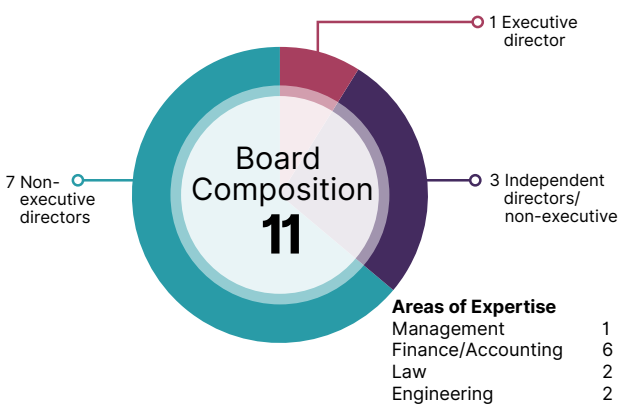
FORMATION OF VARIOUS BOARD COMMITTEES

The Board of Directors has constituted various sub-committees, namely Board Audit Committee, Board Human Resources, Remuneration and Compensation Committee, Board Risk Management Committee, Board IT Committee and Board IFRS 9 Implementation Oversight Committee to manage the relevant areas and to give their recommendations to the Board. The TORs of these Committees are approved by the Board of Directors.

ENGAGE IN EFFECTIVE RISK MANAGEMENT

The Board has established its sub-committees, who regularly identify and assess the risks including financial, operational, reputational, environmental, industry-related and legal risks.

BOARD COMPOSITION



Category	Names of Directors
Non-Executive Directors	Mr. Riyadh S.A.A. Edrees – Chairman Mr. Faisal A.A.A. Al-Nassar Mr. Bader H.A.M.A. AlRabiah *Mr. Saad Ur Rahman Khan *Mr. Faisal Fahad Al-Muzaini Mr. Tariq Mahmood Pasha *Mr. Mohamed Guerhazi
Independent Directors	Mr. Mohammad Abdul Aleem Ms. Nausheen Ahmad (Female Director) Mr. Yousef S.M.A.AiSaad
Executive (Deemed Director)	Mr. Irfan Siddiqui – President & CEO

* Refer note below.

Subsequently Meezan Bank conducts verification as per SBP FPT requirements. Finally it is carried out by the Regulators as per law / regulatory requirements, as their appointment is subject to clearance by the Regulators.

PAYMENT OF DIRECTORS' REMUNERATION

As per Policy, the Board of Directors shall, from time to time, determine & recommend remuneration of the Non-Executive Directors (Chairman, Vice Chairman and members of the Board) for attending Board/Committees' Meetings, for approval by the shareholders on a pre or post facto basis in the Annual General Meeting (AGM) / Extraordinary General Meeting (EOGM) as per State Bank of Pakistan Corporate Governance Regulatory Framework (CGRF).

*Note: Board & Committee Meeting fee of these Board Members is paid to their nominating institution.

DETAILS OF BOARD MEETINGS HELD OUTSIDE PAKISTAN

A total of four meetings were held during the year 2023, and all were held in Pakistan.

DIRECTORS' PROFILES AND THEIR INVOLVEMENT / ENGAGEMENT IN OTHER COMPANIES

This information has been incorporated in the Directors' profiles.

INDEPENDENT DIRECTORS

The Board has three (3) Independent Directors who meet the criteria of independence under Companies Act 2017 and the directive issued by the State Bank of Pakistan/SECP.

REPRESENTATION OF FEMALE DIRECTOR ON BOARD

Ms. Nausheen Ahmad is the female Director on the Board.

NON-EXECUTIVE DIRECTORS

At present all Directors on the Board are non-executives except the President & CEO.

SECURITY CLEARANCE OF FOREIGN DIRECTORS

Security clearance of Foreign Directors is initially done by the sponsor shareholders being their nominee directors.

PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS

The Board of Directors of Meezan Bank sets the Bank's strategic direction and ensures that the organization stays true to this direction - enabling it to achieve its long-term objectives while ensuring regulatory compliance. To discharge its fiduciary responsibility of safeguarding the stakeholders' interests, the Board of Directors has developed criteria for its performance evaluation as required by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan.

The Board of Directors discusses strategic objectives, budgetary expenses and projected national and international macroeconomic indicators to ensure that the Bank's business strategy stays aligned with macroeconomic indicators. The Board of Directors and its sub committees are competent and experienced, representing diversified educational and vocational backgrounds which are invaluable in determining the overall direction of the organization.

As per the guidelines issued by the State Bank of Pakistan, the Board decided to opt for an in-house approach with quantitative technique; and accordingly evaluated performance of overall Board, Board Committees and individual Board Members as per the following categories:

- Complete Board
- Chairman
- Individual Directors
- Independent Directors
- Chief Executive Officer
- Board Committees

PERFORMANCE EVALUATION BY EXTERNAL CONSULTANT

Evaluation of Board of Directors is conducted annually as per the State Bank of Pakistan's requirement. Furthermore, SBP Guidelines also require that at least once in every three years, the evaluation should be conducted by an external independent evaluator. The Bank engages an independent evaluator to conduct the Board's evaluation once in every three years as per regulatory requirement.

CRITERIA FOR PERFORMANCE EVALUATION

The Board of Directors, while ensuring regulatory compliance, is also vested with fiduciary responsibility on behalf of the shareholders to protect the Bank's interests, provide strategic direction and monitor the achievement of strategic objectives. The Companies Act 2017, Banking Companies Ordinance 1962, SBP's Corporate Governance Regulatory Framework (CGRF) and Listed Companies (Code of Corporate Governance) Regulations 2019 describe the role of Board of Directors along with its responsibilities and functions.

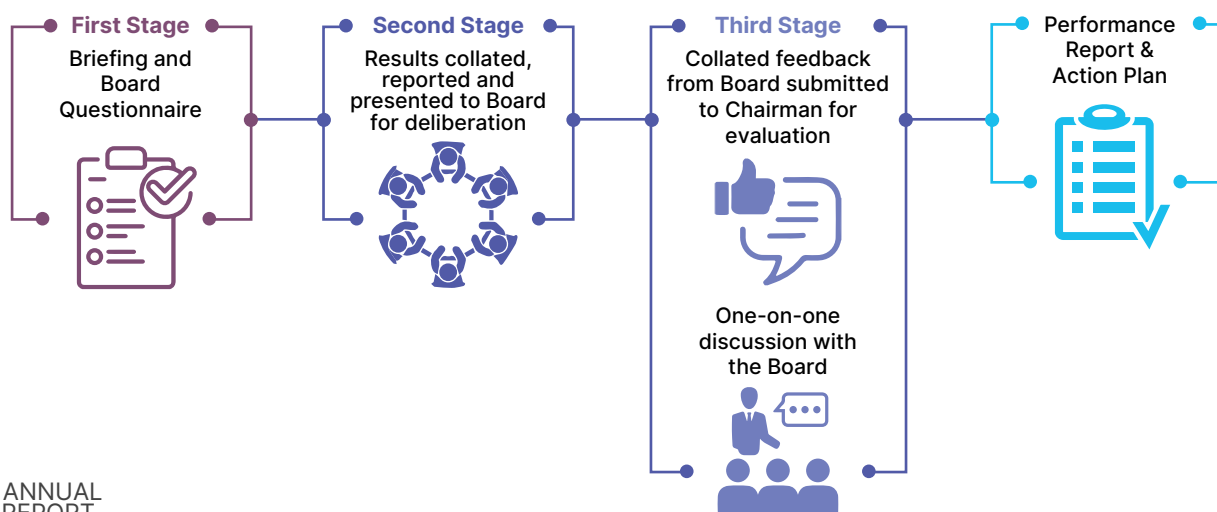
To comply with the regulatory requirement, the Board, in the year 2014, put in place an effective mechanism for Board Evaluation. All individual Board members answer a comprehensive questionnaire focused on evaluating, from various angles, whether the Board has discharged its duties diligently and with foresight. A committee of Directors is designated to collate individual responses and present them to the Board for deliberation and discussion. As per process, the responses / feedback from the Directors on each of the

above-mentioned categories is compiled and submitted to the Chairman. The Chairman discusses the results / findings with each individual Board Member. The authorized Independent Directors communicate the feedback in respect of the Chairman for incorporation in the consolidated Performance Report.

Accordingly, the analysis comprises of consolidated evaluation results and Action Plan forwarded by the Chairman to further strengthen comparatively weaker areas and is submitted to the Board of Directors for consideration in its meeting.

This exercise in critical self-assessment allows the Board to evaluate its performance and overall effectiveness in setting strategies, devising control processes, reading market trends by monitoring micro and macroeconomic factors, and responding to adverse unforeseen situations to further the cause of a learning organization. This process also ensures that the Board is constantly growing intellectually and the responsibility of steering the Bank to new heights of success is discharged effectively and efficiently.

BOARD EVALUATION PROCESS



INDUCTION AND TRAINING OF DIRECTORS

The Bank places keen focus on regular trainings regarding updates in law / regulations for the Directors. In addition, Shariah training is also arranged for the Directors as per the State Bank of Pakistan's 'Shariah Governance Framework for Islamic Banking Institutions'. In compliance to SBP Corporate Governance Regulatory Framework (CGRF), Board is regularly updated about any change in law/regulations.

Members of Meezan Bank's Board are experienced and qualified professionals who bring a diverse range of professional and technical expertise to the organization.

DIRECTORS TRAINING PROGRAM (DTP)

The Bank is compliant to the training requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019.

ROLES AND RESPONSIBILITIES

ROLE AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors is involved in strategic level decisions to establish and review the strategies and medium to long-term goals of the Bank, overseeing the business and affairs of the Bank in light of emerging risks and opportunities. The Management of the Bank is responsible for managing day-to-day business affairs in an effective and ethical manner in conformity with the strategies and goals approved by the Board and to identify and manage the principal risks and opportunities which could impact the Bank in the course of carrying out its business. It is also the responsibility of the Management, with the oversight of the Board and its sub-committees, to produce financial statements that fairly present the financial conditions and results of operations of the Bank in accordance with applicable accounting standards and to make timely disclosures to investors as required under regulatory requirements. Further, the Management also stays aware of the business and competitive environment and develops strategies to maintain the Bank's competitive business edge.

ROLES AND RESPONSIBILITIES OF THE CHAIRMAN

The Chairman of the Board of Directors ensures that the organization keeps true to its long-term Vision. Responsible for leadership of the Board, the Chairman ensures that the Board plays an effective role in fulfilling all its responsibilities. The role entails the following:

CHAIRMAN

All members of the Board may participate in all meetings and have the opportunity to express their opinion.

Dissent of Directors, if any, is properly recorded in the minutes.

Minutes truly reflect what transpired during the meeting.

The Board discharges its role effectively and swiftly in line with regulatory requirements.

The Board sub-committees perform their designated functions with due diligence.

ROLE AND RESPONSIBILITIES OF THE PRESIDENT & CEO

The President & CEO's role constitutes an absolutely engaged position, demanding complete involvement and shepherding of the organization. The role entails the following:

PRESIDENT & CEO

Provide an enabling environment within the Bank to facilitate promulgation of a culture of Shariah compliance.

Ensure execution of the strategy developed by the Board.

Ensure that the Bank maintains its business position and brand image as the leading Islamic Bank of the country.

Efficiently allocate and manage organizational resources and budgets to ensure achievement of short and medium term objectives that contribute to the attainment of the long-term strategic goals.

Establish a system of checks and controls to supplement the fast-paced growth of the Bank.

Provide liaison between the Board and the Bank's management to ensure alignment of managerial efforts with Board's directives.

Foster a culture of professionalism and high ethical standards within the Bank.

Facilitate an organizational culture of development of innovative products and services to meet the growing needs of a diverse range of customers.

ROLE OF SHARIAH BOARD

The Shariah Board (SB) is entrusted with the duty of directing, reviewing and supervising the activities of the Bank in order to ensure that they are in compliance with the rules and principles of Shariah. All products and services of the Bank are launched with the approval of the Shariah Board whose role also entails the following:

SHARIAH BOARD

To develop a comprehensive Shariah compliance framework for all areas of operations of the Bank that serves as a guiding principle to the Bank for maintaining its commitment towards adherence to principles of Shariah.

Ensure Shariah compliance of all aspects of the Bank by virtue of having unhindered access to all books of accounts, records and documents.

Guide and direct the Bank through rigorous deliberation on issues placed before the Shariah Board.

Monitor the Shariah compliance of the Bank through Shariah Audit and Shariah compliance reviews and prescribe appropriate enforcements whenever needed.

PERFORMANCE REVIEW OF THE PRESIDENT & CEO

The President & CEO of Meezan Bank is responsible for supervising and leading the strategic and managerial affairs of the Bank. Various elements of the President & CEO's performance are monitored continuously and discussed periodically by the Board. As leader of the organization and executor of the strategy approved by the Board to further the interests of all stakeholders of the Bank, the President & CEO is evaluated on parameters such as financial performance and profitability, budget allocation and utilization of resources, organizational expansion, sustainability of product lines, credit ratings and inculcation of the desired organizational culture which is conducive to professional and ethical excellence.

ELECTION OF THE BOARD OF DIRECTORS

PROCEDURES FOR APPOINTMENT

ELECTION AND REMOVAL OF DIRECTORS

There are formal, considered and transparent procedures for nominating candidates to stand for election as directors. The process of composition of the Board is ongoing to ensure that the Board retains its effectiveness at all times. Directors are subject to re-election / re-appointment at regular intervals defined under the relevant laws and regulations.

The sponsor shareholders of Meezan Bank nominate Directors on the Board as per their respective shareholding. The Independent Directors also file their nomination and are elected as per law. Minority shareholders are also given the right to participate in election as per law.

The Board of Directors fixes the number of Directors for the next term of the Board, 35 days before election of the Board as per Companies Act 2017.

Election of Directors is held as per law and all regulatory requirements are complied with.

APPOINTMENT AND ELECTION OF DIRECTORS

ELECTION OF DIRECTORS AT THE GENERAL MEETINGS

According to Companies Act, 2017, at General Meeting, the shareholders entitled to vote for the election of directors must elect a Board for a term of three years, consisting of the number of directors for the time being set, as per provisions of Companies Act, 2017.

All of the directors cease to hold office immediately before such election, but are eligible for re-election.

DIRECTORS MAY FILL CASUAL VACANCIES

Any casual vacancy on the Board may be filled by the Directors and the person so appointed shall hold office for the remainder of the term of the Director in whose place he/she is appointed.

INFORMATION ON THE DIRECTORSHIP CANDIDATES

To enable shareholders to make an informed decision on their election at a General Meeting, names of all candidates submitted for election or re-election as a director are set out in a Notice sent to shareholders prior to the meeting, as per Companies Act, 2017 and also placed on the Bank's website as per regulatory requirement.

REMOVAL OF DIRECTORS

REMOVAL OF DIRECTOR BY SHAREHOLDERS

Shareholders may remove any director by a resolution in General Meeting, as per section 163 of the Companies Act 2017.

RESIGNATION / REMOVAL OF DIRECTOR BY BOARD

The Board may remove any Director before the expiry of his or her term of office, or the Director may resign on his / her own, if the Director ceases to be qualified to act as a Director of a company as per Companies Act 2017 and the Board may appoint a Director to fill the resulting casual vacancy as per Companies Act 2017.

OTHER MATTERS RELATED TO CORPORATE GOVERNANCE

Governance Practices Exceeding Legal Requirements

The Board of Directors, as a whole respects the country laws and ensures meticulous compliance of applicable laws, rules & regulations and being the Premier Islamic Bank, Meezan Bank always adheres to provide information and disclosures above the minimum regulatory requirements. The Board never gives room for any sort of non-compliance and takes it as reputational risk for the Bank. The Management also regularly updates the Board with the latest developments in regulatory environment and maintains stringent control over regulatory compliance, through designated resources.

Following are some of the practices of the Bank which exceed the minimum legal requirement:

- The Bank has only one Executive Director (President & CEO) though it has been permitted two executive directors by SBP.
- The Bank reports additional information in the Annual Report for stakeholders which is not required by law.

CODE OF CONDUCT & ETHICAL STANDARDS

The Bank has also developed 'Code of Conduct & Ethical Standards' for Board, Senior Management and other employees as per requirements of Listed Companies (Code of Corporate Governance) Regulations 2019, which is signed by every Director and employee of the Bank.

PRESENCE OF THE CHAIRMAN OF AUDIT COMMITTEE AT THE ANNUAL GENERAL MEETING (AGM)

The Chairman of the Audit Committee attends the Annual General Meeting (AGM) and this is duly recorded in the minutes of AGM.

POLICY FOR SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (CSR)



Policy for Sustainability and Corporate Social Responsibility is annexed in Policies and Guidelines Section of this report.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE



The Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulation 2019 is annexed with this annual report.

INFORMING THE COMPANY SECRETARY'S OFFICE ON SALE OR PURCHASE OF MEEZAN SHARES

Directors/Substantial Shareholders/Executives are required to inform about any change in the shareholding in his/her own name, in the name of his/her spouse and/or dependent/minor children to the Company Secretary through a written notice regarding complete details of the actual transaction within seven days of its execution, enabling the Company Secretary to immediately notify the transaction to Pakistan Stock Exchange in terms of PSX Regulations and also to subsequently report the transaction to the Board of Directors.

DIVERSITY

The Board of Directors firmly believes that the diverse mix of gender, knowledge, expertise and skill sets of the members/employees enhances the effectiveness of the Bank.

The Bank embraces and encourages employees with a diverse mix of age, family ethnicity, language, socio-economic status, physical disability and other characteristics that make its employees unique.

INVESTOR GRIEVANCES

Meezan Bank has established a robust grievance reporting mechanism which seeks to resolve any complaints or unattended issues if, despite all vigilance, do occur. The mechanism put in place allows for such matters to be reported electronically, in writing or over the phone. To ensure that the stakeholders may register their complaints conveniently, a multitude of online forms are available on Meezan Bank's corporate website (www.meezanbank.com). The Investor Complaints Form, on submission, is sent directly to the Office of the Company Secretary. Similarly, a general complaints form for reporting and resolution of business-related complaints are managed by the Customer Care Unit (CCU). A dedicated email (complaints@meezanbank.com) is also in place for the express purpose of reporting issues if the stakeholder feels the need to email rather than use online forms.

Furthermore, grievances may also be lodged by calling the Bank's Call Center (UAN: 111-331-331 & 111-331-332), which is functional round the clock, where officers are available to assist stakeholders with their queries and complaints.

MANAGING CONFLICT OF INTEREST

The Bank has a policy in place for dealing with conflicts of interest relating to members of the Board. Under this policy, any Director who has a business interest in a matter being presented at a Board meeting does not participate in neither the discussion nor the decision on that matter. The policy is applied consistently and there was no breach of this policy during the year.

BOARD'S FUNCTION AND DECISION MAKING

The Board plays an effective role and provides entrepreneurial leadership and direction to the Management of the Bank within a framework of prudent and effective controls. It promotes a collective vision of the Bank's purpose, its culture, values and also demonstrates ethical leadership.

MATTERS DELEGATED TO THE MANAGEMENT

The Board sets the strategic objectives and takes the overall responsibilities of overseeing its implementation. The Board performs its duties by giving guidelines to the Management, setting performance targets and monitoring their achievement. The Management is primarily responsible for implementing strategies as approved by the Board of Directors in conducting the operations of the Bank effectively.


RESPONSIBILITY OF THE MANAGEMENT AND THE BOARD OF DIRECTORS TOWARDS PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The Management has fulfilled its responsibility for preparation and fair presentation of the financial statements in accordance with the financial reporting frameworks as applicable in Pakistan. These include the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017). The Management also acknowledges its responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements. The Bank's Board of Directors is responsible for overseeing the financial reporting process.

UNRESERVED COMPLIANCE OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Management believes in ensuring unreserved compliance with the applicable International Financial Reporting Standards (IFRSs) issued by International Accounting Standard Board (IASB) for true and fair presentation of financial statements of the Bank.

The financial statements of the Bank for the year ended December 31, 2023 have been prepared in accordance with the accounting and reporting standards (including IFRSs) as

applicable in Pakistan. For further details, please refer to the Statement of Compliance in note 3 of the financial statements of the Bank. 

HUMAN RESOURCES MANAGEMENT POLICIES AND SUCCESSION PLANNING

Human Resources Policies are approved by the Board of Directors of the Bank on the recommendation of Human Resources, Remuneration and Compensation Committee of Board in order to provide clear and definitive directions on Human Resource (HR) related matters.

BOARD'S REVIEW OF BUSINESS CONTINUITY PLAN

The Board of Directors reviewed and approved Business Continuity Plan. This exercise is being performed on an annual basis.

Stakeholders' Engagement



Stakeholders' engagement and the steps taken to solicit and understand the views of the shareholders is detailed in stakeholders' engagement section of this report.

Accessibility of Annual Report



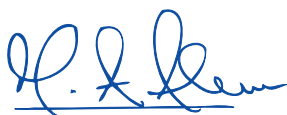
Annual Reports and other information of the Bank are accessible on Bank's website: www.meezanbank.com

REPORT OF THE BOARD AUDIT COMMITTEE

Board Audit Committee (BAC) comprises of four non-executive directors having vast experience and knowledge of finance and accounting. The Chairman of BAC is an independent director. Bank has adopted Committee of Sponsoring Organizations (COSO) Integrated Internal Control Framework and the Charter of Internal Audit & BRR department (IAD) provides complete independence to Head - IAD along with free access to BAC.

BAC has been proactively focusing on effectiveness of internal controls, risk management, compliance and governance processes in accordance with the requirements of Code of Corporate Governance and Audit Committee Charter (ACC) also referred to as Terms of Reference (ToRs) of BAC duly approved by the Board of Directors. During the year 2023, four BAC meetings were held and following major activities were performed by BAC in accordance with its approved Charter.

- BAC reviewed quarterly, half yearly and annual financial statements of the Bank and recommended the same for approval of the Board.
- BAC reviewed management letters/assurance reports issued by the external auditors, management's response and their compliance status and held discussions with external auditors on major observations. BAC also recommended the appointment of external auditors and their fees to the Board.
- BAC reviewed and approved the audit plan, scope and extent of the work to be performed by internal audit (IAD) and Shariah audit and recommended the audit strategy for approval of the Board. BAC also reviewed adequacy of resources as per the scope.
- BAC reviewed significant findings of internal audit and Shariah audit along with monitoring of its timely compliance. BAC also reviewed the whistle blowing mechanism.
- BAC reviewed major findings of internal investigations with respect to fraud & forgery and whistle blowing along with management's action thereto. BAC also reviewed annual review report of fraud, forgeries and robberies.
- BAC reviewed related party transactions and recommended the same for Board's approval.
- BAC reviewed the AML environment, compliance risk assessment and AML activity report, compliance policy, AML policy, compliance program, bank internal risk assessment, details and action plan of SBP penalty items, composite risk rating and SBP inspection / supervisory assessment reports along with monitoring of its compliance status. BAC also reviewed minutes of Compliance and Operational Risk Management Committee meetings.
- BAC reviewed Internal audit manuals, programs, revision in polices, IAD Charter, ACC and recommended the same for Board's approval.
- BAC reviewed Shariah Audit manual and ensured compliance of corrective actions determined by Shariah Board on the reports of Shariah Audit.
- BAC reviewed the independent assurance report on compliance with Shariah rules and principles along with monitoring of its compliance status.
- BAC reviewed and had an oversight on implementation of Internal Controls over Financial Reporting (ICFR) program across the Bank.
- BAC reviewed Internal Audit department assessments, internal quality assurance reviews, e-audit system and compliance of SBP guidelines on Internal Audit function along with progress and implementation status. Focus areas for internal audit were also discussed.
- BAC conducted self assessment of its performance to review compliance with SECP Code of Corporate Governance and SBP circulars. Self-assessment report was also presented to the Board.
- BAC reviewed statement on internal control system and recommended the same for endorsement by the Board.
- BAC also held separate meetings with external auditor and internal auditor without the CFO and the management in line with the Code of Corporate Governance.



Mr. Mohammad Abdul Aleem
Chairman-BAC



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Meezan Bank Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Meezan Bank Limited (the Bank) for the year ended December 31, 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Bank. Our responsibility is to review whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended December 31, 2023.

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Date: February 28, 2024
UDIN: CR202310068nm6dVLDuX

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Meezan Bank Limited For the year ended December 31, 2023.

The Bank has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("Regulations" or "Code") in the following manner:

1. The total number of directors are 11 as per following:
 - a. Male: 10
 - b. Female: 1
2. The composition of the Board is as follows:

Category	Names
i. Independent Directors	Mr. Mohammad Abdul Aleem Ms. Nausheen Ahmad Mr. Yousef S.M.A. AlSaad
ii. Non-Executive Directors	Mr. Riyadh S.A.A. Edrees – Chairman Mr. Faisal A.A.A. Al-Nassar Mr. Bader H.A.M.A. Al Rabiah Mr. Saad Ur Rahman Khan Mr. Tariq Mahmood Pasha Mr. Faisal Fahad Al-Muzaini Mr. Mohamed Guerhazi
iii. Executive Director	Mr. Irfan Siddiqui - President & CEO
iv. Female Independent Director	Ms. Nausheen Ahmad

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank;
4. The Bank has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures;
5. The Board has developed a Vision / Mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("the Act") and these Regulations;
7. The meetings of the Board were presided over by the Chairman and the Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Bank is compliant to the Directors' training requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019. During the year, two (2) directors were appointed, one director attended the Directors' Training Program and another director will complete this certification in accordance with Regulation 19(2).
10. The Board had approved the appointment of CFO, Company Secretary and Head of Internal Audit. The Board has approved their remuneration and terms and conditions of their employment are complied with relevant requirements of the Regulations;
11. Chief Financial Officer and the Chief Executive Officer duly endorsed the Financial Statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

Committees	Composition
Audit Committee	1. Mr. Mohammad Abdul Aleem (Chairman) 2. Mr. Faisal A.A.A. Al-Nassar 3. Mr. Mohamed Guerhazi 4. Mr. Saad Ur Rahman Khan
Human Resources, Remuneration & Compensation Committee	1. Mr. Riyadh S.A.A. Edrees (Chairman) 2. Mr. Mohammad Abdul Aleem 3. Ms. Nausheen Ahmad
Risk Management Committee	1. Mr. Faisal A.A.A. Al-Nassar (Chairman) 2. Mr. Saad Ur Rahman Khan 3. Mr. Bader H.A.M.A. Al Rabiah 4. Mr. Yousef S.M.A. AlSaad
Information Technology Committee	1. Mr. Saad Ur Rahman Khan (Chairman) 2. Mr. Riyadh S.A.A. Edrees 3. Mr. Faisal A.A.A. Al-Nassar 4. Mr. Irfan Siddiqui
IFRS9 Implementation Oversight Committee	1. Mr. Riyadh S.A.A. Edrees (Chairman) 2. Mr. Faisal Fahad Al-Muzaini 3. Mr. Irfan Siddiqui
Interview and Selection Committee*	1. Mr. Riyadh S.A.A. Edrees (Chairman) 2. Mr. Mohammad Abdul Aleem 3. Ms. Nausheen Ahmad 4. Mr. Mubashar Maqbool

*A special purpose committee constituted by the Board was dissolved on August 10, 2023.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;

14. The frequency of meetings of the committees were as follows:

a) Audit Committee	Quarterly meetings
b) Human Resources, Remuneration & Compensation Committee	Quarterly meetings
c) Risk Management Committee	Quarterly meetings
d) Information Technology Committee	Quarterly meetings
e) IFRS 9 Implementation Oversight Committee	Quarterly meetings

15. The Board has set up an effective internal audit function / team that is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank;

16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Bank;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



Irfan Siddiqui
President & CEO



Riyadh S.A.A. Edrees
Chairman

February 15, 2024

STATEMENT OF INTERNAL CONTROLS

This statement is presented to comply with the requirements of State Bank of Pakistan (SBP)'s BSD Circular No. 7 of 2004 dated May 27, 2004 "Guidelines on Internal Controls", SBP's OSED Circular No.01 dated February 07, 2014 and SBP BSD-1 Circular Letter No. 1 of 2021 dated July 06, 2021 on "Instructions on Internal Controls over Financial Reporting (ICFR)".

The management of the Bank is responsible for establishing and maintaining an adequate and effective system of internal controls which has the main objective of ensuring effectiveness and efficiency of operations, reliability of financial reporting, safeguarding of assets and compliance with applicable laws and regulations.

The control activities are being closely monitored across the Bank through Compliance, Risk Management, Shariah and Internal Audit departments, which covers all banking activities in general and key risk areas in particular. The Management has Compliance and Operational Risk Management Committee (CORMC) which focuses on compliance risk issues and reviews the adequacy of controls and systems to meet the regulatory requirements. The Board of Directors has formed an Audit Committee which has direct oversight responsibility to ensure the independence of the internal and external audit function. The Audit Committee meets atleast once every quarter to discuss the scope and results of the work performed by the Compliance, Shariah and Internal Audit departments. The Audit Committee also meets with external auditors prior to approval of half-yearly and annual results of the Bank.

Based on observations and weaknesses found and identified by Internal and External auditors and the Compliance, Risk Management and Shariah audit teams, improvements are brought about by the management in internal controls to ensure non-recurrence of those exceptions and elimination of such weaknesses to the maximum possible level. Further, to ensure compliance with regulatory requirements including AML/CFT requirements, compliance managers alongwith their teams are also placed in major regions.

While the Internal Controls System is effectively implemented and monitored, there are inherent limitations in the effectiveness of any system, including the possibility of human error or system failure, circumvention and overriding of controls. Accordingly, even an effective internal control system can provide reasonable but not absolute assurance that the system's objective will be achieved.

Alhamdulillah, the Bank had successfully completed all stages of its ICFR program in 2014 and has been granted exemption from the requirement of submission of Auditor-issued Long Form Report through SBP OSED letter /SU-12/017(01)/358/15 dated January 05, 2015. As required by the State Bank of Pakistan, the Bank now prepares annual assessment report on efficacy of ICFR duly signed by the Chairman, Audit Committee. Having successfully achieved closure on ICFR, the Bank remains cognizant of its responsibility to continuously improve and strengthen its system of Internal Controls on an on-going basis.

Based on the above, the Board of Directors endorses the management's evaluation of Internal Controls.

On behalf of the Board.



Ariful Islam
Deputy CEO

February 15, 2024



Irfan Siddiqui
President & CEO

SHARIAH BOARD REPORT

الحمد لله رب العالمين، والصلاة والسلام على خاتم الأنبياء والمرسلين، محمد المصطفى الأمين، وعلى آله وأصحابه أجمعين، وبعد:

All praises to Allah (ﷻ). This was the 21st year of Islamic commercial banking for Meezan Bank which is under review. During the year, the Shariah Board (SB) of Meezan Bank held four meetings to review various issues, referred to them by the Bank.

Alhamdulillah, this year also Meezan Bank was recognized as 'Best Bank in Pakistan' by Pakistan Banking Awards. This award is the most prestigious award of the banking sector of Pakistan and the Bank has won this award for the third time. This award reflects the hard work and commitment of the entire team of Meezan Bank towards the cause of promoting Islamic banking in Pakistan.

Alhamdulillah, the CFA Society of Pakistan has also recognized Meezan Bank as the 'Best Bank of the Year- Large size Banks' and 'Islamic Bank of the Year' for 2023. Furthermore, the Bank was again given the Shariah Authenticity Award and the Shariah Auditor of the Year Award by Global Islamic Finance Awards (GIFA).

We are pleased to share that Mr. Irfan Siddiqui, the President & CEO of the Bank, Dr. Imran Ashraf Usmani, Vice Chairman of Shariah Board of Meezan Bank, and other team members are playing an active role in the high-power steering committee and other related sub-committees made by the Government of Pakistan for the implementation of Federal Shariat Court of Pakistan's judgement on Riba. We extend our warm wishes to them for this noble cause. May Allah (ﷻ) accept their efforts in His path.

Meezan Bank's Shariah Compliance Department (SCD) works under the guidance of the the Bank's Shariah Board (SB). The main objective of this department is to facilitate and ensure Shariah compliance in all processes, procedures and products of the Bank. These includes the refinement of existing products and procedures, Islamic banking training & awareness sessions and Shariah compliance reviews of transactions. SCD also serves as the secretariat to the Bank's Shariah Board.

We appreciate the efforts of the entire staff of the Bank towards promoting and strengthening the environment of Shariah compliance in the Bank. It gives us comfort to observe a high level of commitment of the staff, management and the Board members of the Bank towards insuring Shariah compliance.

We are pleased to share the major achievements of Meezan Bank towards the growth of Islamic banking during the year ended December 31, 2023:

RESEARCH AND NEW PRODUCT DEVELOPMENT

We are pleased to inform that the Bank played a leading role as the Joint Financial Advisor of the Government of Pakistan towards the issuance of Rs 1.77 trillion Government of Pakistan (GoP) Sukuk this year. Notably, this marks the highest amount of GoP Sukuk issued in any business year in Pakistan. These issuances have not only assisted the GoP in its effort to convert the banking system to Islamic but have also contributed towards reducing its budget deficit. This year, the first-ever GoP Sukuk auction was conducted through Pakistan Stock Exchange, enabling all sectors of society, including individuals, to directly participate in GoP Sukuk and earn halal profit on their investments.

During the year, the Bank launched a Mudarabah-based Women First Account, a dedicated account for the financial inclusion of women, offering a range of value-added services and benefits tailored to their needs. Additionally, the Bank launched a dedicated Certificate of Islamic Investment (COII) for senior citizens with special weightages to provide them an opportunity to earn higher profit rates.

To support green and renewable energy initiatives, the Bank launched a commercial solar financing product for end consumers on the basis of Musawamah adding a total of 1,361 KW to the national grid. The Bank continued to provide financing for solar panels under the State Bank of Pakistan refinance scheme. As of December 2023, the total exposure to Solar Finance stood at Rs 239 million.

The Bank also relaunched its bike finance product, 'Apni Bike' for its customers on the basis of Musawamah, providing an affordable motorcycle financing solutions, disbursing a total of Rs 147 million for this purpose.

We are pleased to share that the Bank is focusing on increasing access to finance for the SME sector in Pakistan. Despite challenging market conditions, the SME portfolio grew by 13.5%, from Rs 17.8 billion in 2022 to Rs 20.2 billion in 2023. The Bank provided financing to 230 distributors in the SME sector, of a leading multinational company through the digital Shariah-compliant financing platform in collaboration with Haball. To further increase access to financing for SMEs, the Bank has also launched the subsidized-rate Islamic SME Asaan Financing (ISAAF) scheme introduced by State Bank of Pakistan. As of December 31, 2023, the total number of SMEs reached by the Bank is 373 under ISAAF scheme, with a total outstanding financing of Rs 2.76 billion.

Throughout the year, 15 Shariah-compliant syndicated transactions & Sukuk issuances for various private and public sector entities involving various structures such as Ijarah, Diminishing Musharakah and Running Musharakah were executed for infrastructure development, capital expansion and project financing related needs.

SHARIAH COMPLIANCE

The SB recognizes the efforts of Shariah Compliance Department (SCD) department for conducting around 344 customer and industry visits and reviewing more than 1,900 different types of financing cases as per the guidelines of SB/RSBM.

In 2023, the SCD implemented system-based branch review system to further improve the efficiency of the branch review mechanism and extract meaningful insights of each branch. These insights will help SCD to gauge areas of weakness in Shariah knowledge among branch staff of various designations. SCD conducted review of 176 branches of the Bank to assess basic knowledge of branch staff and general Shariah environment of the Bank. SCD also conducted Shariah review of 25 departments/functions of the Bank to ensure that the operations of the departments are in line with the SB guidelines.

During the year, the SB provided guidelines for different matters; most noteworthy of them were:

- Approval of Shariah structure of various GoP Ijarah Sukuk
- Guidelines on the short-term GoP Sukuk structure
- Guidance on Open-Ended Guarantee
- Approval of different deposit accounts
- Approval of Shariah Structure of Sukuk on purchase of patents
- Approval of various policies and manuals of the Bank
- Approval of Training and Shariah Audit plans

TRAINING & DEVELOPMENT

During the year, 361 Shariah related training sessions were conducted, catering to around 14,000 employees of the Bank. These sessions include orientations and batch trainings for new joiners as well as refresher programs such as Asset Refresher, Deposit Refresher, Consumer Refresher, Treasury and Trade Refreshers, and the Islamic Banker Certificate. We are pleased to inform that the Bank launched 3 digital learning modules on the internal Learning Management System (LMS) which was attended by 13,400+ (Module-1), 13,100+ (Module-2) and 12,900+ (Module-3) staff members respectively. The Bank also conducted 2 specialized 'Train the Trainer' program for the Internal Shariah trainers of the Bank. Furthermore, the Bank conducted 5 programs of Shariah related Advanced-level Interactive training for senior executives in Karachi, Lahore, and Islamabad.

The Bank continues to support various universities for capacity building of their faculty members, equipping them to provide knowledge about Islamic Banking effectively to their students. In 2023, the Bank engaged with several universities including University of Karachi, NED University of Engineering & Technology, DHA Suffa University, Institute of Business Management (IoBM), The COMSATS University – Islamabad (CUI), Bahauddin Zakariya University (BZU), University of Agriculture Faisalabad (UAF), University of the Punjab and several other institutes across the country for academic and capacity building of their faculty members.

The Bank collaborated with University of Agriculture Faisalabad (UAF) and Bahauddin Zakariya University (BZU) Multan for the establishment of Centre for Islamic Finance, which will promote Islamic Finance in these regions.

2023 Highlights

344 customer & industry visits

1,900 financing reviews

176 branch reviews

25 department reviews

361 training sessions

14,000 employees trained



Launched digital learning modules

The Bank had also collaborated with NIBAF - National Institute of Banking & Finance and IBA - Centre for Excellence in Islamic Finance (CEIF) for a Certificate program on Islamic Finance for the business faculty of different universities in Islamabad and Northern areas. The program was attended by more than 50 faculty members and Insha'Allah, will enable them to provide knowledge about Islamic banking to their students effectively.

We are pleased to share that the Bank is making considerable efforts towards establishing strong ethical values in line with Islamic cultural values. The Bank arranged various sessions on leadership and ethical values from renowned speakers. Several internal sessions on 'Role of an Islamic Bankers' for Branch Managers have also been conducted.

The Bank launched 2 animated videos regarding Islamic mode of finance. Additionally, the Bank introduced a series of videos namely 'Meezan Aagahi' to cover various aspects of Islamic Banking. Another video series, 'Paigham-e-Ramzan', was launched, featuring short video messages by senior executives shared on social media platforms.

To create awareness of Islamic banking among the general public, the Bank conducted 200 Islamic Banking seminars in major cities, attended by more than 18,000 participants from different spheres of society. The Bank also conducted 5 workshops for its Corporate and SME customers across different cities in Pakistan, two of which were in collaboration with IBA-CEIF.

SHARIAH ADVISORY AND INDUSTRY SUPPORT

The SB is also pleased to share that the Bank is actively supporting the Islamic Finance Industry across the globe by providing tailor-made Shariah Advisory solutions for their business needs. Following are the notable advisory services provided by the Bank during the year:

- Advisory and Support to SAFCO Microfinance Company (SMC), in terms of establishing full-fledged Islamic branches by developing Shariah-compliant products, reviewing policies and procedures, and capacity building and training of employees. Through this initiative, a Shariah-compliant financing facility will be available for the low-income population of rural areas.
- Shariah Advisory services & support to a digital bank for the establishment of a full-fledged Islamic digital bank.
- Shariah Advisory services and support to one of Pakistan's leading Development Financial Institution (DFI) for the establishment of their Islamic window along with developing policies, procedural manuals, product programs and capacity building.
- Shariah Advisory services to Pakistan's leading Mutual Funds having a major share of the Islamic Mutual Fund industry in terms of, including but not limited to, investment avenues, launching of funds and plans, review of policies and manuals, etc.
- Screening facility to PSX in bi-annual re-composition of KMI-30 and PSX-KMI All Share Indices.
- Assisted several brokerage houses in developing Shariah-compliant Trading Windows. Till now, the Bank has successfully equipped 35 brokers to offer a Shariah-compliant Trading Platform for PSX.
- Developed one-of-a-kind Sukuk structures for telecommunication and pharma companies based on digital airtime and royalty payment, respectively.
- Developed Shariah Structures for various privately placed Sukuk issued by telecommunication, pharma, FMCG and automobile companies.

REVIEW OF ASSETS

The Bank has maintained diversification in the usage of various financing products, as evident from the Bank's financing portfolio. The Bank has mainly focused on financing through Musharakah modes, which now constitute 54.3% of the Bank's total financing. The Bank's total financing portfolio reached Rs 992 billion (gross) as of December 31, 2023. Breakup of different financing modes is as follows:

We have noted that as per our guidelines, the Bank reversed the financing of Rs 821.1 million provided to its customers under Murabaha & Musawamah without any profit, as those transactions could not be converted into real trade due to genuine business reasons.

It is worth mentioning that, in order to strengthen the level of Shariah-compliance, physical inspection of delivery of goods was carried out in almost all Istisna and Tijarah transactions.

Financing Modes	2023 %	2022 %	Growth / (Decline) in total portfolio %
Diminishing Musharakah	29.9	26.1	3.8
Musharakah & Running Musharakah	24.4	28.7	(4.3)
Istisna	15.8	14.1	1.7
Ijarah	6.4	6.8	(0.4)
Murabaha	2.2	1.9	0.3
Musawamah	7.4	9.9	(2.5)
Salam – Bills	0.1	0.5	(0.4)
Wakalah Tul Istithmar	3.1	2.5	0.6
Tijarah	1.8	1.3	0.5
Salam – Commodity	2.7	2.1	0.6
Other	6.2	6.0	0.2

SUMMARY OF DIRECT PAYMENT IN MURABAHA FINANCING

During the year 2023, almost 99% of payments for Murabaha financings were made through banking channels such as Pay Order/Crossed cheques/Account transfer/RTGS into supplier's accounts through our customer. It is highly recommended that efforts be continued to maintain this percentage of direct payments in Murabaha transactions. Ensuring payment to the supplier from banking channels is encouraged as it is essential for financial inclusion and reducing undocumented trade culture.

LIQUIDITY MANAGEMENT

For the purpose of liquidity management, the Bank invested Rs 1.4 trillion in GOP Sukuk. With the increase in Sukuk issuance the Bank has reduced its reliance on Bai Muajjal transactions, whose outstanding has decreased remarkably from Rs 60 billion in 2022 to Rs 35 billion in 2023.

REVIEW OF DEPOSITS

It is heartening to see deposits grow by 33.7% to reach a sum of Rs 2,217 billion as of December 31, 2023. During the year, the process of allocation of assets and funds to various deposit pools, announcement of overall profit-sharing ratios for Mudarabah-based deposits, monthly allocation of weightages, and distribution of income to deposit accounts were monitored and reviewed in accordance with the respective pool management guidelines of SBP and Meezan Bank.

We are pleased to share that Meezan Bank's management has made efforts to increase deposit rates and, in this

regard, special focus was given to certain deposit segments such as women, senior citizens, mobile wallet account holders and New-To-Bank customers to attract them towards Islamic banking by providing attractive investment options. The Bank also added a new category in Bachat Account product to pass on higher profit rates in 2023 to its small ticket customers. A dedicated term deposit was launched for senior citizens to provide a viable saving proposition in addition to the checking account.

SHARIAH AUDIT

In compliance of the Shariah Governance Framework issued by the State Bank of Pakistan (SBP), a dedicated Shariah Audit Department reporting to the Audit Committee of the Board is in place. This department is playing a significant role towards accomplishing the objective of ensuring Shariah compliance by evaluating adherence to Shariah guidelines prescribed by Shariah Board, Resident Shariah Board Member and Shariah guidelines of Islamic Banking Department of the SBP. This department submits its report to RSBM / SB for information, review and determination of appropriate corrective actions.

During the year under review, Shariah Audit of 872 branches, area offices, consumer & corporate hubs, and Head Office departments was conducted as a part of the Bank's efforts to strengthen the internal Shariah controls mechanism. These audits not only cover the assessment of financial transactions and operational activities that the branches/departments undertake but also include an evaluation of the knowledge of staff pertaining to Islamic finance.

CHARITY

An amount of Rs 203.98 million was transferred to the Charity Payable Account during the year. This includes Rs 2.37 million to eliminate the non-compliant income portion identified during Shariah audit, Rs 17.7 million to purify the dividend income earned from investment made in the Shariah-compliant stocks by the Bank, and Rs 167.6 million transferred to Charity Payable Account in the normal course of business on account of non-timely payments by customers in various financial transactions. An amount of Rs 135.85 million was disbursed from the Charity Account after approval of the RSBM/SB.



Details of charity account are available in the note # 20.5

SUGGESTIONS

For the purpose of further improving the business of the Bank and the overall Islamic Banking Industry, following are our suggestions. Some of them are again reiterated to emphasize the ongoing nature of these suggestions.

GROOMING OF STAFF

- The Bank is strongly advised to develop and launch Islamic learning and Quran courses for staff so that they could improve their spirituality and be more connected to the noble cause of Islamic banking and establish Islamic banking as banking of first choice.
- Bank should focus on inculcating Islamic values in their training program of front-end-staff and strive to create a culture of 'right product for the right customer' in the Bank.

CONVERSION OF FINANCIAL SYSTEM

- Being a Premier Islamic Bank, the Bank should continue to provide maximum support to the Government and State Bank of Pakistan for their efforts towards the Islamization of the financial system.
- The Bank, in its role as Joint Financial Advisor to Ministry of Finance, should strive to develop different types of Sukuk structures to cater to various financing and investment needs of different sectors of society.

BANKING OUTREACH

- Bank should develop smart and easy-to-use Shariah-compliant financing products for small borrowers like BNPL, etc.
- It is a matter of concern that Bank's contribution towards SME finance is very low. It is strongly advised that the Bank must focus and develop long-term sustainable strategy that enables it to grow in this segment which is the backbone of the economy.
- It is suggested that the Bank should continue to find ways to offer good returns to its depositors in these testing times of high inflation.
- The Bank should strive to make collaborations with different micro and nano-financing institutions and incubation centers to increase the reach of Islamic finance to this segment of society.

SHARIAH COMPLIANCE ENVIRONMENT

- It is suggested that the Bank should continue to use digital technology for its capacity building efforts and also use this platform for training on Islamic values.
- The Bank should continue its focus on strengthening Shariah controls and accountability culture for Shariah non-compliance to ensure Shariah compliance in all spheres of banking.
- The Bank must ensure robust system of accountability of negligent staff so that compliance culture would improve in the Bank.

AWARENESS

- To bring SMEs and Corporates closer to Islamic banking, the Bank should continue to conduct workshops on Islamic banking.
- The Bank may collaborate with different trade bodies and chambers to create awareness about Islamic banking among the business community.
- The Bank should continue its effort to arrange focused sessions for different segments of society, such as women, children, university students, media persons, journalists, etc.

REGULATORY FRAMEWORK

- Conventional insurance is not permissible from a Shariah perspective; therefore, it is again recommended to convert more clients to Islamic insurance, i.e., Takaful, as soon as possible.
- It is suggested that public-private sector partnership be encouraged for the issuance of Sukuk to support financing requirements of the Government.

CONCLUSION

As per the Shariah Governance framework issued by State Bank of Pakistan, it is mandatory for the management and employees to ensure the application of Shariah principles and guidelines issued by the Shariah Board and Resident Shariah Board Member and to ensure Shariah compliance in all activities of the Bank. The prime responsibility for ensuring Shariah compliance of the Bank's operations thus lies with the Board of Directors and Executive Management.

Based on extensive reviews of sample cases for each class of transaction, related documentations, processes, profit distribution mechanism for the depositors by the SCD, review of Internal Shariah Audit and External Shariah Audit reports and Management's representation made in this regard, the Bank, in our opinion, has complied with the rules & principles of Islamic Shariah in light of the guidelines and directives given by the Shariah Board, Resident Shariah Board Member of Meezan Bank and guidelines issued by the Shariah Advisory Committee of the SBP related to Shariah compliance. The non-compliant income identified during the review is being transferred to the Charity Account through a well-defined system and is being utilized properly in accordance with the instructions of the SB.

Based on the strength and capacity of the full-fledged SCD department and policies / guidelines for Shariah compliance issued at the Bank, we are of the opinion that an effective mechanism is in place to ensure Shariah compliance in overall operations of the Bank.



Mufti Muhammad Naveed Alam
Resident Shariah Board Member



Sheikh Esam Mohamed Ishaq
Member, Shariah Board



Dr. Muhammad Imran Ashraf Usmani
Vice Chairman, Shariah Board



Justice (Retd.) Muhammad Taqi Usmani
Chairman, Shariah Board

Dated: 16th Rajab UI Murajjab 1445 H / February 7, 2024

شریہ کمپلائنس کا ماحول:

- یہ مشورہ دیا جاتا ہے کہ بینک کو اپنی صلاحیت سازی اور اسلامی اقدار کی ٹرینگ کے لئے ڈیجیٹل ٹیکنالوجی کے مؤثر استعمال کا انتظام کرنا چاہئے۔
- یہ تجویز دی جاتی ہے کہ بینک کو بینکنگ کے تمام شعبوں میں شریہ کمپلائنس کو یقینی بنانے کے لئے شرعی کنٹرول اور شریہ ناان کمپلائنس کے لئے احتساب کے کلچر کو مضبوط بنانے پر اپنی توجہ جاری رکھنی چاہئے۔
- یہ تجویز دی جاتی ہے کہ بینک کو تاہی برتنے والے عملے کے احتساب کے لئے مضبوط نظام کو یقینی بنانے تاکہ بینک میں کمپلائنس کا کلچر اور بہتر ہو۔

آگاہی:

- SMEs اور کارپوریٹ اداروں کو اسلامی بینکاری کے قریب لانے کے لئے بینک اسلامی بینکاری کی مصنوعات اور دستاویزات پر ورکشاپس کا انعقاد جاری رکھے۔
- بینک اس سلسلے میں تاجر برادری میں اسلامی بینکاری کے بارے میں آگاہی پیدا کرنے کے لئے مختلف تجارتی اداروں اور چیئرمینز کے ساتھ تعاون کرے۔
- بینک کو متنوع طبقات جیسے خواتین، بچوں، یونیورسٹی کے طلباء، میڈیا پرسنز، صحافیوں کے لئے مخصوص سیشنز کا اہتمام کرنا چاہئے تاکہ انہیں اسلامی بینکاری اور اسلامک فنانس کے فروغ میں ان کے کردار کے بارے میں آگاہ کیا جاسکے۔

ریگولیری فریم ورک:

- شرعی نقطہ نظر سے روایتی انشورنس جائز نہیں۔ لہذا بینک کو دوبارہ یہ سفارش کی جاتی ہے کہ زیادہ سے زیادہ گاہکوں کو جلد از جلد اسلامی انشورنس یعنی تکافل میں تبدیل کیا جائے۔
- بینک کو چاہئے کہ وہ پبلک۔ پرائیویٹ سیکٹر پارٹنرشپ کے ذریعے صکوک کے اجرا کی حوصلہ افزائی کرے جو حکومت کو معمولی ضروریات پورا کرنے میں مددگار ہو۔

خلاصہ کلام

اسٹیٹ بینک آف پاکستان کی جانب سے جاری کئے گئے شریہ گورننس فریم ورک کے تحت تمام انتظامیہ اور ملازمین کیلئے ضروری ہے کہ وہ شریہ سپر وائزر اور ریز پڈنٹ شریہ بورڈ ممبر کی طرف سے جاری کردہ بینک کے تمام معاملات سے متعلق ہدایات پر عمل درآمد کو یقینی بنائیں۔ بینک کے معاملات کے شریعت کے مطابق ہونے کی بنیادی ذمہ داری بورڈ آف ڈائریکٹرز اور بینک کی انتظامیہ پر عائد ہوتی ہے۔


شریہ کمپلائنس ڈیپارٹمنٹ (SCD) کی جانب سے بینک کے انجام کردہ مختلف عقود کے جائزے، ان کے متعلقہ دستاویزات کی جانچ پڑتال، ڈیپازیشنز کو تقسیم ہونے والے نفع کے طریقہ کار کے مشاہدہ، اور ان کے متعلق اندرونی شریہ آڈٹ رپورٹ، بیرونی شریہ آڈٹ رپورٹ اور انتظامیہ کی دی گئی رائے کے جائزہ کی بنیاد پر ہماری رائے میں رواں سال میں بینک کی طرف سے کئے گئے عقود اسلامی شریہ کے ان اصولوں اور ہدایات کے مطابق ہیں جو میزبان بینک کے شریہ بورڈ، ریز پڈنٹ شریہ بورڈ ممبر اور اسٹیٹ بینک آف پاکستان کی طرف سے جاری کی گئی ہیں۔ اس جائزہ کے دوران جو غیر شرعی آمدنی پائی گئی وہ چیریٹی میں منتقل کی گئی ہے جس کو شریہ بورڈ کی ہدایات کے مطابق خرچ کیا جائے گا۔

شریہ کمپلائنس ڈیپارٹمنٹ (SCD) کی صلاحیت اور استعداد کو دیکھتے ہوئے اور بینک کی طرف سے جاری کردہ شریہ کمپلائنس کی ہدایات اور احکامات کے جائزے کے بعد ہماری رائے میں بینک میں تمام شعبوں کی نگرانی اور شریہ کمپلائنس کو یقینی بنانے کیلئے ایک مؤثر نظام موجود ہے۔

والسلام علیکم ورحمۃ اللہ وبرکاتہ



شیخ عصام محمد اسحاق
ممبر شریہ بورڈ



مفتی محمد نوید عالم
ریزیڈنٹ شریہ بورڈ ممبر



جسٹس (ر) محمد تقی عثمانی
چیئرمین شریہ بورڈ



ڈاکٹر محمد عمران اشرف عثمانی
وائس چیئرمین شریہ بورڈ

16 رجب المرجب 1445 ہجری بمطابق 7 فروری 2024

ڈیپازٹس کا جائزہ

کرنے کی کوششیں کی ہیں اور اس سلسلے میں کچھ ڈپازٹ ڈیموگراف جیسے خواتین، بزرگ شہریوں، موبائل والیٹ اکاؤنٹ ہولڈرز اور نئے صارفین کو پرکشش سرمایہ کاری کے مواقع فراہم کر کے اسلامی بینکاری کی طرف راغب کرنے پر توجہ دی گئی ہے۔ بینک نے اپنے چھوٹے ٹکٹ صارفین کو 2023 میں بہتر منافع کی شرح کے لیے بچت اکاؤنٹ پروڈکٹ میں ایک نئی کیٹیگری بھی شامل کی۔ چیکنگ اکاؤنٹ کے علاوہ بزرگ شہریوں کے لیے ایک مستقل ٹرم ڈپازٹ شروع کیا گیا ہے۔

الحمد للہ برطانیہ 31 دسمبر 2023 بینک کے ڈپازٹ میں 33.7 فیصد اضافہ ہوا ہے اور بینک کا مجموعی ڈپازٹ 2,217 ملین روپے تک پہنچ چکا ہے۔ اسٹیٹ بینک اور میزبان بینک کی متعلقہ پولیٹیمنٹ گائیڈ لائنز کے مطابق سال کے دوران مختلف ڈپازٹ پوز میں اثاثوں اور فنڈز کی ایلوکیشن کے عمل، مضاربہ پر مبنی ڈپازٹس کے لیے مجموعی طور پر منافع بانٹنے کے تناسب کا اعلان، ویسٹجز کی ماہانہ تقسیم اور ڈپازٹ اکاؤنٹس میں آمدنی کی تقسیم کے عمل کی نگرانی اور جائزہ لیا گیا۔

ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ میزبان بینک کی انتظامیہ نے ڈپازٹ کی شرح میں اضافہ

شریعت آڈٹ

ہیڈ آفس ڈپارٹمنٹس کا آڈٹ کیا گیا تاکہ شرعی اصولوں کی تعمیل کا داخلی نظم اور طریقہ کار کو مضبوط کیا جاسکے۔ شریعت آڈٹ کے دوران، مختلف عقود کی جانچ پڑتال کے ساتھ ساتھ بینک کے عملہ کی شرعی معاملات اور عقود کے بارے میں معلومات بھی جانچی جاتی ہے۔

اسٹیٹ بینک آف پاکستان کے جاری کردہ شریعت گورننس فریم ورک کی ہدایات کے مطابق مستقل شریعت آڈٹ ڈپارٹمنٹ کی تشکیل کی گئی ہے جو بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی کے زیر نگرانی میں تدریجی سے کام کر رہا ہے اور شریعت کمپلائنس کی یقین دہانی کیلئے تمام شرعی اصولوں کے نفاذ کی جانچ پڑتال کرتا ہے جو کہ شریعت بورڈ، ریزرٹس شریعت بورڈ، اور اسلامک بینکنگ ڈپارٹمنٹ اسٹیٹ بینک آف پاکستان کی طرف سے دی گئی ہیں۔ یہ ڈیپارٹمنٹ RSBM/Shariah Board کو آگاہی، جائزہ اور تصدیق کے تعین کے لیے رپورٹ جمع کرواتا ہے۔

اس سال میزبان بینک کی کل 872 برانچوں، ایریا آفسز، کنزیومر اور Corporate Hubs،

چیریٹی/صدقات و خیرات

رواں سال کل 203.98 ملین روپے چیریٹی واجب الاداء اکاؤنٹ میں منتقل کئے گئے۔ اس میں 2.37 ملین کی رقم ایسی آمدنی کی تھی جس کے بارے میں شریعت آڈٹ کے دوران یہ بات سامنے آئی کہ ان میں شرعی لحاظ سے کوئی رقم گئی تھی۔ مزید 17.7 ملین روپے کی چیریٹی شیئرز میں کی گئی شریعت کمپلائنس انوسٹمنٹ سے حاصل شدہ آمدنی کو Purify کرنے کیلئے کی گئی اور 167.6 ملین روپے چیریٹی واجب الاداء اکاؤنٹ میں ٹرانسفر کئے گئے جو مزورہ کے متولی علی معاملات میں سسٹمز کی جانب سے ادائیگی میں تاخیر کی بنیاد پر وصول کئے گئے تھے۔ علاوہ ازیں 135.85 ملین روپے RSBM/شریعت بورڈ سے منظوری کے بعد چیریٹی اکاؤنٹ سے ادا کئے گئے۔

چیریٹی سے متعلق تفصیلات نوٹ نمبر 20.5 میں مذکور ہیں۔



تجاویز

اسٹاف کی تربیت

بینک کو تائید کی مشورہ دیا جاتا ہے کہ وہ عملے کے لیے اسلامی تعلیمات سیکھنے اور قرآن فہمی کے کورسز شروع کرے تاکہ وہ اپنی روحانیت کو بہتر بنا سکیں اور اسلامی بینکاری کے عظیم مقصد سے زیادہ منسلک ہو سکیں اور اسلامی بینکاری کو 'Banking of First Choice' بنائیں۔ بینک کو اپنے فرنٹ اینڈ اسٹاف کے تربیتی پروگرام میں اسلامی اقدار کو فروغ دینے پر توجہ دینی چاہیے اور بینک میں 'صحیح صارف کے لیے صحیح پروڈکٹ' کا کلچر شروع کرنے کی کوشش کرنی چاہیے۔

مالیاتی نظام کی تبدیلی

- ایک اہم اسلامی بینک ہونے کے ناطے بینک کو مالیاتی نظام کو شریعت کے مطابق کرنے کے لئے حکومت اور اسٹیٹ بینک آف پاکستان کی کوششوں میں زیادہ سے زیادہ مدد فراہم کی جائے۔
- بینک، وزارت خزانہ کے مشیر کہ مالیاتی مشیر کے طور پر، معاشرے کے مختلف شعبوں کی مختلف فنائنگ اور سرمایہ کاری کی ضروریات کو پورا کرنے کے لیے مختلف قسم کے صکوک اسٹریکچر کو تیار کرنے کی کوشش کرے۔

بینکنگ کی رسائی

- بینک کو چھوٹے قرض دہندگان کے لیے سمارٹ اور استعمال میں آسان شریعت کے مطابق فنائنگ پروڈکٹس تیار کرنے کی کوشش کرنی چاہیے۔
- یہ بات تشویشناک ہے کہ SME فنائس میں بینک کا تناسب کم ہے۔ یہ تائید کی مشورہ دیا جاتا ہے کہ بینک کو اس طرف بھی توجہ مرکوز کرنی چاہیے اور طویل مدتی پائیدار حکمت عملی تیار کرنی چاہیے جو بینک کو اس شعبے میں ترقی کرنے کے قابل بنائے جو کہ معیشت کی ریڑھ کی ہڈی ہے۔
- یہ مشورہ دیا جاتا ہے کہ بینک کو اعلیٰ افراط زر کے اس آزمائشی وقت میں اپنے ڈپازٹرز کو بہتر منافع فراہم کرنے کی کوشش جاری رکھنی چاہئے۔
- بینک کو مختلف مائیکرو اور نیو فنائنگ اداروں اور اکیڈمیٹیشن سینٹرز کے ساتھ تعاون کرنے کی کوشش کرنی چاہیے تاکہ معاشرے کے اس طبقے تک اسلامی مالیات کی رسائی کو بڑھایا جاسکے۔

شریچہ ایڈوائزی اور انڈسٹری سپورٹ

- اسلامی میوچل فنڈ انڈسٹری کا بڑا حصہ رکھنے والے پاکستان کے معروف میوچل فنڈز کے لیے شرعی مشاورتی خدمات؛ جس میں سرمایہ کاری کی مواقع، فنڈز اور نئے منصوبوں کا آغاز، پالیسیوں اور مینولز کا جائزہ وغیرہ شامل ہیں۔
- PSX کو KMI-30 اور PSX-KMI کے تمام شیئر انڈیکس کی چھ ماہی دوبارہ تشکیل میں اسکریننگ کی سہولت فراہم کی گئی۔
- شریچہ کمپلائنس ٹریڈنگ ونڈوز تیار کرنے میں متعدد بروکر تاج ہاؤسز کی مدد کی۔ اب تک، میزان بینک نے PSX کے 35 بروکرز کو سرمایہ کاری کے لیے شریچہ کمپلائنس ٹریڈنگ پلیٹ فارم کو نافذ کرنے میں مدد کی۔
- ڈیجیٹل ایگزیکٹو اور حقوق کی ادائیگی کے لئے بالترتیب ٹیلی کمیونیکیشن اور فارما کمپنیوں کے لئے اپنی نوعیت کا منفرد صکوک تشکیل کیا گیا۔
- ٹیلی کمیونیکیشن، فارما، ایف ایم سی جی اور آٹو موٹو سیکٹرز کی طرف سے جاری کردہ مختلف نجی صکوک کے لیے شریچہ اسٹریٹجی تیار کرنے میں معاونت فراہم کی۔

یہ بات بڑی قابل تہنیت ہے کہ اس سال بھی میزان بینک دنیا بھر میں کلائنٹ کی ضرورت کے موافق شریچہ ایڈوائزی فراہم کر کے اسلامک فنانس انڈسٹری کو تعاون فراہم کرنے میں پیش قدمی کر رہا ہے، دوران سال بینک کی طرف سے فراہم کردہ چند قابل ذکر ایڈوائزی خدمات درج ذیل ہیں:

- SAFCO ہائیکورپوریشن کمپنی (SMC) کو شریچہ کمپلائنس پروڈکٹس تیار کرنے، پالیسیوں اور طریقہ کار کا جائزہ لینے اور ملازمین کی استعداد کار بڑھانے اور ٹریڈنگ کے ذریعے عمل اسلامی برانچوں کے قیام کے سلسلے میں ایڈوائزی اور معاونت فراہم کی گئی۔ اس اقدام کے ذریعے، دیہی علاقوں کی کم آمدنی والے افراد کے لیے شریچہ کمپلائنس فنانسنگ کی سہولت دستیاب ہوگی۔
- ایک ڈیجیٹل بینک کو مکمل اسلامک ڈیجیٹل بینک کے قیام کے لیے شریچہ ایڈوائزی اور تعاون فراہم کیا گیا۔
- پاکستان کے ایک معروف ترقیاتی مالیاتی ادارے (DFI) کو اسلامی ونڈو کے قیام کے ساتھ ساتھ پالیسیوں، طریقہ کار کے مینولز، پروڈکٹ پروگرامز اور استعداد کار میں اضافے کے لیے مشاورتی معاونت کی گئی۔

اثاثوں کا جائزہ

بینک نے مختلف فنانسنگ پروڈکٹس کے استعمال میں تنوع کو برقرار رکھا ہے، جیسا کہ بینک کے فنانسنگ پورٹ فولیو سے ظاہر ہے۔ بینک نے بنیادی طور پر مشارکہ کے طریقوں کے ذریعے فنانسنگ پر توجہ مرکوز رکھی ہے اور یہ بینک کی کل فنانسنگ کا 54.3 فیصد ہے۔ بینک کا کل فنانسنگ پورٹ فولیو (بمطابق 31 دسمبر، 2023ء) 992 ملین روپے تک پہنچ گیا ہے۔ مختلف فنانسنگ طریقوں کی تقسیم حسب ذیل ہے:-

اس سال مراہجہ اور مساومہ کی فنانسنگ کے معاملات میں 821.1 ملین کی رقم بینک نے کوئی نفع وصول کئے بغیر کسٹمر سے واپس لے لی کیونکہ اس رقم کی حد تک کوئی خرید و فروخت کا معاملہ کرنا ممکن نہیں تھا۔

شرعی طریقہ نمونوں	2022 %	2023 %	شرح ترقی/تیزی %
مشارکہ متناقصہ	26.1	29.9	3.8
رنگ مشارکہ اور مشارکہ	28.7	24.4	(4.3)
استھناع	14.1	15.8	1.7
اجارہ	6.8	6.4	(0.4)
مراہجہ	1.9	2.2	0.3
مساومہ	9.9	7.4	(2.5)
بل-سلم	0.5	0.1	(0.4)
وکالہ الاستیجار	2.5	3.1	0.6
تجارہ	1.3	1.8	0.5
کموڈٹی-سلم	2.1	2.7	0.6
دیگر	6.0	6.2	0.2

مراہجہ میں کی جانے والی براہ راست ادائیگیوں کا خلاصہ

دوران سال 2023ء، مراہجہ کی بنیاد پر کی گئی تھویدات میں براہ راست ادائیگیاں بینکنگ چینلز جیسے آ آر ڈر، کراس چیک، رقم کی منتقلی، کسٹمر کے ذریعے سپلائرز کے اکاؤنٹ میں RTGS کا تناسب تقریباً 99 فیصد رہا۔ اس بات کی تاکید کی جاتی ہے کہ مراہجہ کے عقود میں اس تناسب کو برقرار رکھنے کی کوشش جاری رکھی جائے۔ بینکنگ چینلز سے سپلائرز کو ادائیگی کو یقینی بنانے کی حوصلہ افزائی کی جاتی ہے کیونکہ یہ مالی شمولیت اور غیر دستاویزی تجارتی عمل کو کم کرنے کے لیے بھی معاون ہے۔

یہ بات بھی قابل ذکر ہے کہ شرعی اصولوں کی پاسداری کی یقین دہانی اور جانچ پڑتال کی غرض سے استھناع اور تجارہ کے تقریباً تمام معاملات میں بینک کے نمائندہ نے خود جا کر بینک کے خریدے ہوئے مال کا مشاہدہ کیا اور اس پر قبضہ حاصل کیا۔

سیولیت کا انتظام

سیولیت کے انتظام کے لئے بینک نے (GOP) جی او پی صکوک میں 1.4 ٹریلین کی سرمایہ کاری کی ہے۔ صکوک کے اجراء میں اضافے کے ساتھ بینک نے بیج موچل ٹرانزیکشنز پر اپنا انحصار کم کر دیا ہے، جن کے واجبات سال 2023 کے اختتام پر نمایاں طور پر کم ہو کر 135 ارب روپے رہ گئے ہیں۔

2023 Highlights

شریعیہ کمپلائنس

344 customer & industry visits

1,900 financing reviews

176 branch reviews

25 department reviews

361 training sessions

14,000 employees



Launched digital learning modules

شریعیہ بورڈ، شریعیہ کمپلائنس ڈیپارٹمنٹ (SCD) کی اس کاوش کو سراہتا ہے کہ دوران سال تقریباً 344 کسٹمرز سے ملاقاتیں کر کے ان کے کاروبار کا مشاہدہ کیا گیا اور شریعیہ بورڈ/ریزیڈینٹ شریعیہ بورڈ ممبر (RSBM) کی ہدایات کے مطابق 1900 سے زائد مختلف قسم کے مالی معاملات کا جائزہ لیا گیا۔

2023 میں، SCD نے برانچ ریویو کے طریقہ کار کو مزید بہتر بنانے اور ہر برانچ کی باہمی معلومات جانچنے کے لیے برانچ ریویو سسٹم نافذ کیا۔ یہ معلومات SCD کو برانچ اسٹاف کی بنیادی اسلامی بینکنگ معلومات کا اندازہ لگانے میں مدد کریں گی۔ SCD نے بینک کی 176 برانچوں کا اور 25 ڈیپارٹمنٹس کا شریعیہ کمپلائنس ریویو کیا گیا تاکہ اس بات کا معاہدہ کر سکیں کہ ڈیپارٹمنٹس کا کام شریعیہ بورڈ کی ہدایات کے مطابق ہو رہا ہے۔

سال کے دوران، شریعیہ بورڈ نے مختلف معاملات کے لئے ہدایات فراہم کیں۔ ان میں سے سب سے زیادہ قابل ذکر یہ تھے:

- مختلف GOP اجارہ و سکوک کے شریعیہ اسٹریکچر کی منظوری
- مختصر مدت کے GOP سکوک کے شریعیہ اسٹریکچر کے بارے میں رہنما ہدایات
- Open Ended گارنٹی پر رہنمائی
- مختلف ڈپازٹ اکاؤنٹس کی منظوری
- حقوق (Patents) کی خریداری پر سکوک کے شریعیہ اسٹریکچر کی منظوری
- بینک کی مختلف پالیسیوں اور مینولز کی منظوری
- ٹریڈنگ اور آڈٹ کے منصوبوں کی منظوری

ٹریڈنگ اور ڈیپوٹلمینٹ

دوران سال بینک نے 361 تربیتی مجالس منعقد کیں جس میں میزبان بینک کے تقریباً 14,000 ملازمین نے شرکت کی۔ ان تربیتی مجالس میں نئے ملازمین کے لئے Orientation and Batch Trainings، اور موجودہ ملازمین کے لئے Refreshers، Asset، Deposit، Consumer، Treasury and Trade Refreshers اسلامک بینکر سٹریٹجی پروگرام شامل ہیں۔ ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ بینک نے انٹرنل Learning Management System پر 3 ڈیجیٹل لرننگ ماڈلز بنائے جس میں بالترتیب (ماڈل 1) +13,400، (ماڈل 2) +13,100 اور (ماڈل 3) +12,900 اسٹاف نے شرکت کی۔ بینک نے انٹرنل شریعیہ ٹریڈنگ کے لئے دو خصوصی 'Train the Trainer' پروگرام کا بھی انعقاد کیا۔ بینک نے کراچی، لاہور اور اسلام آباد رجسٹر میں بینک کے سینئر اسٹاف کے لئے پانچ اعلیٰ سطحی مشقی ٹریڈنگ پروگرام بھی منعقد کیے۔

بینک مختلف یونیورسٹیوں کے فیکلٹی ممبران کی استعداد کار میں اضافے کے لیے تعاون کرتا رہتا ہے، تاکہ وہ اپنے طلباء کو اسلامی بینکاری کے بارے میں مؤثر طریقے سے معلومات فراہم کر سکیں۔ 2023 میں، بینک نے کراچی یونیورسٹی، NED یونیورسٹی آف انجینئرنگ اینڈ ٹیکنالوجی، DHA، Suffa یونیورسٹی، انسٹی ٹیوٹ آف بزنس مینجمنٹ (IoBM)، COMSATS یونیورسٹی اسلام آباد (GUI)، بہاؤ الدین زکریا یونیورسٹی (BZU) ملتان، یونیورسٹی آف ایگریکلچر فیصل آباد (UAF)، پنجاب یونیورسٹی سمیت ملک بھر کی متعدد یونیورسٹیوں کے فیکلٹی ممبران کی استعداد کار بڑھانے کے لیے بھرپور تعاون کیا۔

بینک نے یونیورسٹی آف ایگریکلچر فیصل آباد، بہاؤ الدین زکریا یونیورسٹی (BZU) ملتان کے ساتھ سینئر فارما سلاک فنانس کے قیام کے لیے تعاون کیا، جو ان علاقوں میں اسلامی فنانس کو فروغ دے گا۔

بینک نے اسلام آباد اور شمالی علاقوں کی مختلف یونیورسٹیوں کی بزنس فیکلٹی کے لیے اسلامی فنانس پر ایک سرٹیفکیٹ پروگرام کے لیے نیشنل انسٹی ٹیوٹ آف بینکنگ اینڈ فنانس (NIBAF) اور IBA- سینٹر فار ایکسیلنس ان اسلامی فنانس (CEIF) کے ساتھ مل کر ایک پانچ روزہ پروگرام کا انعقاد کیا جس میں 50 سے زیادہ فیکلٹی ممبران نے شرکت کی اور امید ہے کہ وہ اپنے طلباء کو اسلامی بینکاری کے بارے میں مؤثر طریقے سے معلومات فراہم کرنے کے قابل بنیں گے۔

ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ بینک اسلامی اقدار کے مطابق مضبوط اخلاقی اقدار قائم کرنے کے لیے خاطر خواہ کوششیں کرتا رہتا ہے اور اس سال بھی بینک نے معروف اسکالرز سے Leadership اور اخلاقی اقدار پر مختلف سیشنز کا اہتمام کیا۔

اس سال بینک نے بولتے خاکوں پر مبنی دو تعلیمی ویڈیوز (Animated Videos) کا اجرا کیا۔ مزید برآں، بینک نے اسلامی بینکاری کے مختلف پہلوؤں کا احاطہ کرنے کے لیے "میزان آگاہی" کے نام سے ویڈیوز کا ایک سلسلہ متعارف کروایا۔ ایک اور ویڈیو سیریز، "پیغام رمضان" شروع کی گئی، جس میں سینئر ایگزیکٹوز کے مختصر ویڈیو پیغامات سوشل میڈیا پلیٹ فارمز پر شیئر کیے گئے۔

عوام الناس میں اسلامی بینکاری کے بارے میں شعور بیدار کرنے کے لئے بینک نے بڑے شہروں میں تقریباً 200 سیمنار منعقد کئے جن میں معاشرے کے مختلف شعبوں سے تعلق رکھنے والے 18,000 سے زائد شرکاء نے شرکت کی۔ سال کے دوران بینک نے پاکستان کے مختلف شہروں میں اپنے Corporate اور SME صارفین کے لئے 5 ورکشاپس کا انعقاد کیا، جن میں سے دو IBA-CEIF کے تعاون سے تھیں۔

الحمد لله رب العالمين، والصلاة والسلام على خاتم الأنبياء والمرسلين، محمد المصطفى الأمين، وعلى آله وأصحابه أجمعين، وبعد:

تمام تعریفیں اللہ سبحانہ و تعالیٰ کے لیے ہیں۔ یہ میزبان بینک لیٹنگ کے لیے اسلامی کمرشل بینکنگ کا ایک سو سال تھا۔ دوران سال میزبان بینک کے شریعتہ بورڈ کی طرف سے چارج اس کا انعقاد کیا گیا جن میں بینک کی طرف سے پیش کیے گئے مختلف مسائل کا جائزہ لیا گیا۔ الحمد للہ اس سال بھی میزبان بینک کو Pakistan Banking Awards کی جانب سے تیسری بار 'پاکستان کے بہترین بینک' کے ایوارڈ سے نوازا گیا، جو کہ پاکستان کے بینکنگ سیکٹر کا سب سے باوقار ایوارڈ ہے۔ یہ ایوارڈ میزبان بینک کی پوری ٹیم کی پاکستان میں اسلامی بینکاری کے فروغ کے لیے محنت اور عزم کی عکاسی کرتا ہے۔

الحمد للہ CFA Society of Pakistan نے 2023 کے لیے میزبان بینک کو 'Best Bank of the Year - Large size Banks' اور 'Islamic Bank of the Year' قرار دیا ہے۔ Global Islamic Finance Award (GIFA 2023) کی طرف سے بینک کو اس سال بھی Shariah Authenticity Award اور Shariah Auditor of the Year Award سے نوازا گیا۔

ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ جناب عرفان صدیقی، پریزیڈنٹ اور سی ای او، میزبان بینک لیٹنگ، ڈاکٹر محمد عمران اشرف عثمانی، وائس چیئرمین شریعتہ بورڈ اور کمیٹی کے دیگر اراکین اعلیٰ سطحی سٹیٹنگ کمیٹی میں اور دیگر متعلقہ ذیلی کمیٹیوں میں فعال کردار ادا کر رہے ہیں جو حکومت پاکستان کی طرف سے ربا کے بارے میں وفاقی شرعی عدالت کے فیصلے کے نفاذ کے لیے بنائی گئی ہیں۔ ہم اس نیک مقصد میں کامیابی کے لئے نیک خواہشات کا اظہار کرتے ہیں۔ اللہ تعالیٰ ان کی کوششوں کو اپنی راہ میں قبول فرمائے۔

میزبان بینک میں ایک مستقل شعبہ 'شریعتہ کمپلائنس ڈیپارٹمنٹ (SCD)' شریعتہ بورڈ کی زیر نگرانی کام کر رہا ہے جو اپنے فن کے باصلاحیت افراد پر مشتمل ہے۔ اس شعبے کی بنیادی ذمہ داریوں میں تمام معاملات، طریقہ کار، عمل اور پروڈکٹ میں شرعی اصولوں کی پاسداری کو یقینی بنانا، موجودہ پروڈکٹس اور طریقہ کار پر عمل میں مزید بہتری، اسلامی بینکاری کی تربیت اور عقود کو انجام دینے کے طریقہ کار کی شرعی تعمیل کا جائزہ لینا ہے۔ شریعتہ کمپلائنس ڈیپارٹمنٹ، بینک کے شریعتہ بورڈ کے لئے سیکریٹری کا کردار بھی ادا کرتا ہے۔

ہم تمام اسٹاف کی کاوشوں کو سراہتے ہیں کہ انہوں نے بینک کے معاملات میں شریعت کے احکامات کی پاسداری کے ماحول کو فروغ دیا اور اس کو مزید مضبوط کرنے کے لیے کوشاں ہیں یہ بات ہمارے لئے قابل اطمینان ہے کہ بینک کے اسٹاف، مینجمنٹ اور بورڈ ممبران میں اسلامی بینکاری کی ترویج اور ترقی کے لئے اعلیٰ درجہ کا عزم دیکھا جاسکتا ہے۔

مندرجہ ذیل طور پر ہم نہایت مسرت کے ساتھ گزشتہ سال 2023ء میں میزبان بینک کی اسلامی بینکاری کے فروغ کے لئے کی گئی کاوشوں کا ذکر کرتے ہیں۔

نئی پروڈکٹس کی تیاری اور تحقیق

بینک نے بائیک فنانسنگ پروڈکٹ 'اپنی بائیک' کو بھی اپنے صارفین کے لیے مساومہ کی بنیاد پر دوبارہ لانچ کیا، جو کہ صارفین کے لیے موثر سائیکل فنانسنگ کی ایک آسان سہولت ہے، اس پروڈکٹ کے ذریعے کل 147 بلین روپے کی فنانسنگ کی گئی ہے۔

ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ بینک پاکستان میں SME سیکٹر کے لیے فنانسنگ کے لئے فنانسنگ سہولتوں پر توجہ دے رہا ہے۔ مارکیٹ میں مشکل حالات کے باوجود، SME پورٹ فولیو میں 13.5% کا اضافہ ہوا، جو کہ 2022 میں 17.8 بلین روپے سے بڑھ کر 2023 میں 20.2 بلین روپے ہو گیا۔ بینک نے 'جبل' کے تعاون سے ڈیجیٹل شریعتہ کمپلائنس فنانسنگ پلیٹ فارم کے ذریعے ایک معروف ملٹی نیشنل کمپنی کے 230 ڈسٹری بیوٹرز کو فنانسنگ فراہم کی۔ SMEs کے لیے فنانسنگ تک رسائی کو مزید بڑھانے کے لیے، بینک نے اسٹیٹ بینک آف پاکستان کی جانب سے متعارف کرائی گئی رعایتی ریٹ پر Islamic SME Asaan Financing Scheme (ISAAF) بھی شروع کی ہے۔ 31 دسمبر 2023 تک، ISAAF اسکیم کے تحت کل 373 SME کو فنانسنگ فراہم کی گئی ہے اور اس کا کل حجم 2.76 بلین روپے رہا۔

رواں سال کے دوران انفراسٹرکچر کی ترقی، سرمائے کی توسیع اور پراجیکٹ فنانسنگ سے متعلق ضروریات کے لیے شریعت کے مطابق پندرہ (15) سٹریٹجک معاملات مختلف نجی اور سرکاری شعبے کے اداروں کے لیے انجام دیے گئے جو کہ مختلف طریقہ ہائے تمویل جیسا کہ اجارہ، مشارکہ متناقصہ اور رنگ مشارکہ پر مشتمل تھے۔

ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ بینک نے رواں سال 1.77 ٹریلین روپے کے GoP سکلوک کے اجراء میں حکومت پاکستان کے جوائنٹ فنانشل ایڈوائزر (JFAs) کی حیثیت سے اہم کردار ادا کیا۔ یہ بات قابل ذکر ہے کہ پاکستان میں اب تک کسی بھی کاروباری سال میں جاری کیے جانے والے GoP سکلوک کی یہ سب سے زیادہ تعداد ہے۔ ان سکلوک کے اجراء سے حکومت پاکستان کو بینکنگ سٹم کو اسلامی بینکنگ سٹم میں تبدیل کرنے اور ساتھ ساتھ اپنے بجٹ خسارے کو کم کرنے میں مدد ملی ہے۔ اس سال پاکستان اسٹاک ایکسچینج کے ذریعے پہلی بار GoP سکلوک کی نیلامی کی گئی، جس سے معاشرے کے تمام شعبوں بشمول عام فرد کو GoP سکلوک میں براہ راست شرکت کرنے اور اپنی سرمایہ کاری پر حلال منافع کمانے کا موقع ملا۔

ڈپازٹ سائیز پر بینک نے سال کے دوران، مضاربہ کی بنیاد پر Women First Account کا آغاز کیا جو کہ خواتین کی مالی شمولیت کے لیے ایک مخصوص اکاؤنٹ ہے۔ اس اکاؤنٹ میں ان کی ضروریات کے مطابق متعدد امتیازی سہولیات اور فوائد میسر کیے گئے ہیں۔ مزید برآں، بینک نے بزرگ شہریوں کے لیے ایک سرٹیفکیٹ آف اسلامک انویسٹمنٹ (COII) کا اجراء کیا تاکہ انہیں خاص weightage کے ذریعے بہتر شرح منافع کمانے کا موقع فراہم کیا جاسکے۔

گرین اور ماحول دوست توانائی (Green & Renewable Energy) کے اقدامات کو سپورٹ کرنے کے لیے، بینک نے مساومہ کی بنیاد پر عام افراد کے لیے کمرشل سولر فنانسنگ پروڈکٹ کا آغاز کیا جس سے قومی گرڈ میں مجموعی طور پر 1,361 KW کا اضافہ ہوا۔ بینک نے اس سال بھی اسٹیٹ بینک آف پاکستان ری فنانس اسکیم کے تحت سولر پینلز کے لیے فنانسنگ فراہم کی اور اس کا حجم دسمبر 2023 تک 239 بلین روپے تھا۔

POLICIES AND GUIDELINES

STANDARDS OF ETHICS, BUSINESS PRACTICES & CODE OF CONDUCT

The objective of these standards is to promote business practices within Meezan Bank, which are Shariah-compliant, fair, reasonable and reflect high standards of ethical behavior.

The standards of ethics and business practices, which the Bank expects from all of its employees, is a condition of employment with the Bank and may be considered at the time of performance appraisal of an employee.

- Code of Conduct, during office hours or otherwise, shall always be that of a good citizen.
- Act with integrity, competence, dignity, and ethically while dealing with the customers, shareholders, vendors and colleagues.
- Understand and comply with the legal / regulatory requirements and internal policies and procedures of the Bank that apply to the duties assigned to the employee.
- Never willingly enter into a business transaction, which shall violate any law or principles of Islamic finance.
- Never use their position to force, induce, coerce, harass and intimidate any other person, including sub-ordinate to provide any force, gift or benefit, whether financial or otherwise, to themselves or others.
- Avoid professional misconduct involving dishonesty, fraud, deceit or misrepresentation. Any unintentional mistake, wherever possible, shall be immediately rectified and reported to the line manager.
- Not make use of any information including Bank's trade secrets, proprietary, confidential information, gained in the performance of official Bank duties as a means of making any personal profit, gain or benefit for themselves or connected persons.
- Immediately report to the management of pre-existing personal relationship with any existing or potential customer, industry representative or government employee with whom the Bank has a business relationship. Pending clearance from the management, the employee shall take no further action associated with the business in which a personal relationship exists.
- Will not use the Bank's services or facilities for private purposes except with prior permission.
- Conduct Bank's business with honesty, integrity and in a professional manner.
- Avoid any action on his / her part that may be repugnant, unethical or unlawful.

- Avoid any action on his / her part that may be viewed as repugnant, unethical or unlawful by customers or public at large or the Bank itself.
- Avoid any activities that could involve or lead to involvement in any unlawful or unethical governance practice.
- Avoid participation in any political activities.
- Avoid participation in any other subversive activities.
- Abstain from gambling, betting and wagering contracts.
- Be exemplary in personal conduct towards the Bank, other employees and customers of the Bank.
- Safeguard the confidential information of the Bank and its customers.
- Avoid actual or potential conflicts of interests in transactions on behalf of the Bank.
- Provide accurate and reliable information in records submitted.

CODE OF CONDUCT

Confidential Information

Employees shall maintain strict secrecy regarding the Bank's affairs and shall not (except so far as is necessary and appropriate in the normal course of their employment) disclose to any person, any information as to the practice, dealing or affairs of the Bank or any of their customers, which may come to their knowledge by reason of their employment.

During the course of employment and after its termination for whatever reason, the employee must not disclose to anyone (nor use for any purpose other than the business of the Bank) any information relating to the Bank or its employees which is not already available to the public, unless authorized to do so. Such information includes customer data, product manuals, technical secrets, confidential research work, technical processes, operating manuals, marketing plans and strategies and other confidential financial or business information of the Bank.

Recording of Information

No unrecorded fund or assets of Bank shall be established or maintained for any reason. No false, artificial or misleading entries in the books and records of Bank shall be made for any reason. All reporting of information should be accurate, honest and timely and should be a fair representation of the facts.

Conflict of Interest

It is obligatory that:

- An employee may not hold a position

of director, consultant, employee, representative or agent with any supplier, competitor, customer, individual or organization either doing or seeking to do business with the Bank without prior written consent of the Bank's President & CEO. If any immediate family member holds a position, with any organization doing or seeking to do business with the Bank, a written disclosure must be made promptly to line manager / HRD.

- An employee may not hold any interest in any organization doing business with the Bank without the written consent of Regional Manager or Department Head, unless it is a company / establishment quoted on a Stock Exchange and the interest is less than 1 percent.

Mis-declaration/Concealment of Facts

An employee shall not make any mis-declaration or conceal the facts in knowledge. The following are illustrative examples, but are not all-inclusive:

- An employee issuing an incorrect account statement, salary certificate or any other information for any customer or staff member.
- An employee issuing a fake claim for reimbursement of any expenses whereby either the expenses are inflated and/or the difference between expenses claimed and actually incurred are pocketed by the staff member.
- An employee at the time of induction in Meezan Bank (i.e. during interview and in testimonials) provided a false, forged, misleading information or concealed, hid, incompletely stated, any information regarding credentials, academic record(s), previous employment(s) and demographic details.

KNOW YOUR CUSTOMER, VENDORS AND COUNTER PARTIES

In order to safeguard the Bank's reputation and integrity, it is not only necessary for employees to discipline their own actions, it is also necessary to be aware of the character and actions of customers, vendors and counter parties. Care must be exercised in selecting those with whom we deal. Each Meezan Bank business must have processes in place for checking on the credit and character of customers, vendors and counter parties.

Employees must ensure that the Bank establishes relationship with only those individuals, businesses, and entities

who have a sound reputation and whose true identity has been established. Employees should conduct maximum caution in opening new accounts and before opening, ensure that due diligence steps are completed.

GIFTS & ENTERTAINMENT

At certain times of the year, some customers, suppliers, contractors and consultants to the Bank may present gifts or arrange entertainment for employees. While the sentiments behind such actions are usually genuine, there is a possibility that others may misconstrue them. In a minority of cases such actions may not be in the best interest of good working relationships. Gifts may be presented locally or internationally in the form of Cash or in kind of Services, either free or discounted.

BRIBERY & MISCONDUCT

An employee will be guilty of an offence, who, without lawful authority or reasonable excuse:

- Solicits or accepts any advantage as an inducement or reward for doing or intending to commit any action in relation to the Bank's affairs or business.
- Showing or intending to show favors or disfavours to any person in relation to the Bank's affairs or business.
- Offers any advantage to any one as an inducement or reward for any favor/disfavor or otherwise.
- Intends to deceive the Bank by using any receipt, account or other document which is false or erroneous or defective in any way and which to employee's knowledge is intended to mislead the Bank.
- Takes any cash or near-to-cash benefit from any stake holder of the bank to provide undue advantage.
- Pays any cash or near-to-cash benefit to any stake holder of the Bank to take undue advantage.

FRAUD, THEFT OR ILLEGAL ACTIVITIES

Employees shall be alert and vigilant with respect to frauds, thefts or illegal activities committed within the office. If any such activity comes to the attention of an employee, the employee must immediately report the same to the Head of Audit, Head of Operations and Head of Human Resources; who will arrange for appropriate follow-up action to be taken. Failure to report any such activity will be subject to disciplinary action.

MONEY LAUNDERING

The Bank has set its priority not to become implicated, in any way, with individuals or firms involved in criminal activities and money laundering. The

employees are expected to exercise maximum caution in this regard.

The employee should know the customer, be vigilant for unusual circumstances and immediately report any suspected case to the Manager / Area Manager / Regional Manager / Compliance Department/Audit Department, who will arrange for appropriate follow-up action to be taken. Failure to report any such activity will be subject to disciplinary action.

COURTESY & MANNERS

Employees of Meezan Bank shall maintain utmost courtesy and exemplary manners when interacting with clients or with each other. Employees are dealing on behalf of the Bank, so they are required to keep high standards of professionalism and ethics. Any violations of this code shall be brought to the attention of supervising officials as well as the Human Resources Department for their information, record and remedial disciplinary action.

HONESTY & INTEGRITY

Employees shall serve the Bank, devote whole time during office hours and discharge their duties honestly, faithfully and use their utmost endeavors to promote the interest of the Bank. They shall behave with decorum, integrity, show courtesy and attention in all dealings with customers, government officials, senior officers, colleagues, subordinates and general public.

PARTICIPATION IN POLITICAL ORGANIZATIONS

No employee shall take part in, subscribe in aid of, or assist in anyway in any political movement in Pakistan during the office timing at the office premises. No employee shall use official influence in connection with or take part in any election to a legislative body, whether in Pakistan or elsewhere.

IDEOLOGY OF PAKISTAN

No employee shall express views detrimental to the ideology or integrity of Pakistan.

DIRECT REPRESENTATIONS TO THE HIGH GOVT. & MEEZAN BANK OFFICIALS

No employee shall make any personal representations directly to Chairman, Directors or Members of the Board, or Government functionaries. Such representations must be addressed to the President & CEO through the immediate supervisor of the employee. However this policy does not, in any way, seek to block a citizen's redress

to the judiciary and other statutory redresses.

CORE VALUES

- Shariah Compliance
- Integrity
- Service Excellence

MEEZAN BANK'S PERSONALITY

The Bank expects its employees to be:

- Sober
- Truthful
- Committed to excellence
- Empathetic
- Professional
- Extremely loyal
- Dependable friend
- Trustworthy business partner
- Committed to the cause of Islamic banking

HEALTH & HYGIENE

Personal Hygiene is the most important aspect of our daily life. The personality is perceived by its degree of neatness. The personal hygiene covers care of body odor, bad breath, teeth, nails, ears, nose, hair, daily shower, shave (if not keeping proper beard), daily wear washed, clean, pressed clothes etc.

COMPUTER, E-MAIL INFORMATION SECURITY

Meezan Bank computer system contains an e-mail facility, access rights, information and software, which are intended to promote effective communication within and outside the Bank, on matters relating to its business and facilitate routine information flow and smooth and safe transactions.

The e-mail system should therefore only be used for official/business purpose. All communication and information are the property of Meezan Bank and the Bank reserves the right to retrieve the contents of the messages for the purpose of monitoring. The employee shall be held accountable for all activities under his/her password.

DRESS CODE & PROFESSIONAL ATTIRE

Attire is a reflection of professionalism as well as that of the Bank's brand and personality. A professional business appearance together with a high standard of personal hygiene is expected from all employees. The Official Dress Code of Meezan Bank is professional corporate attire inline with traditional Islamic modesty. At Meezan Bank every staff member is expected to have a professional business appearance together with a high standard of personal hygiene.

GUIDELINES ON WHISTLE-BLOWING

The purpose of these whistle blowing guidelines is to provide a mechanism to Bank's stakeholders (employees, customers, vendors, etc.) to report any activity which in their opinion may cause financial and/or reputational loss to the Bank. The major objectives of whistle blowing policy can be classified as:

- To provide an environment whereby stakeholders feel confident to blow the whistle without any fear of reprisal, subsequent discrimination and of being disadvantaged in any way;
- To develop a culture of accountability and integrity;
- To create awareness amongst stakeholders regarding the whistle blowing function; and
- To be a source of early warning signal.

SCOPE

The scope of these guidelines includes, without limitation, disclosure of all types of unlawful acts / orders, fraud, corruption, misconduct, collusive practices or any other activity which undermines Bank's operations, financial position, reputation and mission.

WHO MUST BLOW THE WHISTLE AND HOW?

It is the responsibility of each and every stakeholder of the Bank, instead of limiting it to a particular department or senior management only, that if any stakeholder observes any suspicious, fraudulent or unethical activity, transaction or act that may cause a potential threat to the Bank or could be against the interest of the Bank, he/she must immediately report this

to Whistle Blowing Unit through various modes including but not limited to Meezan Bank's website, E-mail, fax, mobile and landline.

CONFIDENTIALITY & PROTECTION OF WHISTLE BLOWERS

The whistle blowing mechanism has been designed to ensure complete confidentiality of the entire process and also enables the bank to take immediate corrective measures. Identification of the whistleblower is kept completely confidential except as required by law or who have legitimate right to know. The bank stands committed to protect whistleblowers for whistle blowing and any subsequent harassment or victimization of the whistleblower is not tolerated.

GUIDELINES FOR SAFETY OF RECORDS OF THE COMPANY

Comprehensive guidelines are in place at Meezan Bank for ensuring that physical documents are being archived in an organized, efficient and reliable manner. These guidelines encompass detailed processes for preservation, organization, transfer, retrieval and destruction of physical records. The guidelines comprise of the following elements:

GENERAL GUIDELINES

This section deals with the role of the Administration Department in providing an Archive facility outside the branch and provides guidelines on when old records will be transferred to the archive, signatories that may authorize retrieval of records, treatment of records under litigation / dispute, type of records that may be kept under fire-proof cabinet, and the convention to be followed for allocating serial numbers to archived records.

Preservation of Old Records

This section deals with maintenance of old records in a secured environment and the procedure for documenting their complete details to facilitate retrieval and destruction after expiry of retention timelines. This section also defines the responsibilities of the Archiving Officer.

Procedures to Handle Records at Archives

These are detailed procedures with clearly allocated responsibilities of Branch / Head Office departments and archiving officers for transferring/retrieval of records to and from Archives.

Destruction of Records

This section provides guidelines about the type of records that need to be retained permanently or till the time approval from Regulators is obtained for their destruction. e.g. cases in litigation, records relating to suspicious

transactions, etc. Relevant Branch Manager / Area Manager / Departmental Head is responsible for checking and verifying the list of records that need to be destroyed. For branch records, Head Office operations will finally approve branch's request for destruction of record, which will be carried out in the presence of Branch Manager and Operations Manager.

Retention of Old Records

These guidelines outline the various types of records and the recommended period for their retention and subsequent destruction in view of the Banking Companies Ordinance, SBP Prudential Regulations and other regulatory requirements.

Standardized Formats

Formats for forms and registers have been provided to facilitate standardization and controls across Meezan Bank's network.

SUMMARY OF SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY POLICY

PURPOSE

The purpose of this Sustainability & CSR Policy is to provide a framework for incorporating sustainability into the Bank's operations and sets out the framework for the Bank's Sustainability & CSR activities.

SCOPE OF SUSTAINABILITY & CSR POLICY

The Sustainability & CSR Policy shall support business decision making at all levels of the Bank and will provide a frame of reference for dealing with environment and corporate

social responsibility activities undertaken by Meezan Bank. It is applicable to all of the Bank's organizational units and departments and may include projects and business-related activities being implemented independently by Meezan Bank or projects undertaken in coordination with other entities.

AREAS OF FOCUS

The Bank shall focus on the Environment sustainability, Education, Stake holders engagement, sustainable operations or any other areas as decided upon by the

Management, to ensure sustainable performance of its operations. Furthermore, Meezan Bank may contribute in the form of financial assistance, providing logistic support and availability of human resources for charitable causes in various sectors including, but not limited to the ones mentioned below, as per the Management's discretion.

The Bank may also encourage its employees to volunteer and contribute to its own or other organizations' Sustainability & CSR initiatives.

SUMMARY OF GREEN BANKING POLICY

SCOPE AND OBJECTIVE

The Green Banking Policy (hereinafter referred as the Policy) of Meezan Bank Limited (hereinafter referred as MBL or the Bank) has been prepared in light of the "Green Banking Guidelines" issued vide IH&SMEFD Circular # 08 dated October 09, 2017 & Environmental and Social Risk

Management Implementation Manual issue vide IH&SMEFD Circular Letter No. 12 of 2022 of State Bank of Pakistan. The objective of this policy is to institutionalize Green Banking across MBL by focusing on the following major aspects:

- Governance Structure and Responsibilities

- Organizational Structure
- Environmental & Social Risk Management Framework
- Green Business Facilitation
- Own Impact Reduction/ In-house Environment Management
- General Guidelines

SUMMARY OF INFORMATION SECURITY POLICY

Information Security relates to protection of valuable assets against loss, misuse, disclosure or damage. Each asset has to be reviewed from the perspective of its Confidentiality, Integrity and its Availability to the authorized personnel. A number of factors play a critical role in the successful implementation of information security.

INFORMATION SECURITY POLICY

The Information Security Policy defines the policies and procedures to ensure that information is adequately protected against improper and uncontrolled disclosure. Meezan Bank's Information Security Policy is based on ISO 27001. The policy comprises of the following domains:

ORGANIZATION OF INFORMATION SECURITY

In order to manage information security within the Bank, a framework has been established by the Bank's management to initiate and control the implementation of information security within the organization.

IDENTIFICATION AND PRIORITIZATION OF INFORMATION SYSTEM ASSETS

To ensure the criticality of information system assets is defined in line with the Tier Classification.

RISK ASSESSMENT & TREATMENT

To review IT System and Operation for identifying and mitigating the risk that could affect Meezan Bank's infrastructure through internal and external attacks. The basis of these assessments is the Confidentiality, Integrity and Availability (CIA) of the information assets and services.

CYBER SECURITY ACTION PLAN

Cyber security action plan is developed to proactively address the likely cyber-attacks in order to anticipate, withstand, detect and respond to cyber-attacks in line with international standards and best practices.

CYBER CRIME AND METHODS OF PREVENTION

To protect the Bank against the range of cybercrimes by formulating methods of Prevention.

HUMAN RESOURCES SECURITY

This segment of the policy ensures that the Bank's employees, contractors and third-party users understand their responsibilities and are suitable for the roles they are considered for, thereby reducing the risk of theft, fraud or misuse of facilities.

ASSET MANAGEMENT

To achieve and maintain appropriate protection of the Bank's Information Assets.

ACCESS CONTROL

To control the access to information, information processing facilities and business processes based on business and security requirements.

CRYPTOGRAPHY

To protect the confidentiality, authenticity and integrity of information by Cryptography (The conversion of data into a secret code for transmission over a public network.)

PHYSICAL AND ENVIRONMENTAL SECURITY

To prevent unauthorized physical access, damage to, and interference with the Bank's premises (head office and branches) and information.

OPERATIONS SECURITY

To ensure correct and secure operation of information processing facilities.

THREAT INTELLIGENCE AND INDUSTRY COLLABORATION

Share, gather and interpret Information about technical vulnerabilities and relevant cyber threats arising from information systems, services, utility providers and other banks.

COMMUNICATIONS SECURITY

To maintain the integrity and availability of information and information processing facilities.

REMOTE WORKING

Remote working facility provision shall only be facilitated in a controlled manner with pre-requisites defined in the procedure. The remote working arrangements is subject to system and VPN provision according to their job-role and need to use basis.

INFORMATION SYSTEMS ACQUISITION, DEVELOPMENT AND MAINTENANCE

To ensure that security measures are always built into and are an integral part of all information systems.

SUPPLIER MANAGEMENT

To ensure the protection of the organization's information assets that is accessible by IT suppliers for providing IT service delivery.

MANAGEMENT CONSIDERATION FOR OUTSOURCING TECHNOLOGY SERVICE PROVIDERS

Outsourcing of IT related services shall comply with requirements of MBL's Outsourcing policy and applicable regulatory requirements.

INFORMATION SECURITY INCIDENT MANAGEMENT

To ensure that information security events and weaknesses associated with the Bank's information systems are communicated in a manner that allows timely corrective action to be taken.

INFORMATION SECURITY ASPECTS OF BUSINESS CONTINUITY MANAGEMENT

To counteract interruptions to business activities and to protect critical business processes from the effects of major failures of information systems or disasters and to ensure their timely resumption of bank Operations.

COMPLIANCE

To ensure compliance in order to avoid breaches of any law, statutory, regulatory or contractual obligations, and of any security requirements.

IT GOVERNANCE POLICY

SCOPE

This policy creates the governance for the Information Technology Division for the Bank under the supervision of IT Steering Committee, Board IT Committee and Board of Directors.

This policy describes and create a framework that will pave the roadmap on which IT Division will provide services to Bank's business functions and to ensure that the Bank's business operations are driven based on Technology Solutions.

OBJECTIVE

To put in place the policy framework for IT Governance at the Bank in order to provide services to the Bank's Business functions. This policy framework is also aligned with the IT Security Policy of the Bank which is based on the standard ISO 27001.

EXECUTIVE SUMMARY

Establish Partnership with business to enrich Business and IT alignment and by delivering cost effective technology solutions and services.

This model describes all functions of the IT Division in the form of services which results in business benefits. It consists of five core services area (IT Service Strategy, IT Service Design, IT Service Transition, IT service Operations and Continual IT Service Improvement) that cover best practices and guidelines within IT management.

KEY AREAS – IT MANAGEMENT POLICY

Key areas in Meezan Bank IT Management Policy are as follows:

1. IT Capacity and Performance Management provides guidelines for maintaining scalable IT capacity and making the best and optimal use to meet the performance requirements expected by the business.
2. IT Project Management defines standard and best practice

guidelines for project management to assure that they are accomplished in timely, cost effective manner. It is governed by PMO Charter.

3. Change Management emphasizes on managing all changes within the IT environment including emergency changes, fixes and patch management to minimize the disruption in services.
4. IT Helpdesk and Problem Management ensures incidents and problems related to systems are reported, tracked investigated and resolved in effective and efficient manner.
5. Service Level Agreement Management ensures the SLA's are established, agreed between vendors and IT in line with Business needs to gauge the service delivery performance.
6. IT System Acquisition Management caters the way the IT Systems should be procured in line with Bank's expenditure policy.
7. Configuration Management covers the rules for configuration of information technology devices and infrastructure for tracking and controlling all changes to information systems of the Bank.
8. IT Compliance Management defines the way ITD works under compliance guidelines.
9. IT Continuity Management covers the aspect of Business Continuity Plan and Disaster Recovery Plan in case of any service disruption.
10. IT Backup and Restoration Management defines the rules for backup and storage of electronic information within the entity that are responsible for electronic data stored in archive.
11. IT Outsourcing Management

defines the framework for outsourcing of IT services.

12. Software Solution Development and Maintenance Management facilitates the effective development and maintenance of Software solutions to compliment business functions.
13. IT Infrastructure Management determines the process for requirements analysis, planning, design, deployment and on-going operations management. It also ensures technology is accessible and equipped with current hardware and software for application management.
14. Network Management defines the principles covering internal and external network environment operated by the Bank including Logical Access Management, Infrastructure security, Operational Management and Bandwidth Management.
15. Database Management aims at ensuring the availability, integrity, security, consistency and accuracy of the Bank's database.
16. Virus and Malware Management ensures that systems, database and software are protected against the risk to malicious software and unauthorized code.
17. Internet and Intranet Usage Management defines the rules for Internet usage.
18. Desktop Support Management defines the principle covering the IT related Support activities and covers the Installation and configuration of desktops in branches and providing first level support.
19. Outsourcing to Cloud Service Providers (CSPs) defines the controls of outsourcing IT services to cloud.

SALIENT FEATURES - DIRECTORS' REMUNERATION POLICY

1. Remuneration shall be fixed in Pakistani Rupees (PKR) invariably; nevertheless, payment of the same can be made to foreign Directors in equivalent foreign currency(ies), where necessary, after obtaining the regulatory approvals as may be required from time to time.
2. No single member of the Board of Directors shall determine his/her own remuneration.
3. Proper and transparent disclosure of remuneration and other benefits/facilities provided to the Board members shall be made in the annual financial statements of the Bank, as per SBP instructions issued from time to time.
4. The Fees for attending the Board and its Committee meetings shall be as follows:

	Board Meeting Fee Rs. per meeting	Committee Meeting Fee Rs. per meeting
Chairman	960,000	650,000
Other Non-executive Directors	800,000	650,000

5. The Board and Committee meeting fees will be approved by the shareholders in Annual General Meeting on pre or post facto basis on the recommendation of the Board and Board Human Resources, Remuneration & Compensation Committee. The meeting fee, in any case, shall not exceed the limits prescribed by the Regulators.
6. All traveling / boarding / lodging expenses of the Directors related to Attendance of Board Meeting(s)/ Committee Meetings will be borne by the Bank at actuals. Expenses such as hotel stay etc. incurred due to personal reason or reason other than performance of Bank's duties and business will be borne by the concerned Director.
7. No additional payments or perquisites will be paid to the Non-Executive Directors and Chairman except as mentioned in above clauses.
8. No consultancy or allied work shall be awarded to a Director or to the firm(s), institution(s) or company(ies) etc. in which he/she individually and/or in concert with other Directors of the Bank, holds substantial interest.
9. No remuneration under this policy would be paid to the Executive Directors except travel and boarding costs as per the Bank's standard rules and regulations and relevant laws.

MATERIAL RISK TAKERS (MRTs) & MATERIAL RISK CONTROLLERS (MRCs) – REMUNERATION POLICY

INTRODUCTION

Effective Remuneration policies and practices are crucial for achieving organizational objectives, fostering engagement, and maintaining competitiveness. Meezan Bank policy underscores the significance of sound Corporate Governance, particularly in the financial sector. Meezan Bank recognizes the importance of a well-structured remuneration system for executive members and senior management in light of global financial crises and regulatory guidelines.

This comprehensive Remuneration Policy reflects Meezan Bank's commitment to fairness, transparency, and a balanced approach to compensation, in line with regulatory guidelines and global best practices. The Policy articulates the principles and philosophy that guide compensation decisions, emphasizing commitment to the organization's Vision, Mission, and the values of a Meezan

Family Member. It aligns with the 'The Guidelines on Remuneration Practices' by the State Bank of Pakistan, emphasizing fairness, transparency, and a pay-for-performance culture.

PURPOSE

The Meezan Bank's Remuneration Policy aims to:

- a. Ensure a balanced mix of fixed and variable pay based on role complexity.
- b. Promote sound risk management and discourage excessive risk-taking.
- c. Align rewards with risk exposure, attaching decisions to risk profiles.
- d. Encourage long-term employee association through Short-Term and Long-Term Incentive initiatives.

FACTORS CONSIDERED FOR DIFFERENTIATING THE VARIABLE PAYS ACROSS EMPLOYEES OR GROUP OF EMPLOYEES

The variable pay differentiation across employees or groups is based on a variety of performance measures. These measures are designed to assess individual and team contributions to the organization. For MRTs & MRCs, the variable compensation may be deferred and tied to specific performance criteria, such as the achievement of predetermined financial goals or successful risk management outcomes. Additionally, the committee responsible for determining variable compensation levels may consider the overall risk profile associated with the roles of the employees or groups, ensuring alignment with the bank's risk management strategy.

DESCRIPTION OF MATERIAL RISK TAKERS (MRTS) / MATERIAL RISK CONTROLLERS (MRCs)

MRTs are individuals, including the

President & CEO, Deputy CEO, and Key Executives, who possess significant power and control over various products, portfolios, transactions, and processes, exposing the bank to inherent risks. MRTs are identified based on their responsibilities such as credit approval, decision-making on credit proposals, and authority in approving new products with significant risks etc.

MRCs, on the other hand, primarily focus on reviewing and assessing systemic risks related to processes, products, and functions. Key Executives may be exclusively identified as MRCs, with specific responsibilities in evaluating potential losses and taking action to reduce or eliminate such risks. Departments like Compliance, Risk Management, and Internal Audit fall under the category of MRCs.

MEASUREMENT OF CURRENT AND FUTURE RISKS, AND PERFORMANCE ALIGNMENT FOR MRTS / MRCs

The compensation frameworks for MRTs and MRCs are established to maintain a suitable equilibrium between fixed and variable remuneration. This takes into account several factors, including the following:

- Categorization as MRT/MRC
- Position within the organizational structure
- Roles and duties
- Alignment with risk (i.e., greater variable remuneration for higher assumed risks)
- Performance evaluation based on financial and non-financial objectives and key performance indicators (KPIs), incorporating risk-adjusted factors.

The bank adopts a holistic approach to assess current and future risks including reporting lines to the CEO & DCEO, contributing to the final identification of MRTs and MRCs. For MRTs & MRCs, the Balanced Scorecard integrates significant quantitative Key Performance Indicators, ensuring a harmonious balance between profit objectives and risk management.

REMUNERATION INDEPENDENCE OF MRCs FROM FUNCTIONS THEY OVERSEE

To ensure the independence of MRCs, their compensation and appraisal are designed to be completely independent of the business units they review. This independence helps in maintaining objectivity in their evaluation of risks and their recommendations for risk mitigation strategies.



SMART FINANCING AT MEEZAN BANK





During the year 2023, Meezan Bank actively opted for utilizing digital platforms for the execution of different types of Islamic contracts for the purpose of financing transactions. This opens a new paradigm for Shariah compliance smart contracts where technology is used to effectively and timely execute Islamic banking contracts. The transactional documents like Murabaha, Musawamah and Tijarah contracts are executed through fintech-based platform, WhatsApp Application, web-based portal and email. The Bank executed more than 18,000 transactions through digital platforms.







STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

HOW WE ENGAGE WITH OUR STAKEHOLDERS

Meezan Bank maintains active engagement with its stakeholders to drive its business. All stakeholder engagement is driven by the Bank's Core Values – Shariah-compliance, Integrity and Service Excellence, to address its business impact and to enhance the value created.

Key Stakeholders	Modes of Engagement	Frequency	Key Initiatives
<p>Customers</p>  <p>Value Created</p> <p>Promote financial inclusion, fair treatment and high customer satisfaction and loyalty.</p>  <p>'What makes you happy at Meezan Bank?' - employee engagement campaign video</p>	<p>Online, phone, social media and postal communication</p> <hr/> <p>Customer satisfaction surveys and feedback</p>	<p>● ✓</p> <hr/> <p>✓</p>	<ul style="list-style-type: none"> ■ 69 million customer awareness SMS sent in 320 different campaigns ■ 200 Islamic banking awareness seminars conducted nationwide, attended by more than 18,000 participants ■ Active interaction and prompt follow-up to queries/feedback received on Bank's official channels including social media ■ Bi-annual customer letters ■ 9 webinars held for customers ■ Launched an employee engagement campaign on the 'International Week of Happiness at Work' on social media, where employees shared what makes them happy at the Bank. ■ Launched Cyber Security awareness campaigns on social media
<p>Shareholders</p>  <p>Value Created</p> <p>Create shareholder value and build strong corporate governance. Minimize non-compliance resulting in any potential sanctions, penalties and/or reputational loss.</p>	<p>Financial statements</p> <hr/> <p>General Meetings (AGM/EOGM)</p> <hr/> <p>Media releases</p> <hr/> <p>Corporate briefing sessions</p> <hr/> <p>Responding to multiple queries of institutional investors and ESG analysts</p>	<p>● ● ●</p> <hr/> <p>●</p> <hr/> <p>●</p> <hr/> <p>✓</p> <hr/> <p>✓</p>	<ul style="list-style-type: none"> ■ Consistent payment of dividend ■ Conducted 1 corporate briefing session ■ Participated in Tundra Fonder ESG, Terra Nova ESG due diligence questionnaires and OICCI CSR report
<p>Regulatory Bodies</p>  <p>Value Created</p> <p>Enhance capability to adapt to regulatory compliance and establish strong risk management and control.</p>	<p>Regular engagement for matters impacting business and compliance through face to face, written and telephonic communication</p> <hr/> <p>Audit and annual reports</p>	<p>● ✓</p> <hr/> <p>●</p>	<ul style="list-style-type: none"> ■ Actively participated in the RDA accounts, Roshan Apni Car, Roshan Apna Ghar and other initiatives of the Government to help NRP and resident Pakistanis ■ 355 Regulatory & Compliance sessions including: <ul style="list-style-type: none"> ● AML/CFT Training ● Outreach Awareness on ML/TF/PF (Money Laundering, Terrorist Financing & Proliferation of Weapons of Mass Destruction) ● Information Security and Trade Compliance ● Gender Sensitization & Banking on Equality ● Actively participated in SBP Banking Services Corporation (SBP-BSC) 'Young Islamic Banking Professionals (Y-IBP) Program'.

Key Stakeholders

Key Stakeholders	Modes of Engagement	Frequency	Key Initiatives
Employees  <p>Value Created</p> <p>Manage employee relations to create an inclusive and learning environment. Encourage talent attraction and retention.</p>	<p>CEO messages on regular and topical subjects</p> <p>Training initiatives</p> <p>Employee Satisfaction Survey</p> <p>Offsite strategy sessions & townhall meetings</p> <p>Employee benefits including compensation, medical, performance bonus and end of service benefits</p> <p>Internal newsletter and intranet</p> <p>Inter-departmental sports and recreational activities</p>	<p>✓</p> <p>●</p> <p>●</p> <p>✓</p> <p>●</p> <p>●</p> <p>●</p> <p>●</p>	<ul style="list-style-type: none"> Employee Share Option Scheme (ESOS) Introduction of Meezan Scholar Policy to support higher education of staff's children Launched Hajj Sponsorship Program to facilitate the holy journey of staff with their family member 1,294 internal and external training sessions 58 Induction Training Programs held Train The Trainers (TTT) Program for In-house Trainers Islamic Banking Refresher Program launched for Senior Executives Meezan GOLD Leadership Development Program launched for senior women professionals Cancer Awareness Sessions exclusively for women employees across major cities Regular cyber security awareness campaigns for staff
Community  <p>Value Created</p> <p>Support economic, social and sustainable development and green banking while ensuring ethical and Shariah-compliant business practices.</p>	<p>Financial literacy initiatives</p> <p>Hiring individuals with hearing and visual impairments</p> <p>Sponsoring various fundraising events</p> <p>Building the Islamic Financial industry</p>	<p>●</p> <p>●</p> <p>✓</p> <p>●</p>	<ul style="list-style-type: none"> Enabled job opportunities for people with special abilities through Meezan Roshnaas Program Participated in SBP's National Financial Literacy Program (NFLP) for financial inclusion in Pakistan Launched multiple online campaigns on inculcating early saving habits in children Campaign on International Day of Disabled Persons to promote inclusion Launched video series - Meezan Aagahi for Islamic Finance education and 'Paigham-e-Ramzan' - a series of short video messages by senior executives Meezanship Program – for last semester students and recent graduates.
Media  <p>Value Created</p> <p>Encourage positive brand building, mitigate reputational risks.</p>	<p>Ads through print, electronic, social media and website</p> <p>Interviews on print and electronic channels</p> <p>Social media platforms</p>	<p>●</p> <p>●</p> <p>●</p>	<ul style="list-style-type: none"> Interacted regularly and frequently with the local, regional and international media through PR, articles and interviews of senior management
Suppliers  <p>Value Created</p> <p>Ensure continuous supplier evaluation towards ethical practices & quality management. Encourage accessible whistle-blowing channels.</p>	<p>Regular meetings</p> <p>Vendor briefings</p> <p>Purchase agreements</p>	<p>●</p> <p>●</p> <p>●</p>	<ul style="list-style-type: none"> Quarterly Semi-annually Annually Regularly/Continuous On need basis

INVESTOR RELATIONS SECTION ON CORPORATE WEBSITE

Meezan Bank places great emphasis on ensuring two-way, regular engagement with its investors through various channels. The Bank's corporate website is one such channel that is regularly updated with all important business announcements, financial results as well as regulatory information. The Investor Relations section of the Bank's website serves to connect its stakeholders with the Bank as per the applicable regulatory framework.

The Bank's website also includes all latest information regarding the Bank, including its financial highlights, board of directors, management team, external auditors, past and current financial data, shareholding details, investor relations/grievances, dividend information, investor information as well as such other information and a link to Securities and Exchange Commission of Pakistan's (SECP) Service Desk Management System (SDMS).

Further, in order to facilitate our shareholders, the following information has been prominently displayed on our corporate website:

- Contact details of our Share Registrar.
- Contact information of the focal person of the Bank for dealing with investors' grievances.
- Designated email address of the Bank for addressing the queries / complaints relating to shares / dividend.
- Various documents, such as Notice of AGM, Proxy Form, Dividend Mandate Form, Transfer Deed, etc. for easy access of the investors

For shareholders, analysts and investors, the Bank also updates contact details for investor relations and Company Secretariat.



The relevant section is available on the Bank's website: <https://www.meezanbank.com/investor-relations/>

STEPS TO ENCOURAGE MINORITY SHAREHOLDERS' PARTICIPATION IN GENERAL MEETINGS

The Bank ensures that the interest of the minority shareholders is protected. In order to ensure their participation in general meetings, the Bank takes the following measures:

- All notices of the shareholders' meetings are timely announced on Pakistan Stock Exchange (PSX), published in nationwide newspapers.
- All notices of the shareholders' meetings are dispatched at the registered addresses of the shareholders as per regulatory requirement.
- Annual Reports are sent to each member of the Bank before the AGM in electronic form (Hard copy is provided upon request).
- Shareholders are facilitated in appointing proxies in case they are unable to attend the AGM/EOGM in person.
- Shareholders are provided with a detailed overview of the Bank's performance, future outlook in both English and Urdu languages.
- Shareholders are encouraged to comment, raise queries and provide feedback related to the Bank's operations.
- The Bank also ensures compliance to all the regulatory requirements and takes all possible steps to encourage attendance of minority shareholders in their meetings.

Matters Raised in the Last Annual General Meeting (AGM)

No significant issue was raised in the last AGM.

SUMMARY OF CORPORATE & ANALYST BRIEFINGS

Corporate and Analyst briefings provide the Bank, its shareholders and the investor community with an opportunity to share business updates that are relevant to the shareholders and analysts' coverage areas. As per the requirements of PSX, all listed companies are required to hold at least one Corporate Briefing Session (CBS) for the shareholders and analysts during a financial year. The Bank held one Corporate, one Analyst and two Investor Briefing Sessions.

The interactive sessions served to apprise the audience of a detailed overview of the Bank's performance, its business environment as well as future prospects and strategy.

The audience was also informed about the Bank's focus on digital transformation and process innovation. The engagement session served to give the right perspective of the Bank's business affairs. To facilitate shareholders and to accommodate regional analysts and fund managers, conference call facilities are provided to ensure full access to all necessary stakeholders. The information and presentations are subsequently uploaded onto the Investor Relations segments on the Bank's website.



Following Presentations are available on the Bank's website.

Dates:

Analyst Briefing Presentation	February, 2023
Investor Presentation	May, 2023
Corporate Briefing	September, 2023
Investor Presentation	November, 2023

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY



CORPORATE SOCIAL RESPONSIBILITY REPORT

Meezan Bank believes in conducting business ethically and contributing positively to its stakeholders, the environment, and society. The Bank is implementing sustainable business practices that align with the expectations society has from responsible corporate citizens. Meezan Bank's commitment to social responsibility is also reflected in its Vision and Mission statements. Our CSR focus encompasses participation in charity, donations and social welfare related to health and education.

HEALTHCARE



LAUNCH OF MEEZAN CARES

Since its inception in 2005, The Indus Hospital (TIH) has been running a unique healthcare model, providing premium healthcare at no cost to low-income populations, benefiting over 500,000 patients monthly. Meezan Bank collaborated with TIH to introduce Meezan Cares, allowing customers to set up a direct debit instruction to automatically donate every month and save patients' lives. Meezan Bank realizes the importance, as a responsible corporate citizen, of contributing to the general public and society at large. The Bank also provides the option for instant donations through Customized Deposit Slips.



SUPPORTING ALAMGIR WELFARE TRUST INTERNATIONAL FOR COLOUR DOPPLER ULTRASOUND MACHINE

As part of its CSR efforts, Meezan Bank made a donation to Alamgir Welfare Trust International for procurement of a Color Doppler Ultrasound Machine. The machine will help the organization's state-of-the-art pathology lab and diagnostic center to better facilitate the general public. Alamgir Welfare Trust has been supporting the society for the past many years through its various initiatives in health, education, provision of food, marriage assistance, emergency relief and rescue services amongst many others.



DONATION TO TRAUMA CENTRE, ALLAMA IQBAL MEMORIAL TEACHING HOSPITAL SIALKOT FOR MRI DIAGNOSTIC MACHINE

Joining hands with local business leaders to make a significant impact on healthcare in Sialkot, Meezan Bank contributed towards the funding of a cutting-edge MRI Diagnostic Machine at the Trauma Center, Allama Iqbal Memorial Teaching Hospital, Sialkot. This initiative is aimed at providing state-of-the-art diagnostic facilities to the people of Sialkot at subsidized rates. The comprehensive facility, equipped with the latest diagnostic technologies, including CT scan, Color X-Ray, and MRI scan, is operated by M/S Health Care, a not-for-profit entity led by prominent business community of Sialkot. This facility is crucial for handling accident and casualty cases, and as the district's main state-run health facility, it primarily serves the middle and lower-income groups of society.

The Bank's objective in participating in this venture is to contribute to the well-being of the people of Sialkot in collaboration with local business community leaders who have approached the Bank.



SUPPORTING THE INDUS HOSPITAL & HEALTH NETWORK (IHHN)

Meezan Bank supported The Indus Hospital & Health Network (IHHN) in its 9th Indus Annual Golf Tournament 2023, engaging over 100 golfers and top CEOs. The fundraiser raised awareness about TIH's network and philanthropic activities in Karachi, collecting voluntary financial support to help TIH expand and continue providing free quality healthcare.



SUPPORTING THE PATIENTS' AID FOUNDATION

Meezan Bank has extended its support to the Patients' Aid Foundation at Jinnah Postgraduate Medical Center (JPMC), contributing to the treatment of cancer patients. Patients' Aid Foundation is a non-profit organization dedicated to collaborating closely with JPMC to provide patients with essential medical treatment, address their needs, and offer access to high-quality healthcare, all at no cost to the patients themselves.



SUPPORTING THE PATIENTS' WELFARE ASSOCIATION (PWA)

Meezan Bank donated funds to Patients' Welfare Association (PWA), a non-governmental organization located within Civil Hospital, Karachi. PWA, run by students of Dow Medical College, provides free medical aid to underprivileged patients.



PARTICIPATION IN SHAHEEN SPORTS LEAGUE 2.0

Meezan Bank participated in Shaheen Sports League 2.0 under the Alkhidmat Orphan Care Program. The event, organized by Alkhidmat Foundation Pakistan, aims to provide humanitarian services to the most vulnerable since 1990.



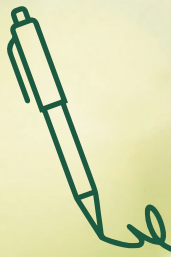
PARTICIPATION IN INTERNATIONAL STUTTERING AWARENESS DAY (ISAD) IN MULTAN

Meezan Bank actively participated in International Stuttering Awareness Day (ISAD) as part of its commitment to corporate social responsibility in healthcare and education.

EDUCATION

DISTRIBUTION OF SCHOOL BAGS

Meezan Bank distributed school bags among underprivileged students at the Government Girls Primary School, Loralai, Balochistan.



PROVIDING WHITE BOARDS TO PESHAWAR PUBLIC SCHOOL & COLLEGE

Education is the key to unlocking a brighter future, and Meezan Bank is committed to supporting this noble cause. The Bank provided white boards to Peshawar Public School & College, as part of its efforts in facilitating the future leaders of Pakistan.

PARTICIPATION IN RIBAT GOLF TOURNAMENT

Ribat - The Campus, a non-profit organization, is an Islamic community resource center initially founded by Hafiz Muhammad Ismail as an Islamic research library. 70 years later, his idea led to the creation of a facility where people from all around the city gather to seek knowledge and utilize the numerous amenities and services. Meezan Bank

participated in their annual golf tournament in order to support this initiative.

PROVIDING LAPTOPS TO IBA-CEIF

Meezan Bank provided laptops to IBA-CEIF to support the next generation of future leaders in the field of Islamic banking and finance.

SEMINAR AT IDA RIEU WELFARE ASSOCIATION

Meezan Bank conducted an awareness seminar on Islamic banking at IDA RIEU Welfare Association, Karachi. Around 100 participants including differently-abled students and faculty members attended the seminar helping the participants improve their understanding of Islamic banking and finance.

OTHER INITIATIVES

IFTAR FOR THE PUBLIC

Ramadan is the month of giving and of sharing one's dastarkhwan with the needy and less privileged. Meezan Bank provided free iftar and dinner to people on the streets in 17 cities across Pakistan, serving an average of 3,800 persons daily.



RAISING AWARENESS OF SOCIAL CAUSES ON SOCIAL MEDIA

Meezan Bank regularly raises awareness on social media on various causes such as financial literacy, cleanliness and the inclusion of disabled persons.



INITIATIVES TO PROMOTE WOMEN INCLUSION

THE CRAFTER'S EXPO 2023

Meezan Bank supported The Crafter's Expo 2023 - an arts, crafts, and culture exhibition organized at Beach Luxury Hotel, Karachi, where over 3,000 attendees from diverse backgrounds participated. The Bank's management team members attended the exhibition to demonstrate the Bank's commitment to supporting entrepreneurs, especially female business owners. During the exhibition, Meezan Bank took the opportunity to showcase its women-centric products, such as the Meezan Women First Account, and highlighted Shariah-compliant and affordable financing options for women entrepreneurs through the Islamic SME Asaan Finance scheme.

DAACHI FOUNDATION

Meezan Bank participated in the the Daachi Foundation's arts, crafts & culture exhibition held at Expo Centre, Karachi. This two-day event drew over 10,000 attendees from diverse backgrounds. The Bank's management team members attended the exhibition, showing support to entrepreneurs including female business owners. Daachi Foundation is a non-profit organization set up by a team of dedicated volunteers to guard and promote arts, crafts and heritage.



SUSTAINABILITY REPORT


For more than twenty-five years since its inception, Meezan Bank has focused its core business model on providing access to Islamic and ethical banking. The goal is to encourage inclusive growth by ensuring a fair distribution of wealth, promoting social justice, and fostering equitable risk-sharing. Sustainable finance aligns seamlessly with its ethos and each day, it moves closer to its Vision, fulfilling its financial and social responsibilities by supporting sustainable businesses that adhere to the Islamic principle of 'Ihsan'.

As one of the largest banks in the country, Meezan Bank is contributing to the implementation of United Nations Sustainable Development Goals (UN SDGs) by integrating ESG elements into its decision-making through multiple business activities as well as stakeholder engagement.

STAKEHOLDER ENGAGEMENT

Meezan Bank's stakeholders include individuals and organizations that are impacted by its operations or have an impact on them. The Bank's commitment to its stakeholders is integral to its sustainability strategy, reflecting values that enable the creation of shared success with clients, communities, and other stakeholders.

The Bank's personality encapsulates the mindset, operations, and decision-making process of all its professionals. These behaviors define the Bank's business practices and interactions with stakeholders.

 For further details on how we engage with our stakeholders, refer section Stakeholders Relationship & Engagement.



MEEZAN BANK'S PERSONALITY

 Sober & Truthful	 Committed to excellence	 Empathetic	 Professional	 Extremely loyal	 Dependable friend	 Trustworthy business partner	 Committed to the cause of Islamic banking
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OUR FOCUS ON SUSTAINABLE FINANCE

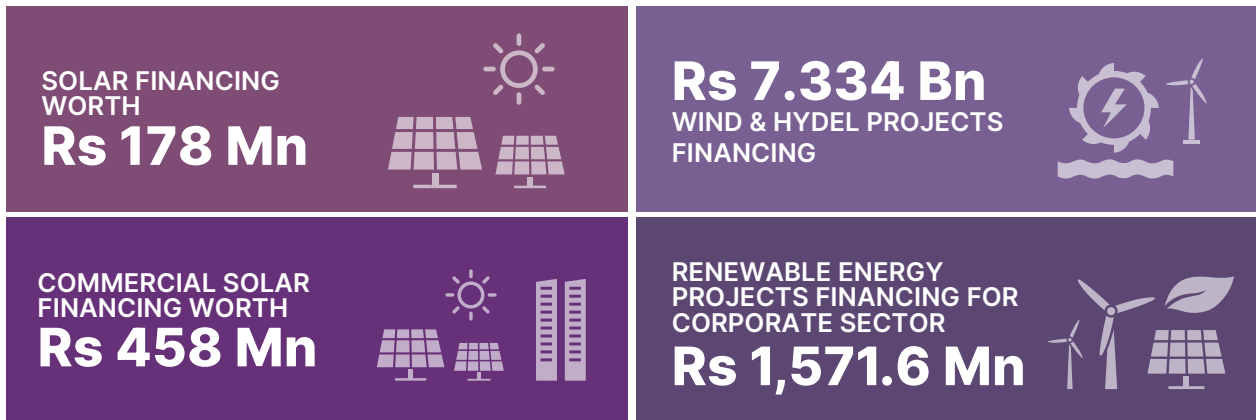
Meezan Bank is committed to driving growth for green banking initiatives and is therefore continuously exploring opportunities to support and finance environment friendly projects. Throughout the year, the Bank prioritized sustainability initiatives, with a particular emphasis on advancing solar energy projects. Its commitment extended to providing financing for electric bikes, aiming to reduce dependence on fossil fuels and promote eco-friendly transportation alternatives. Additionally, the Bank supported wind and hydropower projects, reinforcing our dedication to a diverse portfolio of sustainable energy solutions. These efforts highlight the Bank's ongoing commitment to fostering a greener and more sustainable future for all.



MEEZAN SOLAR

In 2023, Meezan Bank introduced a solar financing product. The Bank's portfolio now holds a substantial net financing value of about Rs 360 million, with Rs 178 million disbursed in 2023. This strategic shift highlights the Bank's commitment to environmental responsibility and meeting diverse customer needs. The Bank has installed 438 solar panel systems, exceeding 5 megawatts in major Pakistani cities. Leveraging the success of 'Meezan Solar', the Bank is also exploring the option of providing this product to small businesses.





ELECTRIC BIKE FINANCING

The Bank collaborated with Daraz to champion the adoption of electric bikes in Pakistan. Through the provision of Shariah-compliant financing, the Bank is actively aiding Daraz in furnishing its delivery staff/riders across the nation with these environmentally friendly vehicles. As of 2023, this new initiative has facilitated the acquisition of six electric bikes with several more cases currently in progress.



ISLAMIC FINANCE FACILITY FOR RENEWABLE ENERGY (IFRE)

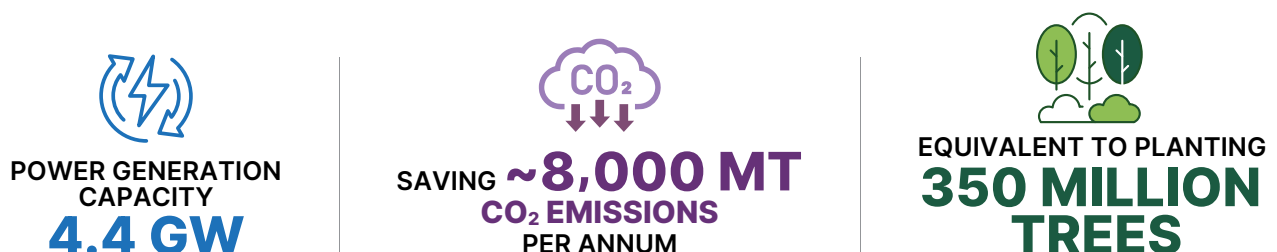
Meezan Bank is amongst the most active banks in supporting the State Bank of Pakistan's Islamic Finance Facility for Renewable Energy (IFRE) scheme. The Bank secured and closed renewable energy mandates under corporate sector financing for the following partners:



Name of Customers / Sponsor(s)	Amount of Financing
Mahmood Textile Mills Limited	Rs 500 million
Din Textile Mills Ltd.	Rs 453 million
Masood Spinning	Rs 249.99 million
Liberty Mills Limited	Rs 166 million
Forward Sports (Pvt) Ltd.	Rs 107 million
Gohar Textile Mills (Pvt) Ltd.	Rs 50 million
Total Parco Pakistan Limited	Rs 24 million
Momentum Logistics (Pvt) Ltd.	Rs 21 million

WIND AND HYDEL PROJECTS (CLEAN AND AFFORDABLE ENERGY)

The following projects reflect the Bank's dedication to supporting clean and affordable energy solutions. These projects are expected to generate over 4.4 GigaWatts (GW) of power with financing totaling Rs 7.334 billion in 2023 under investment financing. These projects can save up to 8000 MT (megatons) of CO2 emissions per annum, equivalent to the cumulative plantation of 350 million trees.



Wind And Hydel Projects (clean and affordable energy)

NASDA Green Energy Limited	Wind Energy Project	A 50 MW Wind Power Project at Jhimphir, Sindh
Din Energy Limited	Wind Energy Project	A 50 MW Wind Power Project at Jhimphir, Sindh
Water and Power Development Authority - Asset Backed Financing	Hydel Energy Project	A 2160 MW Hydro Power Project at Daso, KPK
Water and Power Development Authority - Government Backed Financing	Hydel Energy Project	A 2160 MW Hydro Power Project at Daso, KPK

ISLAMIC SME ASAAN FINANCE (ISAAF) - AN INITIATIVE FOR SUSTAINABLE GROWTH IN SME FINANCE

Meezan Bank actively participated in the State Bank of Pakistan's ISAAF scheme, providing collateral-free financing of up to PKR 10 million to Small and Medium Enterprises at a discounted rate. This initiative fosters SME growth, contributing to the overall economy and creating employment opportunities.



Rs 2.8 Bn

DISBURSED

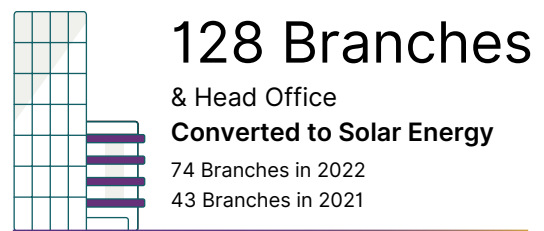
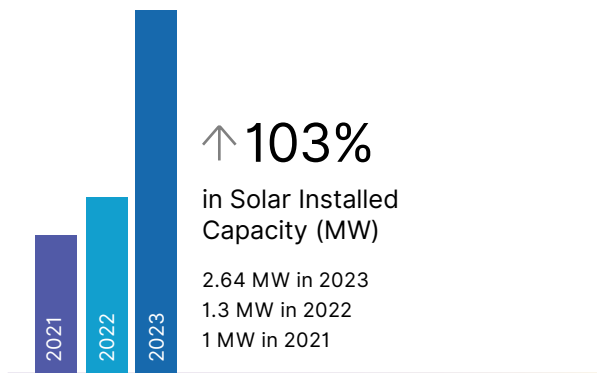
373 SMALL BUSINESSES

ONBOARDED

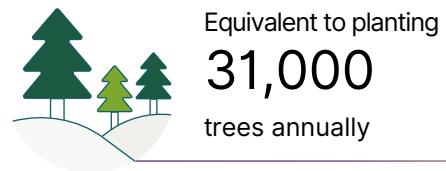
GREEN ENERGY INITIATIVES

In an effort to diminish reliance on fuel-based energy sources, the Bank is systematically transitioning a segment of its branches to solar power. Aligned with the SBP Green Banking Guidelines, the Bank has instituted a Green Sustainability Drive.

To date, solar installations have been completed in 128 branches, including the Head Office, with a combined installed capacity of 2.64 MW. This initiative results in an annual reduction of 785 tons of CO₂ emissions, equivalent to planting 31,000 trees each year.












785 tonnes of CO₂ emissions reduced



Furthermore, the Bank has also initiated the transition of ATMs to solar power, complemented by the integration of 1 KVA online UPS. This not only curtails utility costs but also ensures backup support during power outages, thanks to the presence of batteries.

The Bank is working to ensure proper implementation of Green Sustainability drive in every region of its network, focusing on the following areas:

-  Issuance of Energy Conservation Guidelines and targets
-  Guidelines to switch-off electricity in case of non-usage
-  Employee capacity-building workshops and trainings on Occupational Health, Emergency Response, Employee Coaching & Environmental Compliance, Fire Drills and how to be a safety warden
-  Installation of auto fire extinguishers
-  Energy efficient building designs for new buildings
-  Re-designed energy-saving branch signage
-  Maintaining a large plantation section at the Head Office that utilizes recycled ablution water from the in-house mosque
-  Implementation of electronic process flows, eco-printing campaign, tracking system for photocopied documents and e-statements
-  Deployment of energy efficient ATMs

OUR FOCUS ON SUPPORTING OUR COMMUNITIES

The Bank extended a financing facility of Rs 2.9 billion to U Bank Islamic Banking. This support enables the organization to effectively extend Islamic banking in economically underserved communities and regions of the country.

Rs 2.9 Bn

FINANCING TO U BANK ISLAMIC BANKING

2

ZERO WASTE

8

DECENT WORK AND ECONOMIC GROWTH

9

INDUSTRY, INNOVATION AND INFRASTRUCTURE

17

PARTNERSHIPS FOR THE GOALS

PARTNERSHIP WITH SAFCO MICROFINANCE

The Bank also collaborated with SAFCO Microfinance Company Private Limited (SMCL) to launch Islamic Microfinance Services. SMCL inaugurated its first Islamic microfinance branch, operating under the brand name 'Yaqeen' in Hyderabad, Pakistan. The Bank played a pivotal role by providing Rs 100 million in financing in addition to technical support for product development, and facilitating capacity building and training.



Other Initiatives	
Electronic Warehouse Receipt	Achieved a significant milestone by implementing Shariah-compliant processes for electronic warehouse receipt finance.
Sindh Enterprise Development Fund	Initiated collaborative efforts to provide entrepreneurial support to Agri-based SMEs in Sindh.
Grower Finance	Established a grower finance program with approved limits for 20 Sugar Mills.
Dealer Finance	Coordinated with fertilizer & tractor dealers, focusing on dealer finance initiatives.
Wholesale Finance – Transformation	Addressed the supply-side business of microfinance and provided expertise to convert conventional microfinance to Islamic microfinance.
SBP's Farmer Literacy Program	Organized Kissan Baithak 'Farmer's Gatherings' in rural communities across country and conducted numerous Farmer Literacy Programs.
Tractor Financing	Facilitated farmers, enabling them to acquire tractors to enhance productivity and promote sustainable agriculture.
Solar Tube wells	Provided financial support to farmers to acquire solar-powered tube well systems to contribute to sustainable farming practices and reduce dependence on traditional power sources.
Subsidized Financing	Actively participated in the SBP Schemes namely Prime Minister Youth Business and Agriculture Loan Scheme (PMYB & ALS), Farm Mechanization, Women Entrepreneur and Financing Facility for Storage of Agriculture Produce.



TREE PLANTATION DRIVES

Throughout the year, Meezan Bank organized numerous tree plantation drives across different locations in the country, including COMSATS Islamabad.

The initiative was strategically planned to include locations where proper monitoring and dedicated care for the planted trees are ensured. Specifically focusing on fruit plants, the Bank facilitated plantation at madrasas, masjids, schools, and other designated areas, with the respective location owners entrusted with the responsibility of maintaining these plants. An annual monitoring process has also been established to ensure the sustained well-being of the planted greenery.



Tree Plantation Drive at COMSATS, Islamabad



CELEBRATION OF WORLD ENVIRONMENT DAY 2023

Meezan Bank collaborated with the Centre for Climate Research and Development (CCRD) at COMSATS University Islamabad to host a seminar on 'Environmental Sustainability and Islamic Banking'. To highlight the significance of World Environment Day 2023, a walk for a sustainable environment and a tree plantation activity were also organized.

The event garnered active participation from both faculty and students of COMSATS. Through creatively crafted cards, they conveyed impactful environmental messages and advocated for combating plastic pollution. This initiative represented the participant's commitment to fostering a greener environment.



World Environment Day at COMSATS, Islamabad



BEACH CLEAN-UP DRIVE AT SEA VIEW, KARACHI

Meezan Bank held a beach clean-up activity at Sea View, Karachi, in light of World Wildlife Day, as an extension of its sustainability strategy, emphasizing its support towards creating a positive impact on the environment. The drive was led by the Bank's management and employees who volunteered along with their families. Volunteers helped clear the beach from plastic litter, trash, as well as glass along the shoreline.

Approximately fifty bags of plastic, weighing more than 100 kgs were collected, preventing this waste from entering the ocean ecosystem and protecting marine wildlife.



Beach Clean-up Drive at Sea View, Karachi



MEETING WITH MINISTRY OF PLANNING, DEVELOPMENT & SPECIAL INITIATIVES

Meezan Bank recently convened a meeting with the Ministry of Planning, Development & Special Initiatives to explore diverse opportunities for financial institutions to contribute to the reduction of carbon footprint. The Bank also plans to further align with Sustainable Development Goals (SDGs). During the deliberations, Meezan Bank received notable recognition and appreciation from Mr. Ali Kemal, Chief of SDGs Pakistan, for its significant contribution to Environmental, Social, and Governance (ESG) practices.



Mr. Mehboob Alam Khan, Head of MEP, Sustainability and HSE, Meezan Bank with Mr. Ali Kemal, Chief of SDGs, Pakistan.

RECOGNITION AT THE 15TH INTERNATIONAL CSR NATIONAL FORUM ON ENVIRONMENT & HEALTH

Meezan Bank was recently honored with the Award for 'Green Energy Initiatives' at the Annual International CSR and Sustainability Summit 2023. The summit took place at Serena Hotel, Islamabad, and was organized by the National Forum for Environment & Health.

The Bank's noteworthy recognition stems from its commendable support extended to the Citizens-Police Liaison Committee (CPLC) for the installation of a 40 KW solar system and its collaboration with the Indus Hospital for the implementation of a 250 KW solar system.



Honorable Chief Guest - Mr. Ahsan Iqbal, Former Minister for Planning & Development & Special Initiatives, with Mr. Riaz Ahmed, General Manager - Administration & Branch Expansion, Meezan Bank.

STATE BANK OF PAKISTAN'S FARMERS LITERACY PROGRAM - KISSAN BAITHAK

Kissan Baithak aims to develop collaboration between farmers and Meezan Bank. Through Kissan Baithak, the Bank is enhancing its outreach and building capacity of rural households in non-financial areas by sharing information from qualified agriculture graduates serving as Agriculture Finance Officers (AFOs). Numerous sessions of Farmer's Literacy Program for Islamic financial solutions were organised in the villages of Bahawalpur, Naseerabad, Badin, Hyderabad, Sahiwal, Sadiqabad, Depalpur, Okara, Yazman, Shorkot, Kunri, Layyah, Kasur, Chistiyan, Multan, Rahimyar Khan and D.I. Khan that aimed to:

- Provide advisory services on better agriculture farm management both in crop & non-crop sectors
- Share information on innovation in agriculture
- Resolve farmers' queries about Islamic banking



OUR FOCUS ON RESPONSIBLE DEVELOPMENT

GREEN BUILDING PRACTICES

Meezan Bank extends its environmental commitment to sustainable development projects, evident in the incorporation of green building design in its upcoming regional office building in Islamabad. The Bank is actively pursuing LEED certification (Gold Category review submitted) for this project. A brief overview of the primary initiatives is outlined below:



- Curtain wall glass with a 1.2 UV rating for enhanced sunlight utilization and reduced energy losses (heat inflows/cooling outflows), leading to around 30% savings in HVAC power consumption.
- LEED-compliant faucets and sanitary fixtures, focusing on flow control and usage.
- Implementation of energy-efficient lighting.
- Integration of an energy recovery wheel.
- Installation of state-of-the-art energy-efficient HVAC systems and equipment.
- Noise pollution targeted to remain below 75 dB.



SAFE & AFFORDABLE HOUSING

Meezan Bank actively participates in the Government of Pakistan's low-cost housing construction program, designed to boost the construction sector and provide affordable housing for low-income households. In 2023, the Bank streamlined this process by automating the end-to-end onboarding and approval system. This initiative aims to reduce turnaround time (TAT), enhance performance, flexibility, and overall efficiency in support of sustainable and accessible housing solutions.



STANDARDIZATION OF OFFICE SPACE

As the Bank expands, it is standardizing the configuration and optimizing workplaces across its network. As an example of modified office space and to further reduce the building's Carbon footprint, workstations at the Head Office have been standardized according to three variations. The Bank has also shifted from a triangular-based setup to a straight-line design, resulting in the following:

- Optimized space usage
- Increased staff seating capacity by 30% within the same space
- Reduced the usage of valuable materials such as wood and copper in wires
- Eliminated additional construction costs



FIRE SAFETY DRILL

In 2023, Meezan Bank conducted a meticulously organized Fire Safety Drill at its Head Office, reflecting the Bank's unwavering commitment to the safety and well-being of its employees. This strategic initiative aimed to ensure that every individual comprehensively understands the precise procedures to be followed in the unfortunate event of a fire, prioritizing a swift and secure evacuation process. This drill goes beyond a mere regulatory requirement; it stands as a pivotal practice session contributing to the paramount objective of safeguarding lives. By imparting valuable insights into emergency protocols, the Bank strives to foster a culture of preparedness and responsiveness, reinforcing its dedication to providing a secure and resilient working environment.



E-WASTE

The Bank responsibly recycles, disposes, and sells obsolete IT equipment, including desktops, laptops, and screens, to reduce its environmental impact. As part of the extended life plan, a buy-back option for employees has been introduced, allowing further personal use of laptops.



OUR FOCUS ON CLEAN WATER AND SANITATION

WATER CONSERVATION AT HEAD OFFICE

Meezan Bank has taken several steps to ensure sustainable consumption and production patterns, to minimize its impact on the natural environment and resources.

- Ablution water from the masjid is intelligently repurposed for watering plants.
- Rigorous monitoring and chlorination processes are in place to ensure the quality of water.



WATER INFRASTRUCTURE PROJECTS

Meezan Bank is actively engaged in water conservation projects, exemplified by its support and involvement in the construction of a significant water supply project by Water Private Limited. The project, valued at approximately Rs 69 billion, operates under a Public-Private Partnership (PPP) with the Government of Sindh. Enertech, an ultimate subsidiary of the Kuwait Investment Authority, manages this initiative aimed at supplying water from Makhi-Farash Canal to Vajihar for industrial use.

In its role as a leading bank, Meezan Bank arranged a financing facility totaling Rs 51,500 million, marking one of the largest PPP transactions in the country. In addition to being the lead Bank, the Bank assumed responsibilities as the Account Bank, Security Trustee, and Shariah Advisor. Moreover, the Bank played a key role in arranging a Sukuk facility of Rs 2,000 million, a quasi-equity recognized by various international awards. These endeavors underline Meezan Bank's commitment to impactful projects and sustainable development.



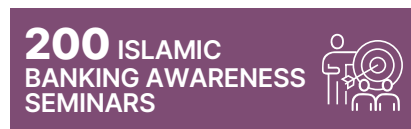
OUR FOCUS ON NURTURING THE ISLAMIC BANKING INDUSTRY

To support educational institutions in the field of Islamic Finance, Meezan Bank has signed Memorandums of Understanding (MoUs) with Karachi University and BZU-Multan. These MoUs aim to provide technical assistance to the universities in the field of Islamic finance education, fostering collaboration between the industry and the institutions to enhance and improve the practical knowledge of students.



CREATING ISLAMIC BANKING AWARENESS

Meezan Bank is one of the leading supporters of the National Financial Literacy Program (NFLP) initiated by the State Bank of Pakistan (SBP) to enhance the country's financial system. Literacy and awareness sessions conducted under NFLP are not merely limited to the unbanked population but are imparted to all individuals who wish to manage their finances effectively. Throughout this Program, the Bank also prioritizes women's financial inclusion and participation in economic activities.



The Bank conducted over 200 seminars nationwide to promote awareness of Islamic banking among the public, students, and employees. Collaborating with NIBAF, IBA-CEIF, and Ihsan Trust, the Bank developed a five-day 'Islamic Finance Certificate Program for Business Faculty' to educate the faculty on Islamic banking principles.

TAX FACILITATION SERVICE FOR FREELANCERS

In a strategic alliance, the Bank joined forces with Befiler, a leading player in the tax facilitation sector, to enhance tax services for freelancers. This collaboration extends exclusive benefits to Meezan Freelancer Account holders, including those with Meezan Digi Freelancer Accounts.



Mr. Zia ul Hasan - Group Executive, Operations and Branch Banking, Meezan Bank, and Mr. Akbar Tejani, Co-Founder & CEO, Befiler and their respective teams.



COLLABORATION WITH FIELDFISHER CAPITAL LLP

During the year, the Bank signed an agreement with Fieldfisher Capital LLP (FFC) to provide global Shariah advisory services, particularly in Europe and the Middle East. This collaboration reflects the Bank's commitment to advancing Islamic finance and sharing expertise with a broader global audience.



Mr. Urooj ul Hasan Khan - Group Head Corporate, Investment Banking & Shariah Advisory & Mr. Ariful Islam - Deputy CEO, Meezan Bank, and Mr. Haseeb Haque - Managing Partner & Mr. Khalid Mansoor - Partner FFC and their respective teams.



CENTERS FOR EXCELLENCE IN ISLAMIC FINANCE

The Bank continues to work towards enhancing the employability and entrepreneurial skills of the youth in the country through its strategic initiatives with Centers for Excellence in Islamic Finance at Lahore University of Management Sciences (LUMS), Institute of Business Administration (IBA), and IM Sciences (Peshawar).



MEEZANSHIP PROGRAM

In 2023, the Bank continued its commitment to talent development with the 'Meezanship Program'. This structured internship initiative provides valuable opportunities for last semester students and recent graduates, lasting three to six months, with the potential for performance-based employment.



With over 300 interns deployed in 2023, the 'Meezanship Program' contributed significantly to skill acquisition and knowledge growth within a professional environment. Notably, 34.5% of interns received employment offers after successful completion and thorough evaluation, marking a testament to the program's success in identifying and nurturing future leaders.

OUR FOCUS ON OUR EMPLOYEES

As its most valuable asset; the Bank provides its employees an inclusive environment that provides them multiple growth opportunities, recognizes and rewards their performance and supports them in ensuring their financial, physical and emotional wellness.



FACILITATING PERSONS WITH DISABILITIES (PWDs)

To facilitate Persons with Disabilities (PWDs), Meezan Bank is providing the following services:

- Issuance of priority tokens at branches.
- Availability of wheelchair ramps in 75% of branches
- Improved construction processes for ramps at branches.



EMPLOYMENT OF SPECIAL PERSONS

Meezan Bank offers merit-based opportunities to individuals with special needs who encounter challenges such as speech limitations, visual impairment, hearing inadequacies, and physical deformities providing them adequate training, and facilitating their transfer within the Bank for career enrichment.



29

Differently-abled Persons Employed



MEEZAN SCHOLAR POLICY

The Bank introduced Meezan Scholar Policy this year, reflecting its commitment to fostering educational opportunities for the next generation by sponsoring the academic pursuits of employees' university-going children.



~Rs 1 Mn

Disbursed



ROSHNAAS PROGRAM

This year, the Bank launched Roshnaas Program, a special initiative for Persons with Disabilities (PWDs), embodying the Bank's commitment to fostering inclusion and equal opportunities. The program enhances employability for Persons with Disabilities (PWDs), providing meaningful employment across the Bank's departments. With tailored training and a commitment to inclusivity, the initiative celebrates abilities and testifies to the Bank's dedication to diversity and empowerment. The current internship batch includes 13 individuals, with employment opportunities to follow after evaluation.



STAFF BENEFITS

The Bank offers comprehensive employee benefits, covering medical assistance, hospitalization, vehicle maintenance, and travel allowances. Additionally, outpatient, hospitalization, and maternity benefit plans, encompassing pre and post-hospitalization expenses, ensure robust coverage. Other staff benefits include:



Cafeteria at Subsidized Cost



Free Daycare Facility for Working Parents



State-of-the-art Gym



Staff Relocation Allowance



Maternity Leaves



Transport Facility



Performance and Target-based Bonuses



Iddat Leaves with Pay

STAFF HEALTH TAKAFUL

Meezan Bank prioritizes employee well-being, offering quality Health Takaful that includes immediate family members. This reflects the Bank's commitment to holistic health support, ensuring peace of mind for employees. The comprehensive coverage encompasses a broad network of healthcare providers, top-quality services, and a streamlined claims process, promoting employees' well-being and peace of mind.

EMPLOYEE SHARE OPTION SCHEME (ESOS)

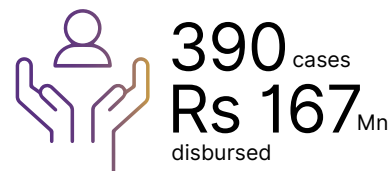
In continuation of the initiative launched in 2021, Meezan Bank continued the Employee Share Option Scheme into 2023. This program allows eligible employees, spanning the entire branch network, to purchase Meezan Bank's shares at a 30% discount to the market price. The scheme aims to acknowledge the valuable contributions of staff members, incentivize the retention of talented team members, and align the interests of shareholders and employees through ownership.



23 Mn Shares to
2,600 employees
FY 2021 – FY 2023

EMPLOYEE BENEVOLENT FUND TRUST

Employee Benevolent Fund Trust (EBFT) serves as a support system for Meezan employees, both regular and contractual, and their families during times of financial crises, especially in medical emergencies. The fund is utilized when Health Takaful limits are exhausted or for employees' family members who are not covered by Health Takaful. In 2023, EBFT expanded its scope to cover marriage and education needs.



FOR MEDICAL EXIGENCIES

- 100% Grant given for hospitalization cases of staff (as well as immediate family)
- 90% Grant & 10% Qarz given for hospitalization cases for parents' medical cases

FINANCIAL SUPPORT TO THE FAMILY OF DECEASED STAFF

- Rs 50,000/- for funeral of deceased staff
- Between Rs 30,000/- to Rs 100,000/- per month for five years to support the family of deceased staff

EDUCATION

- 100% Qarz given for self-education.
- 100% Qarz given for employees' children's professional education

MARRIAGE

- Rs 300,000/- provided as 100% Qarz for self, daughter & sister's marriage

HEALTH AWARENESS SESSIONS

The Bank undertook promoting awareness of women-specific diseases, focusing on educating women about regular check-ups and early disease detection. By offering information, resources, and support, the Bank empowers women to prioritize their health proactively.



EQUIPPING WORKFORCE FOR THE FUTURE

Meezan Bank acknowledges the pivotal role of its people in its success and is committed to fostering a culture of innovation and personal development. The Bank provides a comprehensive range of training opportunities for employees' professional growth.



Several specialized programs were introduced, tailored to specific roles and departments:

- **The Branch Manager Development Program (BMDP)** honed the leadership and operational skills of branch managers, benefiting 366 participants across all regions through 11 sessions, fostering their professional growth.
- **The Regional Sales Team Development Program (RSTDP)** engaged all Regional Sales and Channel Managers in a comprehensive 3-day program, equipping the sales force with advanced strategies and techniques.
- **The Regional Operation Managers Development Program (ROMDP)** empowered Regional Operation Managers from all regions with essential skills and knowledge in a 3-day initiative designed to excel in their roles.
- **Meezan GOLD – Global Outcomes with Leadership Development Program** empowered 88 senior women professionals across regions. The Bank also held Cancer Awareness Sessions that reached 194 women in key cities.
- **The Advance Credit Analysis Program (ACAP)** enhanced critical thinking and analytical skills for 47 professionals from Risk Management and Commercial Banking.
- **The Islamic Banking Refresher Program (IBRP)**, based on multiple sessions across the country aimed to equip the staff members with the latest trends and developments in the Islamic Banking Industry.
- **To invest in the future, 7 Train the Trainer (TTT)** sessions were conducted, benefiting 196 in-house trainers and solidifying the foundation of the Bank's internal training ecosystem.
- **A total of 69 staff members** qualified for the Certificate in Commercial Credit (CICC) by Moody's, an internationally acceptable certification in credit analysis & related decision-making.

355 REGULATORY
AND COMPLIANCE
TRAININGS
7,311 PARTICIPANTS



ISLAMIC BANKING
TRAINING PROVIDED TO
15,049
PARTICIPANTS



73 LEADERSHIP & SOFT
SKILLS TRAINING SESSIONS
FOR 1,102 STAFF



COMPLAINT MANAGEMENT

The Bank actively collaborates with stakeholders to promptly address and resolve customer dissatisfaction. Dedicated units handle customer complaints, disputes, and fraud allegations. The Customer Care unit in SQD manages and responds to queries and complaints received at info@meezanbank.com and complaints@meezanbank.com. To enhance functionality, a proposed email management system will streamline tracking on a single email address. In the year 2023, the Bank directly received a total of 432,768 complaints and successfully closed complaints with an average Turnaround Time (TAT) of 7.3 working days.

OUR FOCUS ON COMPLIANCE & FAIR BANKING

The Bank's Whistleblowing Policy proactively addresses concerns from staff and customers, encouraging transparency and prompt resolution. This commitment builds trust, fosters a compliance culture, and contributes to a resilient institution. Through education and consistent enforcement, the Bank cultivates responsibility and ethical standards, promoting a successful organization.



BUSINESS ETHICS & ANTI-CORRUPTION MEASURES

Meezan Bank follows a comprehensive Code of Conduct and Standard of Ethics in its Human Resource Policy, applicable to all employees from Senior Management to front-line staff. The Bank has a Disciplinary Action Committee for branch banking and head office, along with an Anti-Harassment Committee dealing with reported instances of harassment.



OUR FOCUS ON DIVERSITY & EQUALITY

BOARD'S POLICY ON DIVERSITY

As an equal opportunity employer, Meezan Bank prioritizes workplace diversity. There has been a rise in the female workforce compared to last year. The Board's Human Resources, Remuneration, and Compensation Committee, along with the Board of Directors, has approved the 'Banking on Equality' policy. This policy promotes financial inclusion for female customers and emphasizes gender diversity in the workplace.



Gender Analysis



13,500 Banking on Equality (BOE) Trainings

13,000 Disability Sensitization Trainings

194 Women Reached in Cancer Awareness Sessions

OUR FOCUS ON DIGITAL LEADERSHIP

CONSUMER EASE APPROVAL SYSTEM

The Bank has automated the end-to-end onboarding and approval system for Consumer Durables with the aim of reducing Turnaround Time (TAT), enhancing performance, flexibility and efficiency.



CAR IJARAH APPROVAL SYSTEM

The Bank has streamlined the Car Ijarah Approval System, automating the entire process from customer onboarding to asset disbursement. This has eliminated physical paperwork, improving Turnaround Time (TAT). Embedded business validations have enhanced application onboarding quality, and various operational tasks are now automated, reducing the need for manual intervention.



PBA eKYC BLOCKCHAIN

Meezan Bank has collaborated with the Pakistan Banks' Association (PBA) and Avanza Solution to participate in the PBA-National eKYC Blockchain project. This initiative aims to revolutionize how banks share and utilize customer KYC information, providing a secure and efficient blockchain-based system for streamlined processes, enhanced data integrity, and privacy, ensuring secure information exchange among participating banks.

DIGITAL PAYMENT SYSTEM

The Bank has also partnered with NIFT ePay to expand digital payments in Pakistan, offering secure and hassle-free account-based e-commerce payments on 500+ NIFT ePay merchants. This collaboration accelerates digital payments, allowing Meezan Bank customers to make online purchases using their accounts.



HASSLE-FREE WHATSAPP BANKING

The Bank introduced WhatsApp Banking for convenient access to a wide range of account management services without the need to visit the Bank's website or log in to the mobile application. This new service facilitates seamless interaction between Meezan Bank and its customers and is available 24/7. All Meezan customers, including those residing abroad can now avail instant services such as checking account balances, generating IBAN, viewing transaction history, downloading account statements, and obtaining tax certificates.

The Bank's verified business account on WhatsApp offers customers with a trusted and verifiable channel that can easily be identified through a distinctive green badge in its chat window. Further, by adopting a conversational messaging model, the service eliminates unnecessary waiting time for the customer.



DIGITALIZATION OF PROCUREMENT

The Bank has fully digitalized its Procurement Department, providing a complete range of services, ensuring efficient and timely acquisition of quality goods and services, creating optimum value, and promoting financial stewardship in support of the Bank's objectives.



OUR FOCUS ON DATA PROTECTION AND CYBER SECURITY

The Bank has invested in protecting its customers through the following means:



- Strong compliance of regulations for the security of Internet Banking
- First bank to introduce EMV CHIP and PIN security on its debit cards which is complemented with no-fallback mechanism
- Implementation of various checks to detect frauds against Internet Banking and Mobile App
- Facility of blocking and unblocking of debit cards via Mobile App and Internet Banking
- Setup of 24/7 monitoring team to detect and respond to any fraud attempts through Meezan Bank's digital banking channels



INDUSTRY CONVERSION EFFORTS



To fast-track the conversion process of conventional banking sector into the Islamic banking, the Government has constituted a high-level Steering Committee for providing strategic guidance in the implementation of Federal Shariah Court's judgment on Riba. The committee comprises of senior officials of SBP and Presidents/CEOs of some commercial banks as well as President & CEO of Meezan Bank, Mr. Irfan Siddiqui and Vice-Chairman, Shariah Board, Dr. Muhammad Imran Ashraf Usmani. Additionally, SBP has formed different working groups, in diverse areas like legal reforms; regulatory & supervisory reforms; awareness creation & capacity building; review of conversion plans of banks; fast track adoption of international standards; and coordination with Government and other stakeholders. The working groups would provide policy and operational recommendations in their respective areas to ensure transformation of conventional banking system into Shariah-compliant banking.

At the ceremony of unveiling SBP Vision 2028 in November 2023, SBP Governor said that the SBP Vision 2028, is in line with the Shariat Court decision and envisions transformation of the conventional banking system into Shariah-compliant banking system.



UNCONSOLIDATED FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the members of Meezan Bank Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Meezan Bank Limited (the Bank), which comprise the unconsolidated statement of financial position as at December 31, 2023, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 51 branches which have been audited by us and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Affix

Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Provision against Islamic financing and related assets: (Refer notes 6.3.2 and 11.12 to the unconsolidated financial statements)</p>	
	<p>The Bank determines provisions against Islamic financing and related assets on a prudent basis in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan.</p> <p>The net provisions made / reversed during the year is charged to the unconsolidated profit and loss account and accumulated provision is netted off against Islamic financing related assets. Islamic financing and related assets are written off when there are no realistic prospects of recovery.</p> <p>The Bank has recognised a net provision against Islamic financing and related assets amounting to Rs. 7,646.848 million in the unconsolidated profit and loss account in the current year. As at December 31, 2023, the Bank holds a provision of Rs 30,354.451 million against Islamic financing and related assets.</p> <p>The determination of provision against Islamic financing and related assets based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements / estimations and the materiality of Islamic financing and related assets relative to the overall unconsolidated financial statements of the Bank, we considered the area of provision against Islamic financing and related assets as a key audit matter.</p>	<p>Our audit procedures to verify provision against Islamic financing and related assets included, amongst others, the following:</p> <p>We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing Islamic financing and related assets.</p> <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> ▪ controls over correct classification of non-performing Islamic financing and related assets on time-based criteria; ▪ controls over monitoring of Islamic financing and related assets with higher risk of default and correct classification of non-performing Islamic financing and related assets on subjective criteria; ▪ controls over accurate computation and recording of provisions; and ▪ controls over the governance and approval process related to provision, including continuous reassessment by the management. <p>We selected a sample of Islamic financing and related assets accounts and performed the following substantive procedures:</p> <ul style="list-style-type: none"> ▪ checked repayments of Islamic financing and related assets / profit instalments and tested classification of non-performing Islamic financing and related assets based on the number of days overdue; and ▪ evaluated the management's assessment for classification of customer's financing facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management. <p>We checked the accuracy of specific provision made against non-performing Islamic financing and related assets and of general provision made against performing Islamic financing and related assets as per the requirements of accounting policy by recomputing the provision amount in accordance with the criteria prescribed under the accounting policy.</p>

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

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



In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

Alto



- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:
 - a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
 - b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
 - c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
 - d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.
2. We confirm that for the purpose of our audit we have covered more than sixty percent of the total Islamic financing and related assets of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar**.

A. F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: February 28, 2024

UDIN: AR202310068ZQoH5tKSz

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	Note	2023	2022
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	7	242,611,556	117,743,106
Balances with other banks	8	11,452,256	13,676,159
Due from financial institutions	9	34,964,299	34,964,299
Investments	10	1,572,387,620	1,283,210,287
Islamic financing and related assets	11	961,673,012	995,508,354
Fixed assets	12	58,618,336	40,426,520
Intangible assets	13	2,271,709	1,843,984
Deferred tax assets	19	-	4,646,002
Other assets	14	128,129,969	85,378,800
		<u>3,012,108,757</u>	<u>2,577,397,511</u>
LIABILITIES			
Bills payable	15	39,724,176	40,175,122
Due to financial institutions	16	377,494,612	573,326,439
Deposits and other accounts	17	2,217,473,924	1,658,490,118
Sub-ordinated sukus	18	20,990,000	20,990,000
Deferred tax liabilities	19	4,213,492	-
Other liabilities	20	167,305,036	169,095,139
		<u>2,827,201,240</u>	<u>2,462,076,818</u>
NET ASSETS		<u>184,907,517</u>	<u>115,320,693</u>
REPRESENTED BY			
Share capital	21	17,912,532	17,896,243
Reserves	22	37,082,157	28,187,821
Surplus / (deficit) on revaluation of assets - net of tax	23	10,920,597	(663,671)
Unappropriated profit		118,992,231	69,900,300
		<u>184,907,517</u>	<u>115,320,693</u>
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 51 and Annexure I form an integral part of these unconsolidated financial statements.



**Riyadh S. A. A.
Edrees**
Chairman



Irfan Siddiqui
President &
CEO



**Faisal A. A. A.
Al-Nassar**
Director



Mohammad Abdul Aleem
Director



Syed Imran Ali Shah
Chief Financial Officer

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
Rupees in '000			
Profit / return earned on Islamic financing and related assets, investments and placements	25	431,722,282	232,121,232
Profit / return on deposits and other dues expensed	26	205,293,460	110,417,606
Net profit / return		226,428,822	121,703,626
OTHER INCOME			
Fee and commission income	27	17,414,213	13,316,054
Dividend income		1,107,177	987,533
Foreign exchange income		3,094,654	3,617,274
Loss on securities	28	(808,307)	(55,075)
Other income	29	1,299,424	1,237,402
Total other income		22,107,161	19,103,188
Total income		248,535,983	140,806,814
OTHER EXPENSES			
Operating expenses	30	67,876,595	46,239,831
Workers welfare fund	20.6	3,606,231	1,910,344
Other charges	31	304,830	95,150
Total other expenses		71,787,656	48,245,325
Profit before provisions		176,748,327	92,561,489
Provisions and write offs - net	32	7,340,411	4,176,661
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		169,407,916	88,384,828
Taxation	33	84,932,274	43,378,218
PROFIT AFTER TAXATION		84,475,642	45,006,610
Rupees			
Basic earnings per share	34	47.18	25.15
Diluted earnings per share	34	47.13	25.14

The annexed notes 1 to 51 and Annexure I form an integral part of these unconsolidated financial statements.



**Riyadh S. A. A.
Edrees**
Chairman



Irfan Siddiqui
President &
CEO



**Faisal A. A. A.
Al-Nassar**
Director



Mohammad Abdul Aleem
Director



Syed Imran Ali Shah
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
Rupees in '000			
Profit after taxation for the year		84,475,642	45,006,610
Other comprehensive income / (loss)			
Items that may be reclassified to profit and loss account in subsequent periods:			
Movement in surplus / (deficit) on revaluation of investments - net of tax	23	11,586,946	(4,706,426)
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurement loss on defined benefit obligations - net of tax	37.6.2	(123,510)	(96,555)
Movement in deficit on revaluation of non - banking assets - net of tax	23	(2,674)	(20,768)
Total comprehensive income for the year		95,936,404	40,182,861

The annexed notes 1 to 51 and Annexure I form an integral part of these unconsolidated financial statements.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Faisal A. A. A.
Al-Nassar
Director



Mohammad Abdul Aleem
Director



Syed Imran Ali Shah
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

	Share capital	Capital reserves			Revenue reserves		Surplus / (Deficit) on revaluation of		Unappropriated profit	Total
		Share premium	Statutory reserve*	Non - Distributable Capital Reserve - Gain on Bargain Purchase	Employee share option compensation reserve	General reserve	Investments	Non-banking Assets		
Rupees in '000										
Balance as at January 01, 2022	16,269,312	2,406,571	17,668,857	3,117,547	133,457	66,766	4,040,077	23,533	42,831,655	86,557,775
Profit after taxation for the year	-	-	-	-	-	-	-	-	45,006,610	45,006,610
Other Comprehensive (loss) for the year - net of tax	-	-	-	-	-	-	(4,706,426)	(20,768)	(96,555)	(4,823,749)
	-	-	-	-	-	-	(4,706,426)	(20,768)	44,910,055	40,182,861
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(87)	87	-
Recognition of share based compensation (Note 39)	-	-	-	-	293,962	-	-	-	-	293,962
Other appropriations										
Transfer to statutory reserve*	-	-	4,500,661	-	-	-	-	-	(4,500,661)	-
Transactions with owners recognised directly in equity										
Issue of bonus shares @ 10%	1,626,931	-	-	-	-	-	-	-	(1,626,931)	-
Final cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	-	-	(2,440,397)	(2,440,397)
First interim cash dividend for the year 2022 @ Rs 1.75 per share	-	-	-	-	-	-	-	-	(2,847,130)	(2,847,130)
Second interim cash dividend for the year 2022 @ Rs 1.75 per share	-	-	-	-	-	-	-	-	(2,847,130)	(2,847,130)
Third interim cash dividend for the year 2022 @ Rs 2 per share	-	-	-	-	-	-	-	-	(3,579,248)	(3,579,248)
	-	-	-	-	-	-	-	-	(11,713,905)	(11,713,905)
Balance as at December 31, 2022	17,896,243	2,406,571	22,169,518	3,117,547	427,419	66,766	(666,349)	2,678	69,900,300	115,320,693
Profit after taxation for the year	-	-	-	-	-	-	-	-	84,475,642	84,475,642
Other Comprehensive income / (loss) for the year - net of tax	-	-	-	-	-	-	11,586,946	(2,674)	(123,510)	11,460,762
	-	-	-	-	-	-	11,586,946	(2,674)	84,352,132	95,936,404
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(4)	4	-
Recognition of share based compensation (Note 39)	-	-	-	-	409,746	-	-	-	-	409,746
Other appropriations										
Transfer to statutory reserve*	-	-	8,447,564	-	-	-	-	-	(8,447,564)	-
Transactions with owners recognised directly in equity										
Final cash dividend for the year 2022 @ Rs 3 per share	-	-	-	-	-	-	-	-	(5,368,873)	(5,368,873)
First interim cash dividend for the year 2023 @ Rs 3 per share	-	-	-	-	-	-	-	-	(5,368,873)	(5,368,873)
Second interim cash dividend for the year 2023 @ Rs 4 per share	-	-	-	-	-	-	-	-	(7,165,013)	(7,165,013)
Third interim cash dividend for the year 2023 @ Rs 5 per share	-	-	-	-	-	-	-	-	(8,956,266)	(8,956,266)
	-	-	-	-	-	-	-	-	(26,859,025)	(26,859,025)
Issue of 1,628,873 shares under the Employees share option scheme	16,289	219,870	-	-	(182,844)	-	-	-	46,384	99,699
Balance as at December 31, 2023	17,912,532	2,626,441	30,617,082	3,117,547	654,321	66,766	10,920,597	-	118,992,231	184,907,517

*This represents reserve created under section 21(i)(b) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 51 and Annexure I form an integral part of these unconsolidated financial statements.



Riyadh S. A. A. Edrees
Chairman



Irfan Siddiqui
President &
CEO



Faisal A. A. Al-Nassar
Director



Mohammad Abdul Aleem
Director



Syed Imran Ali Shah
Chief Financial Officer

UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
Rupees in '000			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		169,407,916	88,384,828
Less: Dividend income		(1,107,177)	(987,533)
		168,300,739	87,397,295
Adjustments:			
Depreciation	30	4,365,348	3,122,609
Amortisation	30	521,832	458,584
Non cash items related to right-of-use assets	26 & 30	4,820,203	4,577,794
Provisions and write offs - net	32	7,340,411	4,176,661
Charge for defined benefit plan	30	778,597	605,247
Share based compensation expense	39 & 30.1	409,746	293,962
Unrealised loss / (gain) - held for trading	28	18	(18)
Gain on sale of operating fixed assets	29	(446,997)	(214,797)
		17,789,158	13,020,042
		186,089,897	100,417,337
(Increase) / decrease in operating assets			
Due from financial institutions		-	203,437,338
Islamic financing and related assets		26,293,235	(240,666,103)
Other assets		(42,826,845)	(21,805,041)
		(16,533,610)	(59,033,806)
Increase / (decrease) in operating liabilities			
Bills payable		(450,946)	4,033,744
Due to financial institutions		(195,831,827)	352,912,205
Deposits and other accounts		558,983,806	202,603,650
Other liabilities		(15,066,319)	75,759,222
		347,634,714	635,308,821
		517,191,001	676,692,352
Contribution to defined benefit plan	37.5	(669,015)	(537,715)
Income tax paid		(80,342,884)	(38,071,645)
Net cash generated from operating activities		436,179,102	638,082,992
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(266,279,529)	(531,153,574)
Net investments in held-to-maturity securities		253,666	(140,520,461)
Net divestments / (investments) in held-for-trading securities		2,470	(2,470)
Net investments in associates		-	(514)
Dividends received		1,107,866	990,676
Investments in operating fixed assets		(14,864,282)	(10,872,466)
Investments in intangible assets		(938,921)	(806,758)
Proceeds from sale of fixed assets		668,315	372,429
Net cash used in investing activities		(280,050,415)	(681,993,138)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of lease liability against right-of-use assets		(3,764,410)	(3,683,278)
Proceeds against issue of shares		99,699	-
Dividend paid		(29,819,429)	(7,908,045)
Net cash used in financing activities		(33,484,140)	(11,591,323)
Increase / (decrease) in cash and cash equivalents			
		122,644,547	(55,501,469)
Cash and cash equivalents at the beginning of the year	35	131,419,265	186,920,734
Cash and cash equivalents at the end of the year	35	254,063,812	131,419,265

The annexed notes 1 to 51 and Annexure I form an integral part of these unconsolidated financial statements.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
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Faisal A. A. A.
Al-Nassar
Director



Mohammad Abdul Aleem
Director



Syed Imran Ali Shah
Chief Financial Officer

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Bank Limited (the Bank) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited. The Bank was registered as an 'Investment Finance Company' on August 8, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. A 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.
- 1.2 The Bank was granted a 'Scheduled Islamic Commercial Bank' license on January 31, 2002 and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from March 20, 2002, on receiving notification in this regard from the State Bank of Pakistan (the SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.
- 1.3 The Bank was operating through one thousand and four branches as at December 31, 2023 (2022: nine hundred and sixty two branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.
- 1.4 Based on the unconsolidated financial statements of the Bank for the year ended December 31, 2022, the VIS Credit Rating Company Limited has reaffirmed the Bank's medium to long-term rating as 'AAA' and the short-term rating as 'A1+'.

2 BASIS OF PRESENTATION

The Bank provides Islamic financing and related assets mainly through Murabaha, Istisna, Tijarah, Ijarah, Diminishing Musharakah, Running Musharakah, Bai Muajjal, Musawammah, Service Ijarah, Wakalah, Wakalah Tul Istithmar including under Islamic Export Refinance Scheme and various long term Islamic refinancing facilities of the State Bank of Pakistan respectively as briefly explained in note 6.3.

The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The income on such financing is recognised in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognised as charity payable if so directed by the Resident Shariah Board Member (RSBM) of the Bank.

The Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern, Insha'Allah. Therefore, the unconsolidated financial statements continue to be prepared on a going concern basis.

3 STATEMENT OF COMPLIANCE

- 3.1 These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:
 - International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
 - Directives issued by the State Bank of Pakistan (SBP) and the Securities Exchange Commission of Pakistan (SECP).

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

- 3.2 The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS 3, 'Profit and loss sharing on deposits' for Institutions offering Islamic Financial Services (IIFS) relating to annual, half yearly and quarterly financial statements would be notified by the SBP through issuance of specific instructions and uniform disclosure formats in consultation with IIFS. These reporting requirements have not been notified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in these unconsolidated financial statements.
- 3.3 The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

instruments: disclosures' through its S.R.O. 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

3.4 The SECP through S.R.O. 56(1)/2016 dated January 28, 2016, has directed that the requirements of IFRS 10, 'Consolidated financial statements' are not applicable in case of investments by companies in mutual funds established under Trust Deed structure. Accordingly, implications of IFRS 10 in respect of investment in mutual funds are not considered in these unconsolidated financial statements.

3.5 Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current year:

3.5.1 There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated financial statements.

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

3.6.1 The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

Standards, interpretations or amendments	Effective date (annual periods beginning on or after)
- IFRS 9 - 'Financial instruments'	January 1, 2024
- IAS 21 - 'Lack of exchangeability' (amendments)	January 1, 2025
- IAS 1 - Non current liabilities with covenants (amendments)	January 1, 2024
- IFRS 16 - Sale and leaseback (amendments)	January 1, 2024

The management is in the process of assessing the impact of these standards and amendments on the unconsolidated financial statements of the Bank except IFRS 9 (Financial Instruments), the impact of which is as follows:

IFRS 9 - 'Financial Instruments'

As directed by the SBP via BPRD Circular no 7 of 2023, IFRS 9, 'Financial Instruments' is effective for periods beginning on or after January 1, 2024 for banks having asset base of more than Rs 500 billion as at December 31, 2022. SBP via the same circular has finalized the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks.

During 2023, the management of the Bank has performed an impact assessment of IFRS 9 taking into account the SBP's (IFRS 9) application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank at the time of finalizing the impact for initial application of IFRS 9. In addition, the Bank will implement changes in classification of certain financial instruments.

An overview of the IFRS 9 requirements that are expected to have significant impact are discussed below along with the additional requirements introduced by the SBP:

Classification and measurement

The classification and measurement of financial assets will be based on the business model within which they are held and their contractual cash flow characteristics. Financial assets that do not meet the sole payments of principal and profit (SPPI) criteria are measured at FVTPL regardless of the business model in which they are held. The Bank's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL').

The business model reflects how groups of financial assets are managed to achieve a particular business objective. Financial assets can only be held at amortised cost if the instruments are held in order to collect the contractual cash flows ('hold to collect'), and where those contractual cash flows are solely payments of principal and profit (SPPI).

Debt instruments (sukuk / certificates) where the business model objectives are achieved by collecting the contractual cash flows and by selling the assets ('hold to collect and sell') and that have SPPI cash flows are held at FVOCI, with unrealised gains or losses deferred in reserves until the asset is derecognised.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

The classification of equity instruments is generally measured at FVTPL unless the Bank, at initial recognition, irrevocably designates as FVOCI but both unrealised and realised gains or losses are recognised in reserves and no amounts other than dividends received are recognised in the unconsolidated profit and loss account.

All other financial assets will mandatorily be held at FVTPL. Financial assets may be designated at FVTPL only if doing so eliminates or reduces an accounting mismatch.

Impairment

The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments), lease receivables, and certain financing commitments and guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Based on the requirement of IFRS 9 and SBP's (IFRS 9) application instructions, the Bank has performed an ECL assessment taking into account the key elements such as assessment of SCIR, Probability of Default, Loss Given Default and Exposure at Default.

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilised, stage 1 and stage 2 provisions would be made as per IFRS 9 ECL and stage 3 provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRs' requirements.

Presentation and disclosure

IFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of Bank's disclosure about its financial instruments particularly in the year of adoption of the IFRS 9.

Impact of adoption of IFRS 9

The Bank will adopt IFRS 9 in its entirety effective January 01, 2024 with modified retrospective approach for restatement. The cumulative impact of initial application will be recorded as an adjustment to equity at the beginning of the accounting period. The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2024 will be dependent on the financial instruments that the Bank would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future.

Nevertheless, the Bank has performed a preliminary assessment of the potential impact of adoption of IFRS 9 and based on this assessment, the Bank does not expect any material effect on the Bank's Capital Adequacy Ratio (CAR) and equity as of December 31, 2023.

The total estimated ECL impact (net of tax) on the adoption of IFRS 9 on the opening balance of the Bank's equity at January 1, 2024 is a reduction in equity of approximately amounting to Rs 2,331 million (without considering general provision already held).

- 3.6.2** The SBP vide its BPRD Circular No. 02 of 2023 dated February 9, 2023 has specified the new reporting format for financial statements of Banking Companies. The new format has revised the disclosure requirements and will become applicable for the financial statements of the Bank from the quarter ending March 31, 2024.

4 BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except that certain

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

available for sale investments, foreign currency balances, non-banking assets acquired in satisfaction of claims and certain foreign exchange commitments have been marked to market and carried at fair value in accordance with the requirements of the SBP. Further, the defined benefit obligation and lease liabilities against right-of-use assets have been carried at their present values.

4.1 Critical accounting estimates and judgments

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

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

- i) classification and valuation of investments (notes 6.4.1, 6.4.4 and 10);
- ii) provision against non-performing Islamic financing and related assets (notes 6.3.2 and 11.12);
- iii) income taxes (notes 6.6 and 33);
- iv) defined benefit plans (notes 6.11 and 37);
- v) valuation and depreciation of fixed assets (notes 6.5.1, 6.5.5 and 12.2);
- vi) valuation and amortisation of intangible assets (note 6.5.3, 6.5.5 and 13.1);
- vii) valuation of right-of-use assets and their related lease liability (notes 6.5.2, 12.3 and 20.5);
- viii) impairment (note 6.4.5);
- ix) valuation of non-banking assets acquired in satisfaction of claims (note 6.7, 14 and 23.1);
- x) assumptions and estimates used in valuation of options under share-based payments (note 39); and
- xi) contingent liabilities and provision against off balance sheet obligations (notes 6.16, 6.17, 20.2 and 24).

5 FUNCTIONAL AND PRESENTATION CURRENCY

5.1 Items included in these unconsolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates. These unconsolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

5.2 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

6 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

6.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash and non-restricted balances with treasury banks and balances with other banks in current and deposit accounts.

6.2 Due to / from financial institutions

Bai Muajjal

In Bai Muajjal, the Bank sells sukuk on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. Bai Muajjal with the Federal Government is classified as investment.

Musharaka / Mudaraba

In Musharaka / Mudaraba, the Bank (or the counterparty financial institutions / the SBP) invests in the shariah compliant business pools of the counterparty financial institutions / the SBP (or the Bank) at the agreed profit and loss sharing ratio.

Musharaka from the SBP under IERS

Under IERS, the Bank accepts funds from the SBP under Shirkat-ul-aqd to constitute a pool for investment in export refinance portfolio of the Bank under the guidelines issued by the SBP. The profit of the pool is shared as per the agreed weightages between the partners.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Mudaraba investment from the SBP under various long term Islamic refinance schemes

Under various long term Islamic refinance schemes of the SBP, the Bank accepts funds from the SBP which are received on Mudaraba basis for investment in general pool of the Bank. The profit of the pool is shared as per the announced profit sharing ratio of the pool and the weightages assigned to these investments.

6.2.1 These are initially recognised at amount of funds disbursed / accepted (in case of Bai Muajjal, at sale price of the Sukuk net of deferred profit) and subsequently measured at amount receivable / payable under the contractual terms of the underlying agreement (in case of Bai Muajjal, at sale price of the Sukuk net of remaining deferred profit at reporting date, if any).

6.3 Islamic financing and related assets

Murabaha

In Murabaha transactions, the Bank purchases the goods and after taking the possession, sells them to the customer on cost plus disclosed profit basis either in a spot or credit transaction.

Ijarah

Ijarah assets are stated at cost less depreciation and are disclosed as part of 'Islamic financing and related assets'. The rental received / receivable on Ijarah under Islamic Financial Accounting Standard - 2 'Ijarah' (IFAS 2) are recorded as income / revenue. The Bank charges depreciation from the date of recognition of Ijarah of respective assets to mustajir. Ijarah assets are depreciated over the period of Ijarah using the straight line method. Ijarah rentals outstanding are disclosed in 'other assets' on the Statement of Financial Position at amortised cost. Impairment of Ijarah assets is determined in accordance with the Prudential Regulations issued by the SBP. The provision for impairment of Ijarah assets is shown as part of 'Islamic financing and related assets'.

Istisna

In Istisna financing, the Bank places an order to purchase some specific goods / commodities from its customers to be delivered to the Bank within an agreed time. The goods are then sold by the customer on behalf of the Bank and the amount hence financed along with profit realised net of agency fee and incentives is paid to the Bank.

Tijarah

In Tijarah financing, the Bank purchases specific goods / commodities on cash basis from its customers which are then onward sold by the customer on behalf of the Bank and on subsequent sale, the financed amount along with profit realised net of agency fee and incentives is paid by the customer to the Bank.

Diminishing Musharakah

In Diminishing Musharakah financing, the Bank enters into Musharakah based on Shirkat-ul-milk for purchasing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers. The customers pay periodic profit as per the agreement for the utilisation of the Bank's Musharakah share and also periodically purchase the Bank's share over the tenure of the transaction.

Running Musharakah

In Running Musharakah financing, the Bank enters into financing with the customer based on Shirkatul Aqd or business partnership in the customer's operating business. Under this mechanism, the customer can withdraw and return funds to the Bank subject to his Running Musharakah financing limit during the Musharakah period. At the end of each quarter / half year the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half yearly / annual accounts of the customer.

Bai Muajjal

In Bai Muajjal financing, the Bank sells Shariah compliant sukuk on credit to customers. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

Service Ijarah

In Service Ijarah financing, the Bank provides financing by acquiring certain agreed services from the customer. After the purchase of services, the Bank appoints the customer to sell these services in the market over a period and provide a sale confirmation of such sale. The profit is only accrued from the date of receipt of such confirmation.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Wakalah

Wakalah is an agency or a delegated authority where the Muwakkil (principal) appoints the Wakil (agent) to carry out a specific job on behalf of the Muwakkil. Funds disbursed are initially recorded as 'Advance against Wakalah'. On culmination, the same are recorded as financings.

Wakalah tul Istithmar

In Wakalah tul Istithmar financing, the Bank enters into investment agency transaction with customer acting as an agent of the Bank. Under this mechanism, the funds disbursed are invested by the customer on behalf of the Bank and are recorded as financing upon their investment in the business. At the end of each quarter / half year / other defined period, the customer pays the provisional profit which is subject to adjustment upon actual declaration of Wakalah business performance by the agent.

Musawammah

In Musawammah financing, the Bank purchases the goods and after taking the possession, sells them to the customer either in spot or credit transaction, without disclosing the cost.

6.3.1 Islamic financing and related assets are stated net of specific and general provisions against non-performing Islamic financing and related assets which are charged to the unconsolidated profit and loss account.

Funds disbursed, under financing arrangements for purchase of goods / assets are recorded as advance. On culmination, financing are recorded at the deferred sale price net of profit. Goods purchased but remaining unsold at the unconsolidated statement of financial position date are recorded as inventories.

6.3.2 **Provision against non-performing Islamic financing and related assets**

Specific provision

The Bank determines provisions against Islamic financing and related assets on a prudent basis in accordance with the requirements of the Prudential Regulations issued by the SBP.

General provision

In accordance with the Prudential Regulations issued by the SBP, general provision against consumer financing and house financing are maintained at varying percentages based on the non-performing financing ratio present in the portfolio. These percentages range from 0.5% to 2.5% for secured and 4% to 7% for unsecured portfolio.

In addition to the above mentioned requirements, the Bank has also maintained a general provision in respect of financing against potential losses as may be present in the portfolio. This provision is based on management's best estimate and is approved by the Board of Directors of the Bank.

The net provisions made / reversed during the year is charged to the unconsolidated profit and loss account and accumulated provision is netted off against Islamic financing and related assets. Islamic financing and related assets are written off when there are no realistic prospects of recovery.

6.3.3 **Inventories**

The Bank values its inventories at the lower of cost and net realisable value.

The net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Cost of inventories represents actual purchases made by the Bank / customers as an agent of the Bank for subsequent sale. Inventory against each contract is maintained on specific identification method.

6.4 **Investments**

6.4.1 **Classification**

The Bank classifies its investments as follows:

- **Held for trading**

These are investments which are either acquired for generating profits from short-term fluctuations in market prices or are securities included in a portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

- **Held to maturity**

These are investments with fixed or determinable payments and maturity that the Bank has the positive intent and ability to hold till maturity.
- **Available for sale**

These are investments, other than those in associates and subsidiaries, which do not fall under either 'held for trading' or 'held to maturity' categories.
- **Associates**

Associates are all entities over which the Bank has significant influence but not control. Certain mutual funds are managed by the subsidiary company of the Bank and hence, the Bank has significant influence over such funds and therefore, investment in these mutual funds are considered as investment in associates in these unconsolidated financial statements.
- **Subsidiary**

Subsidiary is an entity over which the Bank has control.

6.4.2 Regular way contracts

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

6.4.3 Initial recognition and measurement

Investments other than those categorised as 'held for trading' are initially recognised at fair value which includes transaction costs associated with the investments. Investments classified as 'held for trading' are initially recognised at fair value and transaction costs are expensed in the unconsolidated profit and loss account.

6.4.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

- **Held for trading**

These are measured at subsequent reporting dates at fair value. Gains and losses on remeasurement are included in the net profit and loss for the year.
- **Held to maturity**

These are measured at amortised cost less any impairment loss recognised to reflect irrecoverable amount. Premium / discount (if any) is amortised over the remaining maturity.
- **Available for sale**

In accordance with the requirements specified by the SBP, quoted securities (other than those classified as 'held to maturity' and 'investments in associates and subsidiary'), are subsequently re-measured to market value. Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investment in other unquoted securities are valued at cost less impairment losses, if any.

Surplus / deficit arising on revaluation of quoted securities which are classified as 'available for sale', is included in the other comprehensive income. On derecognition or impairment of available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for the period.
- **Investments in associates and subsidiary**

Investment in associates and subsidiary is carried at cost less accumulated impairment losses, if any.

The carrying amount of associates and subsidiary are tested for impairment in accordance with the policy described in note 6.4.5 to these unconsolidated financial statements.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

6.4.4.1 Details of valuation techniques used in determination of fair value is included in note 41 to the unconsolidated financial statements.

6.4.5 Impairment

Available for sale and Held to maturity investments

Impairment loss in respect of investments classified as available for sale and held to maturity (except sukuk certificates) is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment. The determination of "significant or prolonged" requires judgment.

Provision for diminution in the value of sukuk certificates is made as per the Prudential Regulations issued by the SBP. In case of impairment in available-for-sale investments, the related loss previously reported in other comprehensive income is transferred to profit and loss account for the period. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account.

Investment in associates and subsidiary

In respect of investment in associates and subsidiary, the Bank reviews their carrying values at each reporting date to assess whether there is an indication of impairment. The amount of impairment loss would be determined based on the higher of value in use and fair value less cost to sell. Impairment loss is recognised in the unconsolidated profit and loss account.

6.5 Operating fixed assets

6.5.1 Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and any identified impairment loss. Items of fixed assets costing Rs 25,000 or less are not capitalised and are charged off in the month of purchase. An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Profit or loss on disposal of fixed assets is included in the unconsolidated profit and loss account currently.

6.5.2 Right-of-use assets and Lease liabilities

At the inception of the contract, the Bank assesses whether a contract is, or contains, a lease. The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within note 12 and are subject to impairment in line with the Bank's policy as described in note 6.5.8.

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate. The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental fund acceptance rate to measure lease liabilities.

6.5.3 Intangible assets

Intangible assets comprise of computer software. Intangible assets with definite useful lives are stated at cost less accumulated amortisation and impairment losses (if any).

6.5.4 Subsequent costs

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance expenditure are charged to the unconsolidated profit and loss account as and when incurred.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

6.5.5 Depreciation / amortisation

Depreciation / amortisation is charged to the unconsolidated profit and loss account by applying the straight line method in accordance with the rates specified in notes 12.2 and 13.1 whereby the depreciable value of an asset is written off over its estimated service life. The Bank charges depreciation / amortisation from the month of acquisition and up to the month preceding the disposal. Right-of-use assets are depreciated on a straight line basis over the lease term specified in note 12.3.

6.5.6 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

6.5.7 Useful lives and residual values

Useful lives, residual values and depreciation method are reviewed at each reporting date and adjusted if impact on depreciation / amortisation is significant.

6.5.8 Impairment

The Bank assesses at each reporting date whether there is any indication that the operating fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in the unconsolidated profit and loss account.

6.6 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the unconsolidated profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current

The charge for current taxation is based on expected taxable income for the year in accordance with the prevailing laws of taxation. The charge for current tax also includes adjustments to tax payable in respect of previous years including those arising from assessments finalised during the year and are separately disclosed.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences relating to initial recognition of goodwill, initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

In making the estimates for current and deferred taxes, the management considers the income tax law and the decisions of appellate authorities on certain issues in the past.

6.7 Non-banking assets acquired in satisfaction of claims

The non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. The useful lives are reviewed annually and adjusted, if appropriate. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of property, if any, is credited to the 'surplus on revaluation of assets' account in the statement of other comprehensive income. Any deficit arising on revaluation is taken to unconsolidated profit and loss account directly. On derecognition of the assets, the cumulative gain or loss previously reported in other comprehensive income is transferred directly to unappropriated profit in the unconsolidated statement of changes in equity. Legal fees, transfer cost and direct cost of acquiring title to property is charged to the unconsolidated profit and loss account.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

6.8 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors, however the funds of current accounts are treated as equity for the purpose of profit calculation and any profit earned / loss incurred on those funds are allocated to the equity of the Bank. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and savings accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

Profits realised in investment pools are distributed in pre-agreed profit sharing ratio between Rab-ul-Maal and Mudarib. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal up to a maximum of 50% of their profit as Incentive profits (Hiba).

Profits are distributed from the pool such that the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of Investments.

Asset pools are created at the Bank's discretion and the Bank can add, amend or transfer an asset to any other pool in the interests of the deposit holders.

6.9 Sub-ordinated Sukuks

The Bank records sub-ordinated sukuk initially at the amount of proceeds received. Profit accrued on sub-ordinated sukuk is charged to the unconsolidated profit and loss account. These are subsequently measured at an outstanding amount.

6.10 Pool Management

The Bank operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudaraba and Musharakah modes.

Under the general deposits pools, the Bank accepts funds on Mudaraba basis from depositors (Rab-ul-Maal) where the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financing, investments and placements. When utilising invested funds, the Bank prioritises the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for funds acquired / accepted from the State Bank of Pakistan and other banks for Islamic Export Refinance to the Bank's customers and liquidity management respectively under the Musharakah / Mudaraba modes.

The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool after deduction of expenses directly incurred in earning the income of such pool along with related fee income, if any. The directly related costs comprise of depreciation on ijarah assets, takaful premium, documentation charges etc. No expense of general or administrative nature is charged to the pools. No provision against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. The profit of the pool is shared between equity and other members of the pool on the basis of Musharakah at gross level (before charging of mudarib fee) as per the investment ratio of the equity. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of mudarib fee. During the year, the Bank has given General Hiba to the depositors of General Pools, keeping in view the prescribed guidelines of Pool Management provided by the SBP and with the approval of the Bank's Resident Shariah Board Member. However, Hiba are given at the sole discretion of the Bank without any contractual commitment and can be withdrawn or reduced by the Bank at its sole discretion.

The risk characteristic of each pool mainly depends on the assets and liabilities profile of each pool. As per the Bank's policy, relatively low risk / secured financing transactions and assets are allocated to general depositors pool of Rupee, USD, GBP and Euro. The Bank maintains General Pools (Rupee, USD, EUR, GBP), FI Pools, IERS pool and Equity pool. The general pools are exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved.

General Pools:

For General Pools (Rupee, USD, EUR, GBP), the Bank allocates PKR financing to Corporate, Commercial, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business as mentioned

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

in note 47.1.1.3. Investments in Sovereign Guaranteed Sukuk, and Bai Muajjal with the State Bank of Pakistan / Government of Pakistan, are also done through General Pools. All remunerative deposits are tagged to these general pools and their funds generated from the depositors are invested on priority basis. Investments from the SBP under various long term Islamic refinance schemes, and sub-ordinated sukuk are also remunerated through the Rupee General Pool. Due to limited investment options in USD, GBP and EURO pool, funds from foreign currency pools are invested in available International Sukuk, Shariah Compliant Nostro accounts, foreign currency financing and the remaining funds are taken out and invested in Rupee general pool as part of equity. In such cases return from Rupee General Pool is given back to foreign currency pools, so that returns can be passed on to foreign currency pool customers accordingly. The Bank as Mudarib in the general pools is responsible for financing costs / assets such as land, building, furniture, fixtures, computers and IT system from its own sources / equity.

IERS Pools:

The IERS pool assets comprise of sovereign guaranteed sukuk, and financing to / sukuk of mainly blue chip companies and exporters as allowed under the applicable rules and regulations, and as such are exposed to lower credit risk. The Musharakah with SBP under IERS is tagged to the IERS pool.

FI Pools:

The FI pool assets generally comprise of sovereign guaranteed sukuk and financing under diminishing musharakah mode only and the related liability of the FI pool comprise of Musharakah / Mudarabah from other banks and financial institutions. These pools are created to meet the liquidity requirements of the Bank.

Equity Pools:

All other assets including fixed assets, exposure in shares, Rupee bai-salam financing and subsidised financing to the Bank's employees are tagged to equity pool. To safeguard the interest of customers, all high risk investments are also done through equity pool. The Bank as Mudarib in the equity pools is responsible for financing costs / assets such as land, building, furniture, fixtures, computers and IT system from its own sources / equity.

6.11 Staff retirement benefits

Defined benefit plan

The Bank operates an approved Gratuity Funded Scheme for its permanent employees. The scheme was approved by the tax authorities in April 2000. The liability recognised in respect of Gratuity Funded Scheme is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. The last valuation was conducted as on December 31, 2023.

The Bank also operates End of Service Unfunded Defined Benefit Scheme as approved by the Board of Directors for the benefit of the founding President and Chief Executive Officer of the Bank. The defined benefit obligation for this benefit has been calculated by an independent actuary using the projected unit credit method. The valuation has been conducted as on December 31, 2023.

Amounts arising as a result of "Remeasurements", representing the actuarial gains and losses and the difference between the actual investment returns and that implied by the net return cost are recognised in the unconsolidated statement of financial position immediately, with a charge or credit to "other comprehensive income" in the periods in which they occur. The actuarial valuations involve assumption and estimates of discount rates, expected rates of return on assets, future salary increases and future inflation rates as disclosed in note 37.

Defined contribution plan

The Bank also operates a recognised contributory Provident Fund for all permanent employees. Equal monthly contributions are made, both by the Bank and the employees, to the fund at a rate of 10% of basic salary.

6.12 Compensated absences

The Bank recognises liability in respect of employees compensated absences in the period in which these are earned up to the date of statement of financial position. The provision is recognised on the basis of actuarial valuation conducted on December 31, 2023 using the projected unit credit method.

6.13 Share-based compensation

The Bank has granted share options to its employees under the Meezan Bank Employees Share Option Scheme, 2021 as approved by the shareholders and SECP. The cost of these share options is determined by the fair

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

value at the date when the grant is made using a valuation model by an independent valuer and is recognised as expense over the vesting period together with a corresponding credit in equity - Employee share option compensation reserve (Note 39). The dilutive effect of outstanding options (if any) is reflected as share dilution in the computation of diluted earnings per share. When the options are exercised, employee share option compensation reserve relating to these options is transferred to share capital and share premium. Portion of employee share option compensation reserve relating to options not exercised is transferred to unappropriated profit.

6.14 Dividend and reserves

Dividend declared and appropriations, except for transfer to statutory reserve, made subsequent to the reporting date are considered as non adjusting events and are recorded as a liability in the unconsolidated financial statements in the year in which these are approved by the directors / shareholders as appropriate.

6.15 Foreign currency transactions

Transactions and balances

Foreign currency transactions are recorded in rupees at exchange rates prevailing on the date of transaction. Monetary assets, monetary liabilities and contingencies and commitments in foreign currencies except forward commitments (promises) are reported in rupees at exchange rates prevalent on the reporting date.

Forward commitments other than those with the SBP relating to the foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange commitments. Forward commitments with the SBP relating to foreign currency deposit, are valued at spot rate prevailing at the reporting date. Exchange gains and losses are included in the current year unconsolidated profit and loss account.

Commitments

Commitments for outstanding forward foreign exchange transactions are disclosed at the rates applicable at the reporting date. Contingent liabilities / commitments for letters of credit, and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the exchange rates prevailing on the reporting date.

Translation gains and losses are included in the unconsolidated profit and loss account.

6.16 Provisions and contingent assets and liabilities

Provisions are recognised when the Bank has a present legal or constructive obligation arising as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Contingent assets are not recognised, and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are not recognised but are disclosed unless the probability of an outflow of resources embodying economic benefits are remote.

6.17 Provision for claims under guarantees and other off balance sheet obligations

Provision for guarantee claims and other off balance sheet obligations is recognised when reasonable certainty exists for the Bank to settle the obligation. The charge to the unconsolidated profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

6.18 Acceptances, guarantees and letters of credit

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are accounted for as on-balance sheet transactions and related balances are disclosed under other assets and other liabilities.

The Bank issues guarantees and letters of credit. These are disclosed in the unconsolidated statement of financial position as part of contingencies and commitments.

6.19 Offsetting and derecognition

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting and reporting standards as applicable in Pakistan.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Bank has transferred its rights to receive cash flows from the asset. The Bank derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

6.20 Revenue recognition

- i) Profit on Murabaha (including Commodity Murabaha) and Musawammah is recognised on an accrual basis. Profit on Murabaha and Musawammah transactions for the period from the date of disbursement to the date of culmination of Murabaha and Musawammah is recognised immediately upon the later date in line with IFAS requirements.
- ii) Rentals on Ijarah contracts are recognised as income on an accrual basis in line with IFAS requirements.
- iii) Profit on Bai Muajjal transaction is recognised on an accrual basis.
- iv) Profit on Diminishing Musharakah financing is recognised on an accrual basis.
- v) Profit on Running Musharakah financing is recognised on an accrual basis and is adjusted upon declaration of profit by Musharakah partners.
- vi) Profit on Tijarah and Istisna financing is recognised on an accrual basis commencing from time of sale of goods till the realisation of sale proceeds by the Bank.
- vii) Profit on Service Ijarah is recognised on an accrual basis commencing from the date of confirmation of sale.
- viii) Profit on Wakalah tul Istithmar / Wakalah is recognised on an accrual basis and commensurate with the Wakalah business performance / work done by the agent.
- ix) Profit on Sukuk is recognised on an accrual basis. Where Sukuk (excluding held for trading securities) are purchased at a premium or discount, those premiums / discounts are amortised through the unconsolidated profit and loss account over the remaining maturity.
- x) Commission on letters of credit, acceptances and guarantees is recognised on receipt basis, except for commission on guarantees in excess of Rs 250,000 which is recognised over the period of the guarantee. Fee and brokerage income are recognised when earned.
- xi) The Bank earns fee and commission income from certain non-funded banking services. The related fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. The Bank recognises fees earned on transaction-based arrangements at a point in time when the Bank has fully provided the service to the customer. Where the contract requires services to be provided over time, the income is recognised on a systematic basis over the life of the related service. Unearned fees and commissions are included under Other liabilities.
- xii) Dividend income is recognised when the Bank's right to receive dividend is established.
- xiii) Gain or loss on sale of investments is included in the unconsolidated profit and loss account in the period in which they arise.
- xiv) Gain or loss on disposal of fixed assets, intangible assets, Ijarah assets and Musharakah assets is taken to the unconsolidated profit and loss account in the period in which they arise.
- xv) Profit suspended in compliance with the Prudential Regulations issued by the SBP is recognised on receipt basis. Profit on rescheduled / restructured financing and investments is recognised as permitted by the SBP.

6.21 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Bank's primary format of reporting is based on business segments. Operating segments are reported in a manner consistent with the internal reporting provided to the management. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

6.21.1 Business segments

Corporate and Commercial Banking

It includes trade finance, export finance, project finance, Ijarah, guarantees and bills of exchange relating to its Corporate and Commercial customers, investment banking, syndications, IPO related activities (excluding investments), secondary private placements, underwriting and securitisation.

Retail Banking

It includes retail financing, deposits and banking services offered to its retail customers and small and medium enterprises.

Trading and Sales

It includes equity, foreign exchanges, commodities, own securities and placements.

Others

It includes functions which cannot be classified in any of the above segments.

6.21.2 Geographical segments

The Bank operates only in Pakistan.

6.22 Earnings per share

The Bank presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing profit after tax for the year attributable to equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year. EPS is retrospectively adjusted for the effect of bonus shares issued.

Diluted EPS is calculated by dividing the net profit of Bank (after adjusting for return and related tax impact) on the convertible instruments / share options by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion / exercise of all the dilutive potential ordinary shares into ordinary shares.

7	Note	2023	2022
Rupees in '000			
CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		44,000,090	40,142,380
- foreign currencies		4,043,711	1,120,217
		48,043,801	41,262,597
With the State Bank of Pakistan in			
- local currency current account		105,848,962	69,747,152
- foreign currency current accounts		14,790,799	6,433,593
	7.1	120,639,761	76,180,745
With the National Bank of Pakistan in			
- local currency current accounts		73,915,744	222,839
National Prize Bonds	7.2	12,250	76,925
		<u>242,611,556</u>	<u>117,743,106</u>

7.1 These include local and foreign currency amounts required to be maintained by the Bank with the SBP under the Banking Companies Ordinance, 1962 and / or stipulated by the SBP. These accounts are non-remunerative in nature.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

7.2 These represent the national prize bonds received from customers for onward surrendering to SBP. The Bank, as a matter of Shariah principle, does not deal in prize bonds.

	Note	2023	2022
8 BALANCES WITH OTHER BANKS		Rupees in '000	
In Pakistan			
- in current accounts		9,035,396	4,770,402
Outside Pakistan			
- in current accounts		1,879,152	4,080,128
- in deposit accounts	8.1	537,708	4,825,629
		<u>11,452,256</u>	<u>13,676,159</u>

8.1 It represents the balance in the remunerative account maintained with financial institutions outside Pakistan. The return on these balances ranges from 0.20% to 3.00% (2022: 0.20% to 2.25%) per annum.

	Note	2023	2022
9 DUE FROM FINANCIAL INSTITUTIONS		Rupees in '000	
Bai Muajjal receivable:			
- from scheduled bank / financial institution - secured	9.1	34,964,299	34,964,299
- from other financial institution		15,500	15,500
	9.2	34,979,799	34,979,799
Commodity Murabaha		-	26,066
	9.3	34,979,799	35,005,865
Less: Provision held against due from financial institutions	9.4	(15,500)	(41,566)
Due from financial institutions - net of provision		<u>34,964,299</u>	<u>34,964,299</u>

9.1 The effective average return on this product is 11.72% (2022: 11.25%) per annum. These balances have maturities in July 2025 (2022: July 2025). These are secured against Federal Government securities received as collateral and having market value of Rs 42,831 million as at December 31, 2023 (2022: Rs 36,915 million).

	2023	2022
	Rupees in '000	
9.2 Bai Muajjal Placements	52,821,177	52,821,177
Less: Deferred income	(6,186,642)	(9,878,329)
Profit receivable shown in other assets	(11,654,736)	(7,963,049)
Bai Muajjal Placements	<u>34,979,799</u>	<u>34,979,799</u>
9.3 Particulars of due from financial institutions		
In local currency	34,979,799	35,005,865
In foreign currency	-	-
	<u>34,979,799</u>	<u>35,005,865</u>

	2023		2022	
	Non-performing due from financial institutions	Provision held	Non-performing due from financial institutions	Provision held
9.4 Category of classification	Rupees in '000			
Loss	<u>15,500</u>	<u>15,500</u>	<u>41,566</u>	<u>41,566</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

10 INVESTMENTS

10.1 Investments by types

	Note	2023				2022			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000									
Held for trading securities									
- Federal Government Securities		-	-	-	-	2,470	-	18	2,488
Available for sale securities									
- Federal Government Securities	10.5.1	1,190,199,366	-	12,301,364	1,202,500,730	925,056,827	-	(7,185,753)	917,871,074
- Shares	10.5.2 & 10.5.3	9,883,161	2,562,064	4,064,496	11,385,593	10,205,678	3,128,805	1,035,172	8,112,045
- Non Government Sukuks	10.5.4	130,442,094	70,645	5,153,808	135,525,257	125,481,220	75,892	5,123,927	130,529,255
- Foreign Securities	10.5.5	5,219,877	-	(106,732)	5,113,145	8,721,244	-	(142,380)	8,578,864
		1,335,744,498	2,632,709	21,412,936	1,354,524,725	1,069,464,969	3,204,697	(1,169,034)	1,065,091,238
Held to maturity securities									
- Federal Government Securities	10.6	216,954,593	-	-	216,954,593	217,208,259	-	-	217,208,259
In related parties									
Associates (listed)									
- Units of mutual funds	10.1.1 & 10.2	845,252	-	-	845,252	845,252	-	-	845,252
Subsidiary									
- Shares	10.1.1 & 10.2 & 10.7	63,050	-	-	63,050	63,050	-	-	63,050
Total Investments		1,553,607,393	2,632,709	21,412,936	1,572,387,620	1,287,584,000	3,204,697	(1,169,016)	1,283,210,287

10.1.1 Details of investment in subsidiary and associates

	2023						
	Percentage of holding	Assets	Liabilities	Revenue	Profit after taxation	Total comprehensive income	Market Value/Net Asset Share
Rupees in '000							
Subsidiary (unlisted)							
AI Meezan Investment Management Limited	65.00%	5,999,799	1,572,275	3,720,349	1,693,132	1,686,393	2,416,614
Associates (listed and open ended fund)							
Meezan Balanced Fund	21.94%	1,790,098	64,251	552,510	463,682	463,682	378,708
AI Meezan Mutual Fund	12.52%	4,501,792	171,965	1,654,281	1,506,866	1,506,866	542,147
Meezan Islamic Fund	4.95%	21,253,561	659,628	8,023,268	7,271,875	7,271,875	1,019,100
Meezan Sovereign Fund	0.00%	78,527,967	1,404,137	4,822,841	4,549,003	4,549,003	580
Meezan Gold Fund	11.74%	1,419,778	11,085	271,862	225,910	225,910	165,390
KSE Meezan Index Fund	6.00%	3,376,486	32,105	1,235,797	1,179,894	1,179,894	200,791
		110,869,682	2,343,171	16,560,559	15,197,230	15,197,230	2,306,716

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

	2022						
	Percentage of holding	Assets	Liabilities	Revenue	Profit/(loss) after taxation	Total comprehensive income/(loss)	Market Value/Net Asset Share
	Rupees in '000						
Subsidiary (unlisted)							
Al Meezan Investment Management Limited	65.00%	4,177,658	736,567	1,630,866	584,448	572,465	2,241,065
Associates (listed and open ended fund)							
Meezan Balanced Fund	12.43%	2,500,588	72,183	98,518	(13,271)	(13,271)	301,970
Al Meezan Mutual Fund	8.86%	4,136,249	82,010	(236,436)	(416,828)	(416,828)	359,235
Meezan Islamic Fund	3.31%	21,250,501	472,320	(1,700,775)	(2,667,417)	(2,667,417)	688,123
Meezan Sovereign Fund	0.01%	6,786,165	119,363	765,454	686,421	686,421	548
Meezan Gold Fund	16.64%	758,030	4,607	153,382	135,535	135,535	125,370
KSE Meezan Index Fund	5.07%	2,732,821	72,794	(114,498)	(166,830)	(166,830)	134,841
		<u>38,164,354</u>	<u>823,277</u>	<u>(1,034,355)</u>	<u>(2,442,390)</u>	<u>(2,442,390)</u>	<u>1,610,087</u>

Subsidiary and associates are incorporated / registered in Pakistan. Shares in subsidiary are placed in custody account with Central Depository Company of Pakistan Limited and cannot be sold without the prior approval of the SECP in accordance with the SECP's circular No. 9 of 2006 dated June 15, 2006.

10.1.2 During the year, the Bank has established a fully owned subsidiary - Meezan Exchange Company (Private) Limited. The Bank plans to invest an amount of Rs 1 billion as initial paid up capital in the Company. The Company has applied for the license from the SBP to commence its operations as per the requirements of the SBP Exchange Companies Manual.

10.2 Investments by segments

	Note	2023				2022			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
		Rupees in '000							
Federal Government Securities									
- Ijarah Sukuks		1,396,680,608	-	12,301,364	1,408,981,972	1,111,102,059	-	(7,185,735)	1,103,916,324
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	10.5.1 & 10.6	-	-	-	-	23,224,694	-	-	23,224,694
- Islamic Naya Pakistan Certificates		10,473,351	-	-	10,473,351	7,940,803	-	-	7,940,803
		<u>1,407,153,959</u>	<u>-</u>	<u>12,301,364</u>	<u>1,419,455,323</u>	<u>1,142,267,556</u>	<u>-</u>	<u>(7,185,735)</u>	<u>1,135,081,821</u>
Shares									
Listed Companies	10.5.2	9,278,482	2,497,288	4,064,496	10,845,690	9,600,999	3,070,304	1,035,172	7,565,867
Unlisted Companies	10.5.3	604,679	64,776	-	539,903	604,679	58,501	-	546,178
		<u>9,883,161</u>	<u>2,562,064</u>	<u>4,064,496</u>	<u>11,385,593</u>	<u>10,205,678</u>	<u>3,128,805</u>	<u>1,035,172</u>	<u>8,112,045</u>
Non Government Sukuk									
Listed	10.2.1 & 10.5.4	114,367,048	-	5,153,808	119,520,856	114,385,781	-	5,123,927	119,509,708
Unlisted	10.5.4	16,075,046	70,645	-	16,004,401	11,095,439	75,892	-	11,019,547
		<u>130,442,094</u>	<u>70,645</u>	<u>5,153,808</u>	<u>135,525,257</u>	<u>125,481,220</u>	<u>75,892</u>	<u>5,123,927</u>	<u>130,529,255</u>
Foreign Securities									
Government Sukuks		4,645,817	-	(106,467)	4,539,350	5,314,367	-	(134,204)	5,180,163
Non Government Sukuks	10.5.5	563,671	-	(265)	563,406	3,396,488	-	(8,176)	3,388,312
Shares		10,389	-	-	10,389	10,389	-	-	10,389
		<u>5,219,877</u>	<u>-</u>	<u>(106,732)</u>	<u>5,113,145</u>	<u>8,721,244</u>	<u>-</u>	<u>(142,380)</u>	<u>8,578,864</u>
Associates									
Meezan Balanced Fund		161,345	-	-	161,345	161,345	-	-	161,345
Al Meezan Mutual Fund		312,371	-	-	312,371	312,371	-	-	312,371
Meezan Islamic Fund		221,050	-	-	221,050	221,050	-	-	221,050
Meezan Sovereign Fund		514	-	-	514	514	-	-	514
Meezan Gold Fund		49,972	-	-	49,972	49,972	-	-	49,972
KSE Meezan Index Fund		100,000	-	-	100,000	100,000	-	-	100,000
		<u>845,252</u>	<u>-</u>	<u>-</u>	<u>845,252</u>	<u>845,252</u>	<u>-</u>	<u>-</u>	<u>845,252</u>
Subsidiary									
Al Meezan Investment Management Limited	10.7	63,050	-	-	63,050	63,050	-	-	63,050
Total Investments		<u>1,553,607,393</u>	<u>2,632,709</u>	<u>21,412,936</u>	<u>1,572,387,620</u>	<u>1,287,584,000</u>	<u>3,204,697</u>	<u>(1,169,016)</u>	<u>1,283,210,287</u>

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10.2.1 This represents investment in Pakistan Energy Sukuk-I and Pakistan Energy Sukuk-II issued by Power Holding Limited, wholly owned by the Government of Pakistan. These Energy Sukuks are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuks are based on Islamic mode of Ijarah with semi-annual rental payments and are due to mature in 2029-2030.

10.2.2 Investments given as collateral

	2023		2022	
	Cost / Amortised Cost	Market value	Cost / Amortised Cost	Market value
	Rupees in '000			
Federal Government Securities				
- GoP Ijarah Sukuks	184,000,000	186,760,000	404,000,000	401,903,600

	2023		2022	
	Rupees in '000			
10.3 Provision against diminution in value of investments				
Opening balance		3,204,697	2,398,016	
Charge / (reversals)				
Charge for the year		238,864	970,287	
Reversals for the year		(5,247)	-	
Reversals on disposals		(805,605)	(163,606)	
		(571,988)	806,681	
Closing balance		2,632,709	3,204,697	

10.4 Particulars of provision against Sukuk

	2023		2022	
	Non-performing investment	Provision	Non-performing investment	Provision
	Rupees in '000			
Category of classification				
Domestic				
Loss	70,645	70,645	75,892	75,892

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10.5 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities are as follows:

	2023	2022
	Cost	
	Rupees in '000	
10.5.1 Federal Government Securities - Government Guaranteed		
Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	-	23,224,694
Government of Pakistan Ijarah Sukuk		
GIS VRR-18	10,706,794	10,680,852
GIS VRR-19	25,966,662	25,624,975
GIS VRR-20	17,441,513	16,982,294
GIS VRR-21	50,808,542	50,792,803
GIS FRR-04	9,987,976	9,979,161
GIS VRR-22	81,560,081	81,626,220
GIS FRR-07	2,625,000	2,625,000
GIS VRR-23	24,939,794	24,960,971
GIS VRR-24	283,640,549	283,874,972
GIS VRR-25	319,324,792	319,555,078
GIS VRR-26	39,805,972	40,225,999
GIS VRR-27	88,689,068	-
GIS VRR-29	3,594	-
GIS VRR-30	2,974,266	-
GIS VRR-31	4,495,000	-
GIS VRR-34	149,587,059	-
GIS VRR-35	39,600,000	-
GIS FRR 08	5,000,000	5,000,000
GIS FRR 11	21,934,511	21,963,005
GIS 091224	634,842	-
	<u>1,179,726,015</u>	<u>893,891,330</u>
Islamic Naya Pakistan Certificate		
Islamic Naya Pakistan Certificate - PKR	535,284	741,885
Islamic Naya Pakistan Certificate - USD	8,913,716	6,506,281
Islamic Naya Pakistan Certificate - GBP	683,282	376,155
Islamic Naya Pakistan Certificate - EUR	341,069	316,482
	<u>10,473,351</u>	<u>7,940,803</u>
	<u>1,190,199,366</u>	<u>925,056,827</u>
10.5.2 Shares - Listed		
Automobile Assembler	87,912	113,964
Automobile Parts and Accessories	-	55,908
Cement	1,704,295	1,642,867
Power Generation and Distribution	98,341	198,419
Commercial Banks	-	40,922
Refinery	-	124,827
Oil and Gas Marketing Companies	888,677	773,163
Oil and Gas Exploration Companies	2,006,910	1,949,872
Fertilizers	1,083,659	950,977
Chemicals	129,571	163,557
Pharmaceuticals	619,695	748,869
Leather and Tanneries	-	19,336
Miscellaneous	79,634	26,974
Modarabas	66,390	66,390
Technology and Communication	918,241	642,311
Paper and Board	602,565	710,838
Glass and Ceramics	106,833	106,833
Textile (Composite)	378,394	464,327
Food and Personal Care Products	14,797	9,691
Engineering	492,568	790,954
	<u>9,278,482</u>	<u>9,600,999</u>

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10.5.3	Shares - Unlisted	2023		2022	
		Cost	Breakup value*	Cost	Breakup value*
Rupees in '000					
	Sapphire Electric Company Limited	318,638	1,090,111	318,638	993,415
	Daewoo Pakistan Express Bus Service Limited	253,240	244,281	253,240	231,720
	Pakistan Corporate Restructuring Company Limited	32,801	19,745	32,801	26,011
		<u>604,679</u>	<u>1,354,137</u>	<u>604,679</u>	<u>1,251,146</u>

* Based on latest available audited financial statements and based on holding percentage.

10.5.4	Non Government Sukuks	Note	2023	2022
			Cost Rupees in '000	
	Listed			
	- Government guaranteed	10.2.1	114,367,048	114,385,781
	Unlisted			
	- Government guaranteed		10,528,989	6,716,920
	Unlisted			
	- AAA		2,280,703	1,241,831
	- AA / AA+, AA, AA-		1,443,000	1,756,333
	- A / A+, A, A-		1,751,709	1,304,463
	- Unrated		70,645	75,892
			<u>5,546,057</u>	<u>4,378,519</u>
			<u>130,442,094</u>	<u>125,481,220</u>

10.5.5	Foreign Securities Government Sukuks	2023		2022	
		Cost	Rating	Cost	Rating
Rupees in '000					
	Saudi Arabia	1,826,515	A	1,916,491	A
	Qatar	-	-	1,132,295	Aa3
	Indonesia	2,819,302	Ba2	2,265,581	Baa2
		<u>4,645,817</u>		<u>5,314,367</u>	

	2023	2022
	Cost Rupees in '000	
Non Government Sukuks - Unlisted		
- Aa3 / A	563,671	2,264,229
- Baa2	-	1,132,259
	<u>563,671</u>	<u>3,396,488</u>
Equity securities - Unlisted		
S.W.I.F.T. SCRL	10,389	10,389
	<u>5,219,877</u>	<u>8,721,244</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

10.6 Particulars relating to Held-to-Maturity securities are as follows:

Federal Government Securities - Government guaranteed	2023		2022	
	Cost Rupees in '000			
GIS FRR-04	10,569,624		10,566,210	
GIS FRR-07	2,625,000		2,625,000	
GIS FRR-08	5,000,000		5,000,000	
GIS FRR-11	198,759,969		199,017,049	
	<u>216,954,593</u>		<u>217,208,259</u>	

The market value of securities classified as held-to-maturity as at December 31, 2023 amounted to Rs 187,691 million (2022: Rs 203,805 million).

10.7 Investment in subsidiary

	2023		2022	
	Cost	Breakup value*	Cost	Breakup value*
	Rupees in '000			
Al Meezan Investment Management Limited	<u>63,050</u>	<u>2,416,614</u>	<u>63,050</u>	<u>2,241,065</u>

* Based on the latest available audited financial statements and based on holding percentage.

11 ISLAMIC FINANCING AND RELATED ASSETS

In Pakistan:

Murabaha financing and related assets

	Note	2023	2022
- Murabaha financing	11.1	6,547,184	7,127,282
- Advances against Murabaha		11,526,208	4,888,537
- Murabaha inventory		1,958,612	3,872,679
- Financing under Islamic Export Refinance - Murabaha	11.2	503,859	711,413
- Financing against Islamic SME Asaan Finance	11.3	126,483	94,018
- Advance against Islamic SME Asaan Finance		1,005,534	-
- Inventory under Islamic SME Asaan Finance		5,000	-
- Advance against Islamic Export Refinance - Murabaha		244,700	2,465,400
		<u>21,917,580</u>	<u>19,159,329</u>

Running Musharakah financing

- Running Musharakah financing		182,916,112	240,531,788
- Financing under Islamic Export Refinance - Running Musharakah		58,491,956	50,965,430
		<u>241,408,068</u>	<u>291,497,218</u>

Istisna financing and related assets

- Istisna financing		35,529,463	23,081,974
- Advances against Istisna		99,829,298	94,010,017
- Istisna inventory		5,988,841	13,309,627
- Financing under Islamic Export Refinance - Istisna		344,330	72,143
- Advances under Islamic Export Refinance - Istisna		10,743,412	10,957,214
- Inventory under Islamic Export Refinance - Istisna		4,756,387	1,658,523
		<u>157,191,731</u>	<u>143,089,498</u>

Tijarah financing and related assets

- Tijarah financing		2,311,642	1,959,394
- Tijarah inventory		13,079,258	9,160,823
- Financing under Islamic Export Refinance - Tijarah		1,701,367	1,056,241
- Inventory under Islamic Export Refinance - Tijarah		836,798	1,132,182
		<u>17,929,065</u>	<u>13,308,640</u>

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	Note	2023	2022
Rupees in '000			
Musawammah financing and related assets			
- Musawammah financing	11.4	32,401,509	74,983,110
- Advances against Musawammah		22,924,687	11,073,176
- Musawammah inventory		17,065,727	12,874,909
- Financing under Islamic Export Refinance - Musawammah	11.5	563,377	1,481,762
- Financing under SBP's Islamic Financing Facility for Renewable Energy (IFRE) - Musawammah	11.6	359,297	271,213
- Advances under Islamic Export Refinance - Musawammah		73,300	412,100
- Inventory under Islamic Export Refinance - Musawammah		301,000	-
		73,688,897	101,096,270
Salam financing and related assets			
- Salam financing		1,392,987	899,631
- Advances against Salam		23,878,427	18,705,389
- Salam inventory		1,393,814	1,836,491
		26,665,228	21,441,511
Financing against bills			
- Financing against bills - Salam		1,291,913	5,173,912
- Advance against bills - Salam		1,738	1,738
		1,293,651	5,175,650
- Bai Muajjal financing	11.7	33,086,224	35,969,952
Ijarah financing and related assets			
- Net investment in Ijarah		56,050	74,960
- Net book value of assets / investment in Ijarah under IFAS 2		60,109,729	63,004,338
	11.8	60,165,779	63,079,298
- Advances against Ijarah		2,839,276	6,508,337
		63,005,055	69,587,635
Diminishing Musharakah financing and related assets			
- Diminishing Musharakah financing		198,619,635	151,635,702
- Diminishing Musharakah financing - housing		18,552,137	20,132,503
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)		350,586	263,206
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Renewable Energy (IFRE)		15,917,226	14,350,196
- Diminishing Musharakah financing - SBP's Islamic Refinance Facility for Combating COVID - 19 (IRFCC)		215,211	295,145
- Diminishing Musharakah financing - SBP's Islamic SME Asaan Finance (I-SAAF) Scheme		76,973	80,771
- Diminishing Musharakah financing - SBP's Islamic Long Term Financing Facility (ILTFF) for Plant & Machinery		19,291,370	15,771,049
- Diminishing Musharakah financing - SBP's Islamic Temporary Economic Refinance Facility (ITERF)		17,643,962	10,880,035
- Diminishing Musharakah financing - SBP's Islamic Refinance Scheme for Payment of Wages & Salaries to the Workers and Employees of Business Concerns (IRSPWS)		-	427,780
- Diminishing Musharakah financing - SBP's Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs (IRCGSWE)		7,873	-
- Advances against Diminishing Musharakah		16,379,833	29,957,946
- Advances against Diminishing Musharakah under SBP's IFFSAP		185,000	57,141
- Advances against Diminishing Musharakah under SBP's IFRE		1,284,996	2,870,913
- Advances against Diminishing Musharakah under SBP's IRFCC		181,715	254,401
- Advances against Diminishing Musharakah under SBP's ISAAF		963,154	4,800
- Advances against Diminishing Musharakah under SBP's ITERF		2,514,059	9,030,290
- Advances against Diminishing Musharakah under SBP's IRCGSWE		9,963	-
- Advances against Diminishing Musharakah under SBP's ILTFF		4,005,820	9,986,155
		296,199,513	265,998,033

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	Note	2023	2022
Rupees in '000			
- Musharakah financing		988,725	888,725
- Wakalah Tul Istithmar financing		30,602,133	6,375,000
- Advances against Wakalah Tul Istithmar		-	19,227,133
- Advance against Service Ijarah		14,884,577	14,899,103
- Qard financing under SBP's IRSPWS		-	5,783
- Qard financing under SBP's IRFCC		250,531	406,027
- Labbaik (Qard for Hajj and Umrah)		15,593	9,714
- Staff financing (including under SBP's IFRE)	11.9	11,614,300	8,433,655
- Other financing		1,286,592	1,532,881
Gross Islamic Financing and Related Assets	11.10	992,027,463	1,018,101,757
Less: Provision against non-performing Islamic financing and related assets - Specific	11.12	(16,107,097)	(12,812,762)
Less: Provision against non-performing Islamic financing and related assets - General	11.12	(14,247,354)	(9,780,641)
Islamic financing and related assets - net of provision		961,673,012	995,508,354
11.1 Murabaha receivable - gross	11.1.1	10,243,132	12,435,057
Less: Deferred murabaha income	11.1.3	(231,226)	(164,688)
Profit receivable shown in other assets		(3,464,722)	(5,143,087)
Murabaha financing	11.1.2	6,547,184	7,127,282
11.1.1 Murabaha Sale Price		10,243,132	12,435,057
Murabaha Purchase Price		(6,547,184)	(7,127,282)
		3,695,948	5,307,775
11.1.2 The movement in Murabaha financing during the year is as follows:			
Opening balance		7,127,282	6,195,161
Sales during the year		57,566,155	68,424,533
Adjusted during the year		(58,146,253)	(67,492,412)
Closing balance		6,547,184	7,127,282
11.1.3 Deferred murabaha income			
Opening balance		164,688	117,597
Arising during the year		7,532,817	10,906,739
Recognised during the year		(7,466,279)	(10,859,648)
Closing balance		231,226	164,688
11.2 Financing under Islamic Export Refinance - Murabaha - gross		527,330	745,114
Less: Deferred income		(9,440)	(10,030)
Profit receivable shown in other assets		(14,031)	(23,671)
Financing under Islamic Export Refinance - Murabaha	11.2.1	503,859	711,413
11.2.1 The movement in Islamic Export Refinance Murabaha financing during the year is as follows:			
Opening balance		711,413	1,048,988
Sales during the year		4,841,614	3,990,743
Adjusted during the year		(5,049,168)	(4,328,318)
Closing balance		503,859	711,413
11.2.2 Deferred Islamic Export Refinance murabaha income			
Opening balance		10,030	5,937
Arising during the year		171,742	82,533
Recognised during the year		(172,332)	(78,440)
Closing balance		9,440	10,030

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FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
Rupees in '000			
11.3	Financing against Islamic SME Asaan Finance - Murabaha - gross	140,007	112,938
	Less: Deferred income	(7,398)	(7,566)
	Profit receivable shown in other assets	(6,126)	(11,354)
	Financing against Islamic SME Asaan Finance - Murabaha	126,483	94,018
11.3.1	The movement in Islamic SME Asaan Finance (Murabaha financing) during the year is as follows:		
	Opening balance	94,018	10,000
	Sales during the year	80,500	116,957
	Adjusted during the year	(48,035)	(32,939)
	Closing balance	126,483	94,018
11.3.2	Deferred Islamic SME Asaan Finance Murabaha income		
	Opening balance	7,566	1,526
	Arising during the year	5,958	17,394
	Recognised during the year	(6,126)	(11,354)
	Closing balance	7,398	7,566
11.4	Musawammah financing - gross	35,624,523	76,327,808
	Less: Deferred income	(1,674,894)	(593,935)
	Profit receivable shown in other assets	(1,548,120)	(750,763)
	Musawammah financing	32,401,509	74,983,110
11.5	Financing under Islamic Export Refinance - Musawammah - gross	607,974	1,548,225
	Less: Deferred income	(25,538)	(33,599)
	Profit receivable shown in other assets	(19,059)	(32,864)
	Financing under Islamic Export Refinance - Musawammah	563,377	1,481,762
11.6	Financing under SBP's IFRE - Musawammah - gross	432,221	304,510
	Less: Deferred income	(2,095)	(29,482)
	Profit receivable shown in other assets	(70,829)	(3,815)
	Financing under SBP's IFRE - Musawammah	359,297	271,213
11.7	Bai Muajjal financing - gross	37,242,068	42,504,634
	Less: Deferred income	(2,393,786)	(5,283,514)
	Profit receivable shown in other assets	(1,762,058)	(1,251,168)
	Bai Muajjal financing	33,086,224	35,969,952
11.8	Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 49,011 million (2022: Rs 45,881 million).		
11.9	This includes Rs 707 million (2022: Rs 699 million) representing profit free financing to staff advanced under the Bank's Human Resource Policies.		
11.10	Particulars of financing - gross	2023	2022
Rupees in '000			
	- in local currency	940,666,342	972,271,359
	- in foreign currencies	51,361,121	45,830,398
		992,027,463	1,018,101,757

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FOR THE YEAR ENDED DECEMBER 31, 2023

- 11.11 Islamic financing and related assets include Rs 16,939 million (2022: Rs 13,628 million) which have been placed under non-performing status as detailed below:

Category of classification	2023		2022	
	Non Performing Amount	Provision Held	Non Performing Amount	Provision Held
	Rupees in '000			
Domestic				
Other Assets Especially Mentioned	207,244	2,380	221,234	114
Substandard	127,575	15,877	318,621	69,740
Doubtful	482,321	78,538	305,332	127,458
Loss	16,122,057	16,010,302	12,783,100	12,615,450
Total	16,939,197	16,107,097	13,628,287	12,812,762

- 11.12 Particulars of provision against non-performing Islamic financing and related assets:

	2023			2022		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	12,812,762	9,780,641	22,593,403	13,338,988	5,870,018	19,209,006
Exchange Adjustment	114,703	-	114,703	219,559	-	219,559
Charge for the year	3,934,473	4,500,000	8,434,473	815,425	3,910,623	4,726,048
Less: Reversals for the year	(754,338)	(33,287)	(787,625)	(1,476,314)	-	(1,476,314)
	3,180,135	4,466,713	7,646,848	(660,889)	3,910,623	3,249,734
Amount written off	(503)	-	(503)	(84,896)	-	(84,896)
Closing balance	16,107,097	14,247,354	30,354,451	12,812,762	9,780,641	22,593,403

- 11.12.1 Particulars of provision against non-performing financing and related assets:

	2023			2022		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	15,524,415	14,247,354	29,771,769	12,344,783	9,780,641	22,125,424
In foreign currencies	582,682	-	582,682	467,979	-	467,979
	16,107,097	14,247,354	30,354,451	12,812,762	9,780,641	22,593,403

- 11.12.2 The Bank maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and House Financing issued by the SBP.

In addition, the Bank has also maintained a general provision of Rs 13,600 million (2022: Rs 9,100 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations.

- 11.12.3 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing Islamic financing and related assets. The accumulated benefit availed amounts to Rs 419.00 million (2022: Rs 256.30 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 213.70 million (2022: Rs 130.70 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

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	Note	2023	2022
Rupees in '000			
11.13 Particulars of write offs			
Against provisions	11.12	503	84,896
Directly charged to unconsolidated profit and loss account		-	-
		<u>503</u>	<u>84,896</u>
Write offs Rs 500,000 and above - Domestic		503	84,896
Write offs below Rs 500,000		-	-
		<u>503</u>	<u>84,896</u>

11.13.1 Details of financing written off of Rs 500,000 and above

In term of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the Statement in respect of written off financing or any other financial relief of rupees five hundred thousand or above allowed to any person(s) during the year ended December 31, 2023 is given in Annexure I.

	Note	2023	2022
Rupees in '000			
12 FIXED ASSETS			
Capital work-in-progress	12.1	9,449,999	6,782,412
Property and equipment	12.2	29,896,485	22,297,092
Right-of-use assets	12.3	19,571,852	11,347,016
		<u>58,918,336</u>	<u>40,426,520</u>
Less: Provision against capital work-in-progress		(300,000)	-
		<u>58,618,336</u>	<u>40,426,520</u>
12.1 Capital work-in-progress			
Advances to suppliers and contractors for:			
- civil works		6,673,418	4,767,018
- computer hardware		997,260	815,696
- purchase of vehicles		281,747	76,824
- office machines		1,105,763	993,941
- furniture and fixtures		391,811	128,933
		<u>9,449,999</u>	<u>6,782,412</u>

12.2 Property and equipment

	2023						
	Leasehold Land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Total
Rupees in '000							
At January 1, 2023							
Cost	6,493,499	3,908,076	10,172,770	1,378,281	12,241,117	4,161,690	38,355,433
Accumulated depreciation	-	951,748	5,487,468	672,669	7,213,493	1,732,963	16,058,341
Net book value	<u>6,493,499</u>	<u>2,956,328</u>	<u>4,685,302</u>	<u>705,612</u>	<u>5,027,624</u>	<u>2,428,727</u>	<u>22,297,092</u>
Year ended December 31, 2023							
Opening net book value	6,493,499	2,956,328	4,685,302	705,612	5,027,624	2,428,727	22,297,092
Additions	1,094,636	760,079	1,930,971	337,840	5,066,486	3,006,683	12,196,695
Transfer	-	25,634	(25,896)	269	(10,643)	-	(10,636)
Disposals	-	-	(6,311)	(1,092)	(45,059)	(168,856)	(221,318)
Depreciation charge (note 30)	-	(217,439)	(934,389)	(130,780)	(2,112,462)	(970,278)	(4,365,348)
Closing net book value	<u>7,588,135</u>	<u>3,524,602</u>	<u>5,649,677</u>	<u>911,849</u>	<u>7,925,946</u>	<u>4,296,276</u>	<u>29,896,485</u>
At December 31, 2023							
Cost	7,588,135	4,695,377	12,025,075	1,704,603	16,898,917	6,301,319	49,213,426
Accumulated depreciation	-	1,170,775	6,375,398	792,754	8,972,971	2,005,043	19,316,941
Net book value	<u>7,588,135</u>	<u>3,524,602</u>	<u>5,649,677</u>	<u>911,849</u>	<u>7,925,946</u>	<u>4,296,276</u>	<u>29,896,485</u>
Rate of depreciation (percentage)	-	5	10	10	10 and 20	20	

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	2022						Total
	Leasehold Land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	
	Rupees in '000						
At January 1, 2022							
Cost	5,919,065	2,408,559	8,516,895	1,048,975	8,761,012	3,212,583	29,867,089
Accumulated depreciation	-	799,083	4,794,140	578,310	6,030,200	1,360,713	13,562,446
Net book value	5,919,065	1,609,476	3,722,755	470,665	2,730,812	1,851,870	16,304,643
Year ended December 31, 2022							
Opening net book value	5,919,065	1,609,476	3,722,755	470,665	2,730,812	1,851,870	16,304,643
Additions	509,619	1,499,517	1,733,755	343,553	3,715,086	1,406,345	9,207,875
Transfer from non-banking assets	64,815	-	-	-	-	-	64,815
Disposals	-	-	(26,000)	(1,147)	(17,576)	(112,909)	(157,632)
Depreciation charge (note 30)	-	(152,665)	(745,208)	(107,459)	(1,400,698)	(716,579)	(3,122,609)
Closing net book value	6,493,499	2,956,328	4,685,302	705,612	5,027,624	2,428,727	22,297,092
At December 31, 2022							
Cost	6,493,499	3,908,076	10,172,770	1,378,281	12,241,117	4,161,690	38,355,433
Accumulated depreciation	-	951,748	5,487,468	672,669	7,213,493	1,732,963	16,058,341
Net book value	6,493,499	2,956,328	4,685,302	705,612	5,027,624	2,428,727	22,297,092
Rate of depreciation (percentage)	-	5	10	10	10 and 20	20	

12.2.1 Included in cost of property and equipment are fully depreciated items still in use aggregating Rs 7,608 million (2022: Rs 6,529 million).

12.2.2 Details of disposal of fixed assets to related parties or other persons having net book value of Rs 500,000 or above are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Vehicles						
Toyota Prado	6,517	4,562	1,955	3,070	MBL Staff Policy	Mr Khalid Zaman Khan (Executive, Employee)
Toyota Fortuner	8,159	7,338	821	3,127	MBL Staff Policy	Syed Tanveer Hussain (Executive, Employee)
KIA Sportage	4,509	2,779	1,730	2,614	MBL Staff Policy	Mr Ebrahim Yakob (Executive, Employee)
Honda Civic	3,872	1,676	2,196	2,718	MBL Staff Policy	Ms Khatija Ilyas Konchwala (Executive, Ex-employee)
Honda Civic	3,853	3,000	853	1,825	MBL Staff Policy	Mr Faisal Qamar (Executive, Employee)
Honda Civic	3,835	2,422	1,413	2,192	MBL Staff Policy	Mr Muhammad Faisal Usman (Executive, Employee)
Honda Civic	3,407	2,896	511	1,421	MBL Staff Policy	Mr Moazzam Saeed Khan (Executive, Employee)
Honda Civic	3,298	2,737	561	1,383	MBL Staff Policy	Mr Salim Thobani (Executive, Employee)
Honda BRV	3,547	2,303	1,244	2,038	MBL Staff Policy	Mr Altaf Hasan Khan (Executive, Employee)
Honda BRV	3,465	2,131	1,334	1,995	MBL Staff Policy	Mr Aneeq Ejaz Qureshi (Executive, Employee)
Toyota Corolla	3,759	1,815	1,944	2,933	MBL Staff Policy	Mr Talha Yahya (Late) (Executive, Ex-employee)
Toyota Corolla	3,238	2,687	551	1,375	MBL Staff Policy	Mr Faisal Sarwar (Executive, Employee)
Toyota Corolla	2,643	2,069	574	1,196	MBL Staff Policy	Mr Rameez Ahmed (Executive, Employee)
Toyota Corolla	2,745	1,876	869	1,590	MBL Staff Policy	Mr Shazaib Ali (Executive, Ex-employee)
Honda City	2,632	1,666	966	1,485	MBL Staff Policy	Syed Samad Arif (Executive, Employee)
Honda City	2,606	1,863	743	1,323	MBL Staff Policy	Mr Ehsan Ullah Baryar (Executive, Employee)
Honda City	2,554	1,872	682	1,249	MBL Staff Policy	Mr Umer Mehmood Khalid (Executive, Employee)
Honda City	2,524	1,504	1,020	1,636	MBL Staff Policy	Mr Muhammad Qasim (Late) (Executive, Ex-employee)
Honda City	2,436	1,540	896	1,394	MBL Staff Policy	Mr Abrar Hussain (Executive, Employee)
Honda City	2,434	1,537	897	1,377	MBL Staff Policy	Mr Farhan Shaukat (Executive, Employee)

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Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Vehicles						
Honda City	2,434	1,500	934	1,387	MBL Staff Policy	Syed Muhammad Farukh (Executive, Employee)
Honda City	2,381	1,706	675	1,197	MBL Staff Policy	Mr Ishtiaq Ahmed (Executive, Employee)
Honda City	2,362	1,495	867	1,368	MBL Staff Policy	Mr Muhammad Daud Qadir (Executive, Employee)
Toyota Alphard	13,050	13,050	-	-	MBL Staff Policy	Mr Irfan Siddiqui (President & Chief Executive Officer)
Toyota Prado	14,033	14,033	-	-	MBL Staff Policy	Mr Irfan Siddiqui (President & Chief Executive Officer)
Honda City	2,353	1,686	667	1,182	MBL Staff Policy	Mr Rizwan Qamar (Executive, Employee)
Toyota Yaris	2,684	1,742	942	1,529	MBL Staff Policy	Mr Ali Tariq Faruqi (Executive, Employee)
Suzuki Cultus	1,720	1,175	545	950	MBL Staff Policy	Syed Soulat Raza (Executive, Employee)
Honda Civic	3,348	2,450	898	3,801	Negotiation	Mr Muhammad Altaf
Toyota Corolla	2,646	1,847	799	2,593	Negotiation	M/s Toyota Western Motors
Honda City	3,191	585	2,606	3,660	Negotiation	M/s Tariq Mehmood Autos
Honda City	3,190	638	2,552	3,551	Negotiation	Mr Adeel Hameed
Honda City	2,686	1,253	1,433	3,548	Negotiation	Mr Wasim Mirza
Honda City	2,658	929	1,729	3,733	Negotiation	Mr Imran Saeed
Honda City	2,619	1,221	1,398	2,600	Negotiation	Syed Saleem Bukhari
Honda City	2,587	862	1,725	3,276	Negotiation	Mr Rameez Ahmed
Honda City	2,555	1,999	556	3,238	Negotiation	Syed Ali Zeeshan Kazmi
Honda City	2,502	1,123	1,379	3,602	Negotiation	Mr Muhammad Ejaz
Honda City	2,499	1,374	1,125	3,641	Negotiation	Mr Muhammad Ejaz
Honda City	2,496	1,309	1,187	3,377	Negotiation	Mr Ammad Ali
Honda City	2,489	1,116	1,373	3,362	Negotiation	Mr Mohsin Ilyas
Honda City	2,487	1,076	1,411	2,856	Negotiation	Mr Muhammad Chand
Honda City	2,485	1,199	1,286	3,077	Negotiation	Mr Irfan Jamil
Honda City	2,434	1,537	897	3,075	Negotiation	Mr Abdul Rasheed
Honda City	2,373	1,853	520	2,693	Negotiation	Mr Muhammad Arif
Honda City	2,317	1,236	1,081	2,430	Negotiation	Mr Sumair Kamran
Honda City	2,121	1,518	603	2,645	Negotiation	M/s R.K. Trading
Honda City	1,966	1,438	528	2,207	Negotiation	Mr Ali Akber
Toyota Yaris	2,845	1,467	1,378	3,160	Negotiation	Mr Fahad Mannan
Changan Alsvin	2,474	619	1,855	2,460	Negotiation	Mr Irfan Jamil
Changan Alsvin	2,940	683	2,257	2,626	Negotiation	Mr Muhammad Arif
Changan Alsvin	2,940	683	2,257	2,759	Negotiation	Mr Zahid Qadri
Suzuki Swift	3,012	652	2,360	3,500	Negotiation	Mr Muhammad Umar
Suzuki Cultus	1,792	506	1,286	2,629	Negotiation	Mr Irfan Jamil
Suzuki Cultus	1,790	894	896	2,463	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,790	984	806	2,550	Negotiation	Mr Arshad Mehmood
Suzuki Cultus	1,790	924	866	2,205	Negotiation	Mr Abdul Jabbar
Suzuki Cultus	1,774	768	1,006	1,744	Negotiation	Mr Dilawar Khan
Suzuki Cultus	1,790	744	1,046	2,036	Negotiation	Mr Irfan Jamil
Suzuki Cultus	1,790	744	1,046	2,414	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,790	864	926	2,389	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,790	894	896	2,311	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,790	803	987	2,401	Negotiation	M/s Tariq Mehmood Autos
Suzuki Cultus	1,789	715	1,074	2,462	Negotiation	Syed Ali Zeeshan Kazmi
Suzuki Cultus	1,789	655	1,134	2,627	Negotiation	Mr Umair Asad
Suzuki Cultus	1,786	834	952	2,441	Negotiation	Mr Muhammad Ayyaz
Suzuki Cultus	1,786	893	893	2,431	Negotiation	Mr Muhammad Ayyaz
Suzuki Cultus	1,786	744	1,042	1,827	Negotiation	Mr Riaz Ahmed Khan
Suzuki Cultus	1,786	631	1,155	2,484	Negotiation	Mr Zahid Qadri
Suzuki Cultus	1,786	743	1,043	2,515	Negotiation	Mr Adnan Saeed
Suzuki Cultus	1,784	1,277	507	2,411	Negotiation	Mr Abdul Hameed
Suzuki Cultus	1,774	798	976	1,696	Negotiation	Mr Maaz Saleem
Suzuki Cultus	1,774	768	1,006	1,777	Negotiation	Mr Muhammad Umar
Suzuki Cultus	1,774	768	1,006	2,518	Negotiation	Ms Samina Saeed
Suzuki Cultus	1,774	915	859	2,231	Negotiation	M/s Suzuki Khalil Motors
Suzuki Cultus	1,774	708	1,066	1,792	Negotiation	Mr Wasim Mirza
Suzuki Cultus	1,773	738	1,035	2,229	Negotiation	M/s Suzuki Khalil Motors
Suzuki Cultus	1,773	650	1,123	2,276	Negotiation	Mr Usman Shahid

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Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Vehicles						
Suzuki Cultus	1,770	824	946	2,079	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,768	1,031	737	1,644	Negotiation	Mr Waqar Ahmed Khan
Suzuki Cultus	1,757	994	763	2,048	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,757	1,083	674	2,016	Negotiation	Mr Irfan Jamil
Suzuki Cultus	1,757	1,083	674	1,682	Negotiation	Mr Muhammad Umar
Suzuki Cultus	1,757	1,022	735	1,619	Negotiation	Mr Adnan Naseer Ahmed
Suzuki Cultus	1,757	1,084	673	1,848	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,756	936	820	2,730	Negotiation	Mr Mansoor Hassan
Suzuki Cultus	1,756	1,200	556	1,506	Negotiation	Mr Danyal Irfan
Suzuki Cultus	1,755	1,051	704	2,185	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,755	874	881	2,031	Negotiation	Mr Irfan Jamil
Suzuki Cultus	1,755	874	881	1,837	Negotiation	Mr Irfan Jamil
Suzuki Cultus	1,755	1,050	705	2,370	Negotiation	Mr Mansoor Hassan
Suzuki Cultus	1,755	760	995	2,102	Negotiation	Mr Naeem Ashraf
Suzuki Cultus	1,755	935	820	2,257	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,755	1,050	705	2,315	Negotiation	M/s Tariq Mehmood Autos
Suzuki Cultus	1,752	992	760	1,993	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,752	1,167	585	2,257	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,752	991	761	1,752	Negotiation	Ms Farhana Zainab
Suzuki Cultus	1,751	758	993	1,852	Negotiation	Mr Riaz Ahmed Khan
Suzuki Cultus	1,751	1,134	617	2,327	Negotiation	Mr Ammad Ali
Suzuki Cultus	1,751	1,107	644	2,314	Negotiation	Chaudry Tanveer Mehmood
Suzuki Cultus	1,751	845	906	1,651	Negotiation	Mr Gul Hassan
Suzuki Cultus	1,751	1,107	644	2,230	Negotiation	Mr Gul Hassan
Suzuki Cultus	1,751	874	877	1,711	Negotiation	Mr Gul Hassan
Suzuki Cultus	1,750	700	1,050	1,951	Negotiation	Mr Imran Saeed
Suzuki Cultus	1,749	639	1,110	2,562	Negotiation	Mr Umair Asad
Suzuki Cultus	1,743	1,074	669	1,622	Negotiation	Mr Hassan Muhammad
Suzuki Cultus	1,743	1,074	669	1,729	Negotiation	Mr Imran
Suzuki Cultus	1,743	1,074	669	1,767	Negotiation	Mr Imran Saeed
Suzuki Cultus	1,743	1,188	555	1,658	Negotiation	Mr Maaz Saleem
Suzuki Cultus	1,743	1,219	524	2,035	Negotiation	M/s Suzuki Khalil Motors
Suzuki Cultus	1,743	1,219	524	1,927	Negotiation	Mr Usman Shahid
Suzuki Cultus	1,743	1,074	669	1,665	Negotiation	Mr Faisal Raza
Suzuki Cultus	1,743	1,016	727	1,896	Negotiation	Mr Dilawar Khan
Suzuki Cultus	1,743	1,160	583	1,875	Negotiation	Mr Dilawar Khan
Suzuki Cultus	1,740	695	1,045	2,458	Negotiation	Mr Irfan Jamil
Suzuki Cultus	1,739	636	1,103	2,638	Negotiation	Mr Umair Asad
Suzuki Cultus	1,738	1,012	726	2,200	Negotiation	Syed Muhammad Saeed
Suzuki Cultus	1,738	782	956	1,761	Negotiation	Mr Sheeraz Khan
Suzuki Cultus	1,738	1,012	726	2,111	Negotiation	Mr Usman Shahid
Suzuki Cultus	1,738	811	927	1,701	Negotiation	Mr Wasim Mirza
Suzuki Cultus	1,715	1,086	629	2,093	Negotiation	Mr Muhammad Arif
Suzuki Cultus	1,715	886	829	1,869	Negotiation	Mr Sheeraz Khan
Suzuki Cultus	1,715	972	743	1,833	Negotiation	Mr Dilawar Khan
Suzuki Cultus	1,700	567	1,133	2,515	Negotiation	Mr Zahid Qadri
Suzuki Cultus	1,664	526	1,138	2,620	Negotiation	Mr Mansoor Hassan
Suzuki Cultus	1,664	609	1,055	2,502	Negotiation	Mr Adeel Hameed
Suzuki Cultus	1,664	554	1,110	2,487	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,664	554	1,110	2,177	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,625	542	1,083	2,233	Negotiation	M/s Suzuki Khalil Motors
Suzuki Cultus	1,509	931	578	1,600	Negotiation	Ms Nayab Fatima
Suzuki Cultus	1,487	916	571	1,524	Negotiation	Mr Adnan Naseer Ahmed
Suzuki Cultus	1,443	890	553	1,736	Negotiation	Mr Riaz Ahmed Khan
Honda City	2,491	1,036	1,455	2,467	Takaful Claim	M/s EFU General Insurance Limited
Honda City	2,491	1,368	1,123	3,610	Takaful Claim	M/s EFU General Insurance Limited
Changan Alsvin	2,930	829	2,101	4,620	Takaful Claim	M/s Adamjee Insurance Company Limited
Changan Alsvin	2,780	138	2,642	2,839	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Swift	3,316	331	2,985	3,298	Takaful Claim	M/s EFU General Insurance Limited

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Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Vehicles						
Suzuki Cultus	1,792	297	1,495	1,781	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,660	442	1,218	1,655	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,789	268	1,521	1,781	Takaful Claim	M/s EFU General Insurance Limited
KIA Picanto	3,561	237	3,324	3,606	Takaful Claim	M/s EFU General Insurance Limited
	339,378	192,479	146,899	314,641		
Leasehold improvements						
Civil Works	16,999	13,216	3,783	244	Negotiation	M/s Mughal Scrap
Civil Works	5,780	4,593	1,187	363	Negotiation	M/s Mughal Scrap
Civil Works	10,458	9,755	703	216	Negotiation	M/s Mughal Scrap
	33,237	27,564	5,673	823		
Electrical, office and computer equipment						
Generator	1,725	1,207	518	980	Takaful Claim	M/s Adamjee Insurance Company Limited
UPS	790	197	593	618	Takaful Claim	M/s Adamjee Insurance Company Limited
ATM	889	252	637	780	Takaful Claim	M/s Adamjee Insurance Company Limited
	3,404	1,656	1,748	2,378		
Other disposals						
Vehicles	527,676	505,719	21,957	259,393		
Electrical, office and computer equipment	375,589	332,278	43,311	83,023		
Furniture and Fixtures	12,076	10,984	1,092	5,046		
Leasehold improvements	17,782	17,144	638	3,011		
	933,123	866,125	66,998	350,473		
Total disposals as at December 31, 2023	1,309,142	1,087,824	221,318	668,315		
Total disposals as at December 31, 2022	784,346	626,714	157,632	372,429		

12.3 Right-of-use assets

At January 1	20,682,720	(9,335,704)	11,347,016
Additions during the year	881,582	-	881,582
Adjustment upon reassessment of lease term (note 12.3.1)	10,086,130	-	10,086,130
Depreciation charge for the year	-	(2,742,876)	(2,742,876)
Derecognition during the year	(1,838,092)	1,838,092	-
At December 31	29,812,340	(10,240,488)	19,571,852
Lease term			5 - 20 years

2023		
Cost	Accumulated Depreciation	Net Book Value
Rupees in '000		
20,682,720	(9,335,704)	11,347,016
881,582	-	881,582
10,086,130	-	10,086,130
-	(2,742,876)	(2,742,876)
(1,838,092)	1,838,092	-
29,812,340	(10,240,488)	19,571,852
		5 - 20 years

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2022		
	Cost	Accumulated Depreciation	Net Book Value
	Rupees in '000		
At January 1	19,050,825	(6,515,342)	12,535,483
Additions during the year	1,439,921	-	1,439,921
Adjustment upon reassessment of lease term	624,880	-	624,880
Depreciation Charge for the year	-	(3,054,831)	(3,054,831)
Derecognition during the year	(432,906)	234,469	(198,437)
At December 31	<u>20,682,720</u>	<u>(9,335,704)</u>	<u>11,347,016</u>
Lease term			<u>5 years</u>

12.3.1 During the current year, the Bank has reassessed the existing lease agreements resulting in a reassessment of the lease terms of these agreements and have been accounted for in accordance with the requirements of IFRS 16, 'Leases'.

The Bank has remeasured the lease liabilities by discounting the future lease payments using the revised discount rates and a corresponding adjustment have been recorded in right-of-use assets.

13 INTANGIBLE ASSETS	Note	2023	2022
		Rupees in '000	
Computer software	13.1	1,651,018	1,421,338
Advance against computer software		620,691	422,646
		<u>2,271,709</u>	<u>1,843,984</u>
13.1 At January 1			
Cost		3,822,921	3,178,875
Accumulated amortisation		2,401,583	1,942,999
Net book value		<u>1,421,338</u>	<u>1,235,876</u>
Year ended December 31			
Opening net book value		1,421,338	1,235,876
Additions - directly purchased		740,876	644,046
Transfers - cost		29,560	-
Transfers - accumulated amortisation		(18,924)	-
Amortisation charge (note 30)		(521,832)	(458,584)
Closing net book value		<u>1,651,018</u>	<u>1,421,338</u>
At December 31			
Cost	13.1.1	4,593,357	3,822,921
Accumulated amortisation		2,942,339	2,401,583
Net book value		<u>1,651,018</u>	<u>1,421,338</u>
Rate of amortisation (percentage)		10-20	10-20
Useful life		5 - 10 years	5 - 10 years

13.1.1 Included in cost of intangible assets are fully amortised items still in use aggregating Rs 1,641 million (2022: Rs 1,449 million). Remaining life of intangible assets ranges from 1 to 10 years.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
Rupees in '000			
14 OTHER ASSETS			
Profit / return accrued in local currency - net of provisions		103,885,757	68,614,403
Profit / return accrued in foreign currencies - net of provisions		1,319,515	390,362
Acceptances		15,392,217	12,495,872
Advances, deposits, and other prepayments	14.1	2,898,657	2,301,748
Non-banking assets acquired in satisfaction of claims	14.2	50,243	50,301
Mark to market gain on forward foreign exchange contracts	20.4	-	-
Receivables on account of sale of securities		67,113	61,941
Dividends receivable		261	950
Stamps		24,397	27,400
Security deposits		515,716	427,931
Advance for Investments		-	-
Receivable under alternate delivery channel		3,373,605	557,375
Other		754,852	553,739
		<u>128,282,333</u>	<u>85,482,022</u>
Less: Provision held against other assets	14.3	(152,364)	(107,921)
Other Assets (net of provision)		<u>128,129,969</u>	<u>85,374,101</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	23	-	4,699
Other assets - total		<u>128,129,969</u>	<u>85,378,800</u>

14.1 This includes prepaid takaful aggregating Rs 763 million (2022: Rs 826 million) which is being amortised over a period of one year.

	2023	2022
Rupees in '000		
14.2 Market value of Non-banking assets acquired in satisfaction of claims	<u>36,320</u>	<u>55,000</u>

Market value of the non-banking assets acquired in satisfaction of claims has been carried out by an independent valuers, M/s Chadils Valuations (Private) Limited based on prevailing market values determined through independent market inquiries from local active realtors as more detailed in note 41.2. The valuer is listed on the panel of Pakistan Banks' Association.

14.2.1 Non-banking assets acquired in satisfaction of claims	2023	2022
Rupees in '000		
Opening balance	50,301	115,269
Depreciation	(58)	(153)
Transfer to fixed assets	-	(64,815)
Closing balance	<u>50,243</u>	<u>50,301</u>

14.3 Provision held against other assets

Non-banking assets acquired in satisfaction of claims	13,923	-
Others	138,441	107,921
	<u>152,364</u>	<u>107,921</u>

14.3.1 Movement in provision held against other assets

Opening balance	107,921	39,854
Charge for the year	72,972	134,167
Reversals for the year	(2,680)	(8,056)
Amount adjusted / written off during the year	(25,849)	(58,044)
Closing balance	<u>152,364</u>	<u>107,921</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022	
Rupees in '000				
15	BILLS PAYABLE			
	In Pakistan	39,724,176	40,175,122	
	Outside Pakistan	-	-	
		<u>39,724,176</u>	<u>40,175,122</u>	
16	DUE TO FINANCIAL INSTITUTIONS			
	In Pakistan	377,494,612	573,326,439	
	Outside Pakistan	-	-	
		<u>377,494,612</u>	<u>573,326,439</u>	
	16.1 Details of due to financial institutions secured / unsecured			
	Secured			
	With State Bank of Pakistan			
	Musharakah under Islamic Export Refinance Scheme	16.1	78,802,384	71,610,934
	Investment under Islamic Long Term Financing Facility	16.1.2	23,280,222	25,694,774
	Investment under Islamic Refinance Facility for Combating COVID-19	16.1.2	646,152	955,573
	Investment under Islamic Financing for Renewal Energy	16.1.2	17,405,412	17,251,134
	Investment under Islamic Temporary Economic Refinance Facility for Plant and Machinery	16.1.2	20,093,256	19,384,119
	Investment under Islamic Refinance Scheme for storage of agriculture produce	16.1.2	525,523	282,324
	Investment under Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs (IRCGSWE)	16.1.2	7,861	-
	Investment under Islamic Refinance Scheme for SME Asaan Finance	16.1.2	455,509	201,614
	Investment under Shariah Compliant Open Market Operations	16.1.3	180,159,641	363,382,155
	Total secured		<u>321,375,960</u>	<u>498,762,627</u>
	With Scheduled Bank	16.1.4	4,000,000	30,000,000
	Other financial institutions	16.1.5	5,279,332	5,856,908
	Unsecured			
	Musharakah with scheduled banks / financial institutions	16.1.6	44,160,000	37,775,000
	Overdrawn nostro accounts		2,679,320	496,904
	Others		-	435,000
			<u>377,494,612</u>	<u>573,326,439</u>

16.1.1 These represent acceptance of funds by the Bank on a profit and loss sharing basis maturing between January 2024 to June 2024 and are secured against demand promissory notes executed in favour of SBP. A limit of Rs 80,330 million (2022: Rs 81,869 million) has been allocated to the Bank by SBP under Islamic Export Refinance Scheme. Last announced profit rate on the Musharakah investment is 12.50% (2022: 7.22%) per annum.

16.1.2 These represent acceptance of funds on profit and loss sharing basis which has been invested in general pool of the Bank and are secured against demand promissory notes executed in favour of SBP. Last announced profit rate on these investments ranges from 0.28% to 5.51% (2022: 0.18% to 4.90%) per annum.

16.1.3 These represent acceptance of funds by the Bank on Mudarabah basis which has been invested in special pools of the Bank and are secured against lien of the Bank's investment in Federal Government securities (Note 10.2.2). The expected average profit rate on Open Market Operations is 22.08% (2022: 15.91%) per annum.

16.1.4 These represents acceptance of funds by the Bank on Musharakah basis which are secured against lien of the Bank's investment in Federal Government securities (Note 10.2.2). The expected average profit rate on these Musharakah is around 22.95% (2022: 16.15%) per annum. These balances have matured in January 2024 (2022: January 2023).

16.1.5 These Musharakah are on profit and loss sharing basis with Pakistan Mortgage Refinance Company and Karandaaz with the objective of promoting low cost consumer housing and growth in SME financing respectively. The expected average profit rate on Karandaaz Musharakah ranges from 11.64% to 26.43% per annum. The expected profit rate on PMRC borrowing is 12.89% per annum (2022: 12.89%) having maturity in November 2027.

16.1.6 These represents acceptance of funds by the Bank on Musharakah basis. The expected average profit on these Musharakah is around 21.97% (2022: 15.51%) per annum. These balances have matured in January 2024 (2022: January 2023).

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
16.2 Particulars of due to financial institutions with respect to Currencies	Rupees in '000	
- in local currency	374,815,292	572,829,535
- in foreign currencies	2,679,320	496,904
	<u>377,494,612</u>	<u>573,326,439</u>
16.3 Particulars of due to financial institutions		
- short term	310,514,642	504,444,883
- long term	66,979,970	68,881,556
	<u>377,494,612</u>	<u>573,326,439</u>

17 DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In Local currency	In Foreign currencies	Total	In Local currency	In Foreign currencies	Total
	Rupees in '000					
Customers						
- Current deposits - non-remunerative	1,012,415,113	57,892,401	1,070,307,514	736,468,532	38,420,227	774,888,759
- Savings deposits	803,833,457	68,537,150	872,370,607	581,314,505	53,554,524	634,869,029
- Fixed deposits	217,884,345	17,080,020	234,964,365	181,114,576	16,136,130	197,250,706
- Margin	25,622,708	1,108,617	26,731,325	40,429,443	2,005,656	42,435,099
	<u>2,059,755,623</u>	<u>144,618,188</u>	<u>2,204,373,811</u>	<u>1,539,327,056</u>	<u>110,116,537</u>	<u>1,649,443,593</u>
Financial institutions						
- Current deposits - non-remunerative	1,249,647	388,192	1,637,839	1,770,475	345,846	2,116,321
- Savings deposits	10,721,389	-	10,721,389	5,929,062	904	5,929,966
- Fixed deposits	740,885	-	740,885	1,000,238	-	1,000,238
	<u>12,711,921</u>	<u>388,192</u>	<u>13,100,113</u>	<u>8,699,775</u>	<u>346,750</u>	<u>9,046,525</u>
	<u>2,072,467,544</u>	<u>145,006,380</u>	<u>2,217,473,924</u>	<u>1,548,026,831</u>	<u>110,463,287</u>	<u>1,658,490,118</u>

	2023	2022
17.1 Composition of deposits	Rupees in '000	
- Individuals	1,505,269,242	1,077,731,920
- Government (Federal and Provincial)	26,107,115	8,258,422
- Public Sector Entities	49,514,198	15,684,966
- Banking Companies	327,236	4,961
- Non-Banking Financial Institutions	12,772,877	9,041,564
- Private Sector	623,483,256	547,768,285
	<u>2,217,473,924</u>	<u>1,658,490,118</u>
17.2 Particulars of deposits and other accounts in Pakistan		
- In local currency		
Mudaraba based deposits	1,052,144,386	780,027,861
Qard based deposits	1,020,323,158	767,998,970
	<u>2,072,467,544</u>	<u>1,548,026,831</u>
- In foreign currencies		
Mudaraba based deposits	86,707,356	71,688,818
Qard based deposits	58,299,024	38,774,469
	<u>145,006,380</u>	<u>110,463,287</u>
	<u>2,217,473,924</u>	<u>1,658,490,118</u>

17.3 Eligible deposits covered under deposit protection scheme (including call deposit receipts disclosed under bills payable) amount to Rs 1,828,258 million (2022: Rs 1,401,490 million).

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
Rupees in '000			
18 SUB-ORDINATED SUKUK			
Additional Tier I Sukuk	18.1	7,000,000	7,000,000
Tier II Sukuk	18.2	13,990,000	13,990,000
		<u>20,990,000</u>	<u>20,990,000</u>

18.1 In August 2018, the Bank issued regulatory Shariah compliant unsecured, sub-ordinated privately placed Additional Tier I Sukuk based on Mudaraba of Rs 7,000 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of Additional Tier I sukuk is as follows:

Credit Rating	AA+ (Double A plus) by VIS Credit Rating Company Limited.
Issue Date	August 01, 2018
Tenor	Perpetual
Profit payment frequency	Monthly in arrears
Redemption	Perpetual. However, the Bank has call option which can be exercised with prior approval of SBP.
Expected Periodic Profit Amount (Mudaraba Profit Amount)-Non-discretionary subject to actual profit of the pool	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 25.05% per annum.
Call Option	The Bank may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Additional Tier I Sukuk, at the option of the SBP, will be fully and permanently converted into common shares (variable) upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Additional Tier I Sukuk, upon directive of the SBP, if such payment will result in a shortfall in the Bank's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

18.2 In January 2020 and December 2021, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk based on Mudaraba of Rs 4,000 million and Rs 9,990 million respectively as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of Tier II sukuk is as follows:

Credit Rating	AAA (Triple A) by VIS Credit Rating Company Limited.
Issue Date	January 09, 2020 and December 16, 2021
Tenor	10 years from the issue date
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the tenth year
Expected Periodic Profit Amount (Mudaraba Profit Amount)-Non-discretionary subject to actual profit of the pool	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk are 23.40% and 22.03% per annum respectively.
Call Option	The Bank may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares (variable) upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Tier II Sukuk, upon directive of the SBP, if such payment will result in a shortfall in the Bank's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

19 DEFERRED TAX LIABILITIES / (ASSET)

	2023			
	At January 1, 2023	Recognised in profit and loss Account	Recognised in OCI	At December 31, 2023
	Rupees in '000			
Taxable temporary differences on:				
Excess of accounting book values over tax written down values of owned assets	463,330	446,866	-	910,196
Surplus / (deficit) on revaluation of available for sale investments	(502,685)	-	10,995,024	10,492,339
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	2,021	(4)	(2,017)	-
	<u>(37,334)</u>	<u>446,862</u>	<u>10,993,007</u>	<u>11,402,535</u>
Deductible temporary differences on:				
Provision for diminution / impairment in value of investments	(1,378,020)	237,450	-	(1,140,570)
Income not accrued due to non-culmination of financing	(2,998,031)	(1,984,188)	-	(4,982,219)
Provision against non-performing Islamic financing and related assets	(162,490)	(664,272)	-	(826,762)
Provision against non-banking assets acquired in satisfaction of claims and others	(70,127)	(169,365)	-	(239,492)
	<u>(4,608,668)</u>	<u>(2,580,375)</u>	<u>-</u>	<u>(7,189,043)</u>
	<u>(4,646,002)</u>	<u>(2,133,513)</u>	<u>10,993,007</u>	<u>4,213,492</u>
2022				
	At January 1, 2022	Recognised in profit and loss account	Recognised in OCI	At December 31, 2022
	Rupees in '000			
Taxable temporary differences on:				
Excess of accounting book values over tax written down values of owned assets	136,865	326,465	-	463,330
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	15,045	(66)	(12,958)	2,021
	<u>151,910</u>	<u>326,399</u>	<u>(12,958)</u>	<u>465,351</u>
Deductible temporary differences on:				
Provision for diminution / impairment in value of investments	(1,209,055)	(168,965)	-	(1,378,020)
(Deficit) / surplus on revaluation of available for sale investments	2,583,001	-	(3,085,686)	(502,685)
Income not accrued due to non-culmination of financing	(1,365,823)	(1,632,208)	-	(2,998,031)
Provision against non-performing Islamic financing and related assets	(125,678)	(36,812)	-	(162,490)
Provision against non-banking assets acquired in satisfaction of claims and others	(209,910)	139,783	-	(70,127)
	<u>(327,465)</u>	<u>(1,698,202)</u>	<u>(3,085,686)</u>	<u>(5,111,353)</u>
	<u>(175,555)</u>	<u>(1,371,803)</u>	<u>(3,098,644)</u>	<u>(4,646,002)</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

20 OTHER LIABILITIES	Note	2023	2022
Rupees in '000			
Return on deposits and other dues			
- payable in local currency	20.1	17,723,633	13,408,460
- payable in foreign currencies		331,465	222,900
Unearned income		3,290,414	2,123,582
Accrued expenses		30,548,977	17,360,130
Current taxation (provision less payments)		26,688,813	20,084,580
Acceptances		15,392,217	12,495,872
Dividend payable (including unclaimed dividend)		864,946	3,825,350
Payable to defined benefit plan	37.3 & 37.15	1,550,202	1,198,444
Provision against off-balance sheet obligations	20.2	55,167	55,167
Charity payable	20.3	242	4,159
Security deposits against Ijarah (including advance rentals)		18,946,084	21,959,346
Payable on account of credit murabaha / ijarah / musawammah		1,060	53,681,143
Security deposits against lockers		207,865	183,412
Mark to market loss on forward foreign exchange commitments - net	20.4	848,249	214,602
Advance against future Diminishing Musharakah		-	34,987
Withholding taxes payable		82,892	400,426
Lease liability against right-of-use assets	20.5	22,093,855	12,813,226
Workers Welfare Fund payable	20.6	9,226,829	5,620,598
Payable under alternate delivery channel		16,978,468	1,999,252
Others		2,473,658	1,409,503
		<u>167,305,036</u>	<u>169,095,139</u>

20.1 This includes Rs 2,464 million (2022: Rs 1,226 million) in respect of return accrued on acceptances from SBP under the Islamic Export Refinance Scheme and Rs 374.75 million (2022: Rs 365.80 million) in respect of return accrued on acceptances from the SBP under various Islamic Long Term Refinance Schemes.

	Note	2023	2022
Rupees in '000			
20.2 Provision against off-balance sheet obligations			
Opening balance		55,167	55,167
Charge for the year		-	-
Closing balance	20.2.1	<u>55,167</u>	<u>55,167</u>

20.2.1 This represents provision recognised against guarantees and letter of credit of non-performing customers.

	Note	2023	2022
Rupees in '000			
20.3 Reconciliation of charity payable			
Balance as at January 1		4,159	3,932
Additions during the year		187,664	147,472
Less: Transferred to charity savings account (included in Deposits and Other Accounts)	20.3.1	(191,581)	(147,245)
Balance as at December 31		<u>242</u>	<u>4,159</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

20.3.1 Charity paid through savings account during the year is Rs 135.85 million (2022: Rs 121.43 million). Charity amounting to Rs 100,000 or higher was paid to the following organisations:

	2023	2022
	Rupees in '000	
Ihsan Trust - Related Party	80,000	55,000
Health Care	3,000	-
Patients' Behbud Society for the Aga Khan University Hospital	2,500	2,000
Alamgir Welfare Trust	2,000	8,500
Baitussalam Welfare Trust	2,000	5,000
Rashid Memorial Welfare Organization	2,000	1,000
Friends of Burns Centre	2,000	1,000
Transformation International Society	2,000	1,000
Child Life Foundation	2,000	1,000
University of Agriculture Faisalabad	2,000	500
Afzaal Memorial Thalassemia Foundation	2,000	500
Omair Sana Foundation	2,000	500
The Cancer Foundation	2,000	500
Kashif Iqbal Thalassemia Care Center	1,500	-
Institute of Business Administration - Centre for Excellence in Islamic Finance	1,000	17,330
Saylani Welfare Trust	1,000	5,000
The Indus Hospital	1,000	2,000
Patients Welfare Foundation, Creek General Hospital	1,000	1,000
Diya Pakistan - Related Party	1,000	1,000
Idara Al-Khair Welfare Society	1,000	1,000
Pakistan Childrens' Heart Foundation	1,000	1,000
Karachi Vocational Training Centre	1,000	-
SSWAB Trust (Kidney Care & Dialysis Centre)	1,000	-
Dar ul Sukun Welfare Society	1,000	-
Prevention of Blindness Trust	1,000	-
Patel Foundation	1,000	-
Muhammadi Haematology Oncology Services & Welfare Foundation	1,000	-
Orange Tree Foundation	1,000	-
Molana Tariq Jamil Foundation	1,000	-
Karachi Down Syndrome Program (KDSP)	1,000	-
Bin Qutab Foundation	750	500
Pakistan Disabled Foundation	500	500
Chhipa Welfare Association	500	500
Family Educational Services Foundation	500	500
NICE Welfare Society	500	500
Help of Patients in Exigency by Students (HOPES)	500	500
Patients Aid Foundation	500	500
Behbud Association	500	500
Zubaida Machiyara Trust	500	500
Mukhtaran Rafiq Foundation	500	500
Kiran Foundation	500	300
Jamiyat Punjabi Saudagran-e-Delhi	500	300
DHA Suffa University	500	-
National Disability & Development Forum	500	-
Professional Education Foundation	500	-
Hamdard University	500	-
Ahmed E. H Jaffer Foundation	500	-
Ida Rieu Welfare Association	500	-
Mehran Welfare Trust	500	-
Rights of Special Persons (ROSP) Welfare Foundation	500	-
Health and Nutrition Development Society (HANDS)	500	-
Chal Foundation	500	-
Madawa Welfare Society	500	-
Pakistan Association of Deaf	400	300
Read Foundation	250	100
Society for Audiological and Development Ailments (SADA)	250	-
Dua Foundation	200	100
Bahauddin Zakariya University	-	2,500
The Garage School	-	500
Karigar Training Institute	-	500
Muhammadi Blood Bank	-	500
Balochistan University of Information Technology, Engineering and Management Sciences	-	500
University of Karachi	-	500
Federal Urdu University of Arts, Science and Technology	-	500
COMSATS University	-	500
Al Mustafa Welfare Society	-	500
Pakistan Eye Bank	-	500
Life Care Foundation Trust	-	300
Fatimid Foundation	-	200
University of Punjab	-	500
The Islamia University of Bahawalpur	-	500
Institute of Business Management	-	500
NED University of Engineering & Technology	-	500
Jinnah University for Women	-	500
Quaid-i-Azam University	-	500
	135,850	121,430

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

20.3.2 The balance in Charity's savings account is Rs 227.83 million (2022: Rs 155.79 million).

	2023	2022
	Rupees in '000	
Opening balance	159,950	126,535
Additions during the year		
Received from customers on delayed payment	167,564	122,793
Dividend purification amount	17,721	15,359
Non-shariah compliant income	2,379	9,320
Profit on charity saving account (net of tax and bank charges)	16,312	7,373
	203,976	154,845
Distribution of Charity		
Education	(89,750)	(84,030)
Health	(29,900)	(13,200)
Community Development	(16,200)	(24,200)
	(135,850)	(121,430)
Closing balance	228,076	159,950

20.4 This is net off gain on forward foreign exchange commitments of Rs 3,078 million (2022: Rs 1,787 million).

20.5 The carrying amounts of lease liability against right-of-use assets and the movement during the year are as follows:

	2023	2022
	Rupees in '000	
As at January 1	12,813,226	13,107,177
Additions during the year	881,582	1,439,921
Adjustment upon reassessment of lease term	10,086,130	624,880
Amortisation of lease liability against right-of-use assets	2,077,327	1,522,963
Derecognition during the year	-	(198,437)
Payments made during the year	(3,764,410)	(3,683,278)
As at December 31	22,093,855	12,813,226

20.6 The Bank has made full provision for workers welfare fund (WWF) based on profit for the respective years (2008-2023). In 2016, the Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of (WWF) were not lawful. The Federal Board of Revenue filed review petitions against this order which are currently pending. Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not be treated as conclusive. Accordingly, the Bank continues to maintain the provision in respect of WWF.

21 SHARE CAPITAL

21.1 Authorised capital

	2023	2022		2023	2022
	(Number of Shares)			Rupees in '000	
	3,253,860,000	3,253,860,000	Ordinary shares of Rs 10 each	32,538,600	32,538,600

21.2 Issued, subscribed and paid up capital

	2023	2022		2023	2022
	(Number of Shares)			Rupees in '000	
	518,146,781	516,517,908	Fully paid-up ordinary shares of Rs 10 each	5,181,468	5,165,179
	1,273,106,413	1,273,106,413	Issued for cash	12,731,064	12,731,064
	1,791,253,194	1,789,624,321	Issued as bonus shares	17,912,532	17,896,243

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

21.3 Shareholding held by associated companies / entities are as follows:

Name of Shareholders	2023		2022	
	Number of shares held	Percentage of Shareholding	Number of shares held	Percentage of Shareholding
Noor Financial Investment Company, Kuwait	630,819,684	35.22%	630,819,684	35.25%
Pakistan Kuwait Investment Company (Private) Limited	536,887,288	29.97%	536,887,288	30.00%
Islamic Development Bank	166,863,457	9.32%	166,863,457	9.32%
CDC - Trustee Meezan Islamic Fund	6,702,838	0.37%	15,079,983	0.84%
CDC - Trustee Al Meezan Mutual Fund	1,871,284	0.10%	2,871,197	0.16%
CDC - Trustee Meezan Tahaffuz Pension Fund	1,819,724	0.10%	2,712,724	0.15%
CDC - Trustee KSE Meezan Index Fund	1,471,659	0.08%	1,658,338	0.09%
CDC - Trustee Meezan Balanced Fund	302,023	0.02%	817,023	0.05%
CDC - Trustee Meezan Dedicated Equity Fund	171,873	0.01%	498,227	0.03%
CDC - Trustee Meezan Asset Allocation Fund	110,683	0.01%	526,683	0.03%
Trustee Habbah Education Trust	72,532	0.00%	72,532	0.00%
CDC - Trustee Meezan Pakistan Exchange Traded Fund	38,613	0.00%	66,263	0.00%

22 RESERVES	Note	2023	2022
Rupees in '000			
Share premium		2,626,441	2,406,571
Statutory reserve	22.1	30,617,082	22,169,518
Non distributable capital reserve - Gain on bargain purchase		3,117,547	3,117,547
Employee share option compensation reserve	39	654,321	427,419
General reserve		66,766	66,766
		<u>37,082,157</u>	<u>28,187,821</u>

22.1 Under section 21(i)(b) of the Banking Companies Ordinance, 1962, an amount equivalent to not less than 10% of the profit is to be transferred to reserve fund.

23 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX	Note	2023	2022
Rupees in '000			
Available for sale securities			
- Listed shares		4,064,496	1,035,172
- Sukuks		17,348,440	(2,204,206)
		21,412,936	(1,169,034)
Non-banking assets acquired in satisfaction of claims	3.1	-	4,699
		21,412,936	(1,164,335)
Less: Deferred tax (liability) / asset on			
- Available for sale securities		(10,492,339)	502,685
- Non-banking assets acquired in satisfaction of claims	23.1	-	(2,021)
		(10,492,339)	500,664
		<u>10,920,597</u>	<u>(663,671)</u>

23.1 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Surplus on revaluation as at January 1	4,699	38,578
Recognised during the year	(4,691)	(3,542)
Adjusted upon transfer to fixed assets during the year	-	(30,184)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(8)	(153)
Surplus on revaluation as at December 31	-	4,699
Less: related deferred tax liability on:		
- Revaluation as at January 1	2,021	15,045
- Impact of change in applicable tax rate	282	1,544
- Revaluation recognised during the year	(2,299)	(1,523)
- Adjusted upon transfer to fixed assets during the year	-	(12,979)
- Incremental depreciation charged during the year	(4)	(66)
	-	2,021
	-	2,678

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

24 CONTINGENCIES AND COMMITMENTS	Note	2023	2022
Rupees in '000			
-Guarantees	24.1	67,624,287	56,485,801
-Commitments	24.2	1,261,716,514	1,238,876,726
-Other contingent liabilities	24.3	1,802,000	1,802,000
		<u>1,331,142,801</u>	<u>1,297,164,527</u>
24.1 Guarantees:			
Financial guarantees		30,395	570,477
Performance guarantees		44,956,248	33,361,532
Other guarantees		22,637,644	22,553,792
		<u>67,624,287</u>	<u>56,485,801</u>
24.2 Commitments:			
Documentary letters of credit		235,057,572	221,689,496
Commitments in respect of:			
- forward foreign exchange transactions	24.2.1	281,400,267	243,862,470
Commitments for acquisition of:			
- fixed assets		599,915	640,778
- intangible assets		526,922	291,358
Other commitments	24.2.2	744,131,838	772,392,624
		<u>1,261,716,514</u>	<u>1,238,876,726</u>

24.2.1 Commitments in respect of forward foreign exchange contracts

	Note	2023	2022
Rupees in '000			
Purchase		170,276,350	139,648,096
Sale		111,123,917	104,214,374
		<u>281,400,267</u>	<u>243,862,470</u>

24.2.2 Other Commitments

Commitments in respect of financing	24.2.2.1	<u>744,131,838</u>	<u>772,392,624</u>
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24.2.2.1 The Bank makes commitments to extend credit (including to related parties) in the normal course of business but these being revocable commitments do not attract any significant penalty or the expense if the facility is unilaterally withdrawn, other than commitments in respect of syndicated / long term financings amounting to Rs 52,125 million (2022: Rs 61,232 million).

24.3 Other contingent liabilities

The Income Tax Department amended the deemed assessment orders of the Bank for prior years including the tax year 2022. The additions / disallowances were mainly due to allocation of expenses relating to dividends and capital gain, allowability of provision against Islamic financing and related assets, provision against investments and provision against other assets. In the amended order for tax year 2015, additional issues with respect to the taxability of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches have also been raised. The Bank has obtained stay order from the High Court of Sindh against the demands raised through the amended order for the tax year 2015. Both the Bank and the department have filed appeals with the Appellate Authorities in respect of the aforementioned matters.

The management of the Bank, in consultation with its tax advisors, is confident that the decision in respect of the above matters would be in Bank's favour and accordingly no provision has been made in these unconsolidated financial statements with respect thereto. The additional tax liability in respect of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches is Rs 1,096 million and Rs 706 million respectively.

25 PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS	Note	2023	2022
Rupees in '000			
On financing	25.1	169,409,252	89,733,691
On investments in			
- Available-for-sale securities		233,483,180	109,855,350
- Held-for-trading securities		5,391	484
- Held-to-maturity securities		24,746,427	23,329,436
		<u>258,234,998</u>	<u>133,185,270</u>
On deposits / placements with financial institutions		4,078,032	9,202,271
		<u>431,722,282</u>	<u>232,121,232</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

25.1 The income on Ijarah under IFAS 2 is net of takaful of Rs 1,848 million (2022: Rs 2,164 million) recovered from customers.

26	PROFIT / RETURN ON DEPOSITS AND OTHER DUES EXPENSED	Note	2023	2022
Rupees in '000				
	Deposits and other accounts	26.1	110,560,330	59,584,928
	Sub-ordinated sukuks		4,452,067	3,022,277
	Shariah Compliant Open Market Operations and Standing Ceiling Facility from the State Bank of Pakistan		65,592,923	34,969,578
	Other Musharakahs / Mudarabas	26.2	22,610,813	11,317,860
	Amortisation of lease liability against right-of-use assets		2,077,327	1,522,963
			<u>205,293,460</u>	<u>110,417,606</u>

26.1 This includes conversion cost of Rs 3,213 million (2022: Rs 2,252 million) against foreign currency deposits.

26.2 This includes Rs 7,912 million (2022: Rs 2,478 million) paid / payable to SBP under Islamic Export Refinance Scheme and Rs 1,381 million (2022: Rs 1,284 million) paid / payable to SBP under the various Islamic Long Term Refinance Schemes.

27	FEE AND COMMISSION INCOME	Note	2023	2022
Rupees in '000				
	Trade related fees and commissions	27.1	4,263,344	3,790,368
	Commission on guarantees		219,877	174,358
	Branch banking customer fees	27.1	2,782,183	2,278,685
	Credit related fees	27.2	104,698	102,394
	Debit card related fees	27.1	8,122,503	5,773,464
	Investment banking related fees		499,868	347,619
	Commission on cash management		412,570	301,411
	Commission on home remittances		247,234	259,616
	Others (including wealth management related fees)		761,936	288,139
			<u>17,414,213</u>	<u>13,316,054</u>

27.1 Trade related income pertains to corporate, commercial and SME segments. Branch banking fees pertain to retail banking segment while debit card fees pertain to alternative delivery channel segment.

27.2 This includes consumer processing fees of Rs 20.41 million (2022: Rs 46.30 million).

28	LOSS ON SECURITIES	Note	2023	2022
Rupees in '000				
	Realised - net	28.1	(808,289)	(55,093)
	Unrealised - held for trading		(18)	18
			<u>(808,307)</u>	<u>(55,075)</u>
28.1	Realised (loss) / gain on:			
	Federal Government securities		(259,041)	34,033
	Listed shares		(549,248)	37,056
	Foreign securities		-	(126,182)
			<u>(808,289)</u>	<u>(55,093)</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

29 OTHER INCOME	Note	2023	2022
Rupees in '000			
Gain on termination of			
- Ijarah financing		799,174	573,794
- Diminishing Musharakah and other financing		49,059	70,935
Gain on sale of operating fixed assets		446,997	214,797
Liabilities written back - donation to Meezan Foundation (Liquidated)		-	350,000
Others		4,194	27,876
		1,299,424	1,237,402
30 OPERATING EXPENSES			
Total compensation expense	30.1	39,947,908	26,327,851
Property expense			
Depreciation on right-of-use assets		2,742,876	3,054,831
Rent and taxes		202,975	64,112
Utilities cost (including electricity and diesel)		2,852,297	2,081,765
Security (including guards)		1,314,451	1,197,309
Repair and maintenance (including janitorial charges)		1,381,872	806,487
Depreciation		1,151,828	897,873
Takaful expenses		15,825	3,583
Others		40,613	40,835
		9,702,737	8,146,795
Information technology expenses			
Software maintenance		1,802,551	875,434
Hardware maintenance		578,708	337,590
Depreciation		1,156,793	728,752
Amortisation		521,832	458,584
Network charges		335,548	318,459
		4,395,432	2,718,819
Other operating expenses			
Stationery and printing (including debit card related cost)		2,033,644	1,501,807
Repairs and maintenance		549,068	439,545
Local transportation and car running		1,953,895	1,214,852
Depreciation on vehicles, equipment etc.		2,056,727	1,495,984
Legal and professional charges		191,677	122,727
NIFT and other clearing charges		254,039	214,124
Marketing, advertisement and publicity		1,308,306	954,066
Security charges - cash transportation		1,067,769	720,409
Communication (including courier)		1,872,961	580,749
Travelling and conveyance		358,239	173,296
Training and Development		198,863	93,542
Donation	30.4	6,525	44,317
Fees, subscription and other charges		641,633	437,499
Brokerage and bank charges		329,192	267,411
Office supplies		576,482	417,196
Entertainment		85,747	72,861
Takaful expense		168,905	130,718
Outsourced services costs	30.2	22,496	22,537
Auditors' remuneration	30.3	30,561	25,247
Fees and allowances to Shariah Board	40	52,295	43,403
Directors' fees and allowances	40	69,560	71,490
Others		1,934	2,586
		13,830,518	9,046,366
		67,876,595	46,239,831

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

30.1 Total compensation expense	Note	2023	2022
Rupees in '000			
Managerial Remuneration			
i) Fixed		16,111,640	12,810,754
ii) Cash Bonus / Awards etc.		21,118,908	11,251,653
iii) Share based compensation expense	39	409,746	293,962
Charge for defined benefit plan		778,597	605,247
Contribution to defined contribution plan		674,262	538,270
Compensated absences		199,929	190,939
Others including EOBI, SESSI, uniform, sports etc.		654,826	637,026
Total compensation expense		39,947,908	26,327,851

30.2 Total cost for the year relating to outsourced activities is Rs 4,826 million (2022: Rs 3,230 million). The cost relating to outsourced service costs other than portfolio management, has been disclosed specifically in note 30.1. This cost pertains to payments to companies incorporated in Pakistan and mainly on account of security guards, janitorial staff and courier services. The cost of outsourced activities on account of portfolio management for the year given to Al Meezan Investment Management Limited (a related party) is Rs 22.49 million (2022: Rs 22.50 million) has been disclosed in outsourced services costs under operating expenses.

30.3 Auditors' remuneration	2023	2022
Rupees in '000		
Audit fee	10,000	7,000
Fee for interim review	1,450	1,170
Special certifications / review / tax advisory services	14,867	13,483
	26,317	21,653
Sindh sales tax on services	2,420	2,184
Out of pocket expenses	1,824	1,410
	30,561	25,247

30.4 Donation	2023	2022
Alamgir Welfare Trust International	3,025	-
Health Care, Sialkot	3,000	-
Patients Aid Foundation	500	-
The Indus Hospital	-	35,000
Akhuwat Foundation	-	5,000
Citizen Police Liaison Committee	-	4,317
	6,525	44,317

None of the directors, executives or their spouses had any interest in the donees.

31 OTHER CHARGES	Note	2023	2022
Rupees in '000			
Penalties imposed by the State Bank of Pakistan		304,830	95,150
32 PROVISIONS AND WRITE OFFS - NET			
Provision against non-performing Islamic financing and related assets - net	11.12	7,646,848	3,249,734
(Reversal of provisions) / provision for diminution in value of investments	10.3	(571,988)	806,681
Provision against other assets and capital work-in-progress	12 & 14.31 & 32.1	370,292	126,111
Reversal against due from financial institution		(20,000)	-
Provision against off-balance sheet obligations	20.2	-	-
Recoveries of written off financings	32.2	(84,741)	(5,865)
		7,340,411	4,176,661

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

32.1 This mainly represents provision (net of recoveries) against operational losses incurred by the Bank in the current or prior years.

32.2 This includes recoveries against financing written off by HSBC prior to its acquisition by the Bank.

33 TAXATION	Note	2023	2022
		Rupees in '000	
Current	33.1	85,107,294	45,118,283
Prior years	33.2	1,958,493	(368,262)
Deferred		(2,133,513)	(1,371,803)
		<u>84,932,274</u>	<u>43,378,218</u>

33.1 Through Finance Act 2022, the effective tax rate on banking companies has been increased and consequently from the tax year 2023, tax rates has been enhanced to 49% (inclusive of 10% Super Tax) from 39% in tax year 2022 (inclusive of 4% Super Tax). Accordingly, the Bank has recognised super tax charge of Rs 17,270 million (2022: Rs 9,210 million) in the current year based on taxable income for the year.

33.2 During the year, in relation to Section 99D of the Income Tax Ordinance, 2001, FBR has issued SRO to impose an additional windfall tax @ 40% on foreign exchange income of the banks for the accounting years 2021 and 2022. The Bank along with other banks has challenged the law and filed a petition in Sindh High Court. Based on strong grounds, stay order has also been issued to banks. However, the Bank has, as an abundant caution, recorded a prior year charge of Rs 1.3 billion in these unconsolidated financial statements. Similar cases have also been filed by other banks in Islamabad & Lahore High Courts wherein stay orders have been granted. The FBR has challenged the stay orders granted by Sindh, Islamabad and Lahore High Courts in Supreme Court of Pakistan.

33.3 Relationship between tax expense and accounting profit	Note	2023	2022
		Rupees in '000	
Profit before taxation		<u>169,407,916</u>	<u>88,384,828</u>
Effects of:			
- Tax calculated at the applicable rate of 39%		66,069,087	34,470,083
- Super tax @ 10%		17,270,200	9,209,551
- Expenses not deductible for tax purposes		(186,914)	(86,979)
- Other additions / adjustments for tax purposes		(292,099)	(284,472)
- Prior year windfall tax	33.2	1,357,169	-
- Others		714,831	70,035
Tax charge for the year		<u>84,932,274</u>	<u>43,378,218</u>

34 BASIC AND DILUTED EARNINGS PER SHARE

34.1 Basic earnings per share

Profit for the year		<u>84,475,642</u>	<u>45,006,610</u>
		(Number)	
Weighted average number of ordinary shares		<u>1,790,396,362</u>	<u>1,789,624,321</u>
		(Rupees)	

Basic earnings per share	34.4	<u>47.18</u>	<u>25.15</u>
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34.2 Diluted earnings per share

		Rupees in '000	
Profit for the year		<u>84,475,642</u>	<u>45,006,610</u>
		(Number)	
Weighted average number of ordinary shares	34.3	<u>1,792,448,949</u>	<u>1,790,444,362</u>
		(Rupees)	
Diluted earnings per share	34.4	<u>47.13</u>	<u>25.14</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

34.3 Reconciliation of basic and diluted earning per share	2023	2022
	(Number)	
Weighted average number of ordinary shares	1,790,396,362	1,789,624,321
Add: Diluted impact of Employee stock option scheme	2,052,587	820,041
Dilutive potential ordinary shares	<u>1,792,448,949</u>	<u>1,790,444,362</u>

34.4 The Bank has issued 1,628,873 shares under employees share option scheme in July 2023.

35 CASH AND CASH EQUIVALENTS	Note	2023	2022
		Rupees in '000	
Cash and balances with treasury banks	7	242,611,556	117,743,106
Balances with other banks	8	11,452,256	13,676,159
		<u>254,063,812</u>	<u>131,419,265</u>

35.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2023		
	Sub-ordinated Sukuk	Lease liability against right-of-use assets	Dividend Payable
	Rupees in '000		
Balance as at January 01	20,990,000	12,813,226	3,825,350
Changes from financing cash flows			
Payment against lease liability against right-of-use assets	-	(3,764,410)	-
Dividend paid	-	-	(29,819,429)
Total changes from financing cash flows	-	(3,764,410)	(29,819,429)
Other changes			
Addition to right-of-use-assets	-	881,582	-
Amortisation of lease liability against right-of-use assets	-	2,077,327	-
Adjustment upon reassessment of lease term	-	10,086,130	-
Derecognition during the year	-	-	-
Cash dividend (Rs 15 per share)	-	-	26,859,025
	-	13,045,039	26,859,025
Balance as at December 31	<u>20,990,000</u>	<u>22,093,855</u>	<u>864,946</u>
	2022		
	Sub-ordinated Sukuk	Lease liability against right-of-use assets	Dividend Payable
	Rupees in '000		
Balance as at January 01	20,990,000	13,107,177	19,490
Changes from financing cash flows			
Payment against lease liability against right-of-use assets	-	(3,683,278)	-
Dividend paid	-	-	(7,908,045)
Total changes from financing cash flows	-	(3,683,278)	(7,908,045)
Other changes			
Addition to right-of-use-assets	-	1,439,921	-
Amortisation of lease liability against right-of-use assets	-	1,522,963	-
Adjustment upon reassessment of useful life	-	624,880	-
Derecognition during the year	-	(198,437)	-
Cash dividend (Rs 7 per share)	-	-	11,713,905
	-	3,389,327	11,713,905
Balance as at December 31	<u>20,990,000</u>	<u>12,813,226</u>	<u>3,825,350</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

35.2 Additional information on operational cash flows from profit / return	2023	2022
	Rupees in '000	
Profit / Return received on financings, investments and placements	395,521,775	212,125,592
Profit / Return paid on deposits and other dues	200,869,722	101,479,107
	<u>194,652,053</u>	<u>110,646,485</u>

36 STAFF STRENGTH	Note	2023	2022
		(Number of Staff)	
Permanent		13,733	12,324
On Bank's contract		1,107	920
Bank's own staff strength at the end of the year		<u>14,840</u>	<u>13,244</u>
Outsourced	36.1	2,346	2,136
Total Staff Strength		<u>17,186</u>	<u>15,380</u>

36.1 This excludes outsourced security guards and janitorial staff.

37 DEFINED BENEFIT PLAN

37.1 Meezan Bank Gratuity Funded Scheme

The activities of the Gratuity Funded Scheme are governed by Meezan Bank Limited Staff Gratuity Fund established in 2000 under the provisions of a Trust Deed. Plan assets held in trust are governed by the Trust Deed as is the nature of the relationship between the Bank and the trustees and their composition. Responsibility for governance of the plan including the investment decisions lies with the Trustees. The Board of Trustees comprise of representatives of the Bank and scheme participants in accordance with the Fund's Trust Deed.

37.2 Number of Employees under the Gratuity Funded Scheme	Note	2023	2022
		(Number)	
Number of employees eligible under the Gratuity Funded Scheme		<u>10,695</u>	<u>9,941</u>

37.3 Reconciliation of amount payable to defined benefit plan		2023	2022
		Rupees in '000	
Present value of defined benefit obligations	37.5	4,817,560	3,671,959
Fair value of plan assets	37.5	(3,930,931)	(3,002,944)
		<u>886,629</u>	<u>669,015</u>

37.4 Components of plan assets

	Entity / Instrument Credit Rating	2023		2022	
		Rupees in '000	%	Rupees in '000	%
GoP Ijarah Sukuks	Govt. Guaranteed	3,636,265	92.51	2,792,376	92.99
Mutual Funds managed by Al Meezan Investment Management Limited	AM1	152,164	3.87	130,926	4.36
Bank Islami Pakistan Limited - Additional Tier 1 Sukuk	A-	5,000	0.13	5,000	0.17
Savings account with Dubai Islamic Bank Limited	AA	149	-	141	-
Savings account with Meezan Bank Limited	AAA	137,353	3.49	74,501	2.48
		<u>3,930,931</u>	<u>100</u>	<u>3,002,944</u>	<u>100</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

37.5 The movement in the defined benefit obligation over the year is as follows:

	2023		
	Present Value of obligation	Fair Value of Plan Assets	Total
	Rupees in '000		
At January 1	3,671,959	(3,002,944)	669,015
Current service cost	633,144	-	633,144
Return expense / (income)	506,638	(459,893)	46,745
	4,811,741	(3,462,837)	1,348,904
Remeasurements:			
-Return on plan assets, excluding amounts included in return expense / (income) shown as above	-	(19,340)	(19,340)
-Experience gains	226,080	-	226,080
	226,080	(19,340)	206,740
	5,037,821	(3,482,177)	1,555,644
Contribution	-	(669,015)	(669,015)
Benefit payments	(220,261)	220,261	-
At December 31	4,817,560	(3,930,931)	886,629
	2022		
	Present Value of obligation	Fair Value of Plan Assets	Total
	Rupees in '000		
At January 1	2,688,572	(2,150,857)	537,715
Current service cost	466,852	-	466,852
Return expense / (income)	314,103	(243,317)	70,786
	3,469,527	(2,394,174)	1,075,353
Remeasurements:			
-Return on plan assets, excluding amounts included in return expense / (income) shown as above	-	(279,586)	(279,586)
-Experience gains	410,963	-	410,963
	410,963	(279,586)	131,377
	3,880,490	(2,673,760)	1,206,730
Contribution	-	(537,715)	(537,715)
Benefit payments	(208,531)	208,531	-
At December 31	3,671,959	(3,002,944)	669,015

37.6 Charge for defined benefit plan (in respect of the Gratuity Funded Scheme)

	2023	2022
	Rupees in '000	
37.6.1 Cost recognised in profit and loss		
Current service cost	633,144	466,852
Return expense / (income) - net	46,745	70,786
	679,889	537,638
37.6.2 Re-measurements recognised in OCI during the year		
Gain on obligation - experience adjustment	226,080	410,963
Return on plan assets over expected return	(19,340)	(279,586)
Total re-measurements recognised in OCI	206,740	131,377

Total expense recognised in unconsolidated Profit and Loss Account amounted to Rs 778.60 million (2022: Rs 605.25 million) of which Rs 679.89 million (2022: Rs 537.64 million) pertains to approved Gratuity Funded Scheme and Rs 98.71 million (2022: Rs 67.61 million) pertains to End of Service Unfunded Defined Benefit Scheme. Total expense recognised in Other Comprehensive Income amounted to Rs 242.18 million (2022: credit of Rs 189.32 million) of which expense of Rs 206.74 million (2022: charge of Rs 131.377 million) pertains to Gratuity Funded Scheme and charge of Rs 35.44 million (2022: charge of Rs 57.946 million) pertains to End of Service Unfunded Defined Benefit Scheme.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

37.7 The plan assets and defined benefit obligations (in respect of the Gratuity Funded Scheme) are based in Pakistan.

37.8 Principal actuarial assumptions	2023	2022
Discount rate	14.75% p.a	14.25% p.a
Expected rate of increase in salaries	14.75% p.a	14.25% p.a
Expected rate of return on investments	14.75% p.a	14.25% p.a
Normal retirement age	60 years	60 years

37.9 Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables.

37.10 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Impact on defined benefit obligation - Increase / (Decrease)			
		December 31, 2023		December 31, 2022	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Rupees in '000					
Discount rate	1.00%	(492,387)	579,251	(386,264)	455,722
Salary growth rate	1.00%	596,630	(514,709)	469,642	(403,962)
Withdrawal rate	10.00%	(5)	5	(7)	6

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the unconsolidated Statement of Financial Position.

37.11 The weighted average duration of the defined benefit obligation is 11.19 years.

37.12 Expected maturity analysis of undiscounted defined benefit obligation for the Gratuity Funded Scheme is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Rupees in '000					
At December 31, 2023	272,589	266,748	911,658	48,466,805	49,917,800
At December 31, 2022	191,654	158,718	702,933	35,224,168	36,277,473

37.13 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Contribution for the next year works out to Rs 745.866 million as per the actuarial valuation report of the Bank as of December 31, 2023.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

37.14 Through its Gratuity Funded Scheme, the Fund is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to corporate sukuk yields; if plan assets underperform to the yield, this will create a deficit. The Fund believes that due to long-term nature of the plan liabilities and the Bank's support, the current investment strategy manages this risk adequately.
Changes in sukuk yields	A decrease in corporate sukuk yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' sukuk holdings.
Inflation risk	The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. However plan assets are variable rate instruments and are re-priced at regular intervals to off set inflationary impacts.
Life expectancy / Withdrawal rate	The majority of the plans' obligations are to provide benefits on severance with the Bank on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

37.15 End of Service Unfunded Defined Benefit Scheme

The Bank also operates an End of Service Unfunded Defined Benefit Scheme for the founding President and Chief Executive Officer. The scheme was introduced in 2015 and the benefits under the scheme is linked to last drawn compensation and years of service with the Bank.

The charge in respect of current service cost is recognised based on expected period of future service. The net charge for the year of this benefit amounted to Rs 134.15 million (2022: Rs 125.56 million). The charge of Rs 98.71 million (2022: Rs 67.61 million) has been recognised in the Profit and Loss Account and the charge of Rs 35.44 million (2022: Rs 57.95 million) has been recognised in Other Comprehensive Income. The present value of defined benefit obligation recognised in respect of this scheme amounts to Rs 663.57 million (2022: Rs 529.43 million).

The principal actuarial assumptions comprise of discount rate of 14.75 percent and salary increase rate of 10.00 percent. The sensitivity of the defined benefit obligation due to a one percent change in discount rate would be Rs 8.04 million (in case the discount rate is increased) and Rs 8.21 million (in case the discount rate is decreased). These sensitivities are calculated using the same methodology as explained in note 37.10.

37.16 The disclosures made in notes 37.1 to 37.15 are based on the information included in the actuarial valuation reports of the Bank as of December 31, 2023.

38 DEFINED CONTRIBUTION PLAN

The Bank also operates a recognised contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Bank and the employees, to the fund at a rate of 10% of basic salary.

	2023	2022
	Rupees in '000	
Contribution from the Bank	674,262	538,270
Contribution from the employees	674,262	538,270
	<u>1,348,524</u>	<u>1,076,540</u>

39 EMPLOYEES STOCK OPTION SCHEME

During the years 2021-2023, the Board Human Resources, Remuneration and Compensation Committee (the Committee) has granted Share Options to the designated employees under the Meezan Bank Employees Share Option Scheme, 2021 (the Scheme) approved by the shareholders and Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SMD/Co.86(1)/3/2001/4 dated April 21, 2021.

Under the scheme, the exercise price has been determined as 70% of the average market closing price of the Bank's shares quoted on the Pakistan Stock Exchange during the last forty trading days prior to the date of grant. There are no performance measures attached to options granted. The options carry neither right to dividends nor voting rights till shares are issued to employees on exercise of options on completion of the vesting period. The shares will be vested over a period of 4 years from the respective grant date, with one-third being vested after two years from the date of grant, remaining one-third after three years and the remaining one-third after four years.

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The value of these equity-settled options have been determined using the Black Scholes Merton (BSM) method using an independent valuer. The key details of the share options are as under:

	Vesting Period	Exercise Date	Options granted	Options outstanding	Exercise Price (Rs)	Fair value per option (Rs)	Risk Free Rate	Standard Deviation
Share options issued in 2023	2 years	01-May-25	3,164,300	2,814,275	67.87	52	<u>15.75%</u>	<u>28.16%</u>
	3 years	01-May-26	3,164,300	2,814,275	67.87	61		
	4 years	01-May-27	<u>3,164,300</u>	<u>2,814,275</u>	67.87	69		
			<u>9,492,900</u>	<u>8,442,825</u>				
Share options issued in 2022	2 years	01-May-24	2,508,648	2,309,820	85.76	44	<u>13.50%</u>	<u>30.08%</u>
	3 years	01-May-25	2,508,648	2,309,820	85.76	55		
	4 years	01-May-26	<u>2,508,648</u>	<u>2,309,820</u>	85.76	64		
			<u>7,525,944</u>	<u>6,929,460</u>				
Share options issued in 2021	2 years	01-May-23	2,340,833	-	61.21	78	<u>10.50%</u>	<u>31.63%</u>
	3 years	01-May-24	2,340,833	1,962,006	61.21	85		
	4 years	01-May-25	<u>2,340,834</u>	<u>1,962,006</u>	61.21	90		
			<u>7,022,500</u>	<u>3,924,012</u>				

Expense arising from this scheme is disclosed in note 30.1.

40 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

	2023						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non-Executives				
	Rupees in '000						
Fees and allowances	12,460	-	57,100	1,900	-	-	-
Managerial remuneration							
i) Fixed	-	-	-	41,895	109,780	462,076	526,588
ii) Cash Bonus	-	-	-	8,500	240,000	649,100	525,000
iii) Share based compensation expense	-	-	-	-	7,164	39,070	47,425
Charge for gratuity fund / End of service benefit (note 40.3)	-	-	-	-	-	16,705	21,025
Contribution to defined contribution vplan	-	-	-	-	-	21,334	26,616
Others	-	-	-	-	2,512	1,849	-
	<u>12,460</u>	<u>-</u>	<u>57,100</u>	<u>52,295</u>	<u>359,456</u>	<u>1,190,134</u>	<u>1,146,654</u>
Number of persons	<u>1</u>	<u>-</u>	<u>9</u>	<u>4</u>	<u>1</u>	<u>21</u>	<u>57</u>
	2022						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non-Executives				
	Rupees in '000						
Fees and allowances	11,640	-	59,850	2,500	-	-	-
Managerial remuneration							
i) Fixed	-	-	-	34,903	88,818	402,318	460,947
ii) Cash Bonus	-	-	-	6,000	200,000	460,000	370,350
iii) Share based compensation expense	-	-	-	-	4,290	21,375	30,236
Charge for gratuity fund / End of service benefit (note 40.3)	-	-	-	-	-	12,019	18,691
Contribution to defined contribution plan	-	-	-	-	-	14,952	22,876
Others	-	-	-	-	4,180	1,224	-
	<u>11,640</u>	<u>-</u>	<u>59,850</u>	<u>43,403</u>	<u>297,288</u>	<u>911,888</u>	<u>903,100</u>
Number of persons	<u>1</u>	<u>-</u>	<u>9</u>	<u>4</u>	<u>1</u>	<u>22</u>	<u>63</u>

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- 40.1** The Chief Executive, the key management personnel, certain members of Shariah board and certain material risk takers / controllers have been provided with free use of the Bank's cars.
- 40.2** The amount of cash bonus to the key management personnel, Resident Shariah Board Member and other material risk takers / controllers, is based on the management's best estimate.
- 40.3** The Chief Executive is also entitled to End of Service Unfunded Defined Benefit Scheme details of which are given under note 37.15.
- 40.4** Remuneration to Directors for participation in Board and Committee Meetings.

		2023							
		Meeting Fees and Allowances							
Sr. No.	Name of Director	For Board Meetings	For Board Committees					Interview and Selection Committee*	Total Amount
			Board Audit Committee	Risk Management Committee	Information Technology Committee	Human Resources, Remuneration & Compensation Committee	IFRS 9 Implementation Oversight Committee		
Rupees in '000									
1	Mr Riyadh S.A.A. Edrees (Chairman)	3,360	-	-	2,600	2,600	2,600	1,300	12,460
2	Mr Faisal A.A.A. Al-Nassar (Vice Chairman)	2,800	2,600	2,600	2,600	-	-	-	10,600
3	Mr Bader H.A.M.A. Al-Rabiah	1,600	-	1,950	-	-	-	-	3,550
4	Mr Saad Ur Rehman Khan	800	650	650	650	-	-	-	2,750
5	Mr Faisal Fahad Al-Muzaini	1,600	-	-	-	-	2,600	-	4,200
6	Mr Tariq Mahmood Pasha	800	-	-	-	-	-	-	800
7	Mr Mohamed Guerhazi	2,800	2,600	-	-	-	-	-	5,400
8	Mr Mohammad Abdul Aleem	3,200	2,600	-	-	2,600	-	1,300	9,700
9	Ms Nausheen Ahmad	3,200	-	-	-	2,600	-	1,300	7,100
10	Mr Yousef S.M.A. Al-Saad	1,600	-	2,600	-	-	-	-	4,200
11	Mr Mubashar Maqbool	1,200	1,300	1,300	1,300	-	-	1,300	6,400
12	Mr Naveed Iftikhar Sherwani	2,400	-	-	-	-	-	-	2,400
		<u>25,360</u>	<u>9,750</u>	<u>9,100</u>	<u>7,150</u>	<u>7,800</u>	<u>5,200</u>	<u>5,200</u>	<u>69,560</u>

		2022							
		Meeting Fees and Allowances							
Sr. No.	Name of Director	For Board Meetings	For Board Committees					Interview and Selection Committee*	Total Amount
			Board Audit Committee	Risk Management Committee	Information Technology Committee	Human Resources, Remuneration & Compensation Committee	IFRS 9 Implementation Oversight Committee		
Rupees in '000									
1	Mr Riyadh S.A.A. Edrees (Chairman)	3,840	-	-	2,600	2,600	2,600	-	11,640
2	Mr Faisal A.A.A. Al-Nassar (Vice Chairman)	3,200	2,600	2,600	2,600	-	-	-	11,000
3	Mr Bader H.A.M.A. Al-Rabiah	3,200	650	1,950	-	-	-	-	5,800
4	Mr Mubashar Maqbool	3,200	1,950	2,600	2,600	-	-	-	10,350
5	Mr Faisal Fahad Al-Muzaini	3,200	-	-	-	-	1,950	-	5,150
6	Mr Naveed Iftikhar Sherwani	3,200	-	-	-	-	-	-	3,200
7	Mr Mohamed Guerhazi	3,200	1,950	650	-	-	-	-	5,800
8	Mr Mohammad Abdul Aleem	3,200	2,600	-	-	2,600	-	-	8,400
9	Ms Nausheen Ahmad	3,200	-	-	-	2,600	-	-	5,800
10	Mr Yousef S.M.A. Al-Saad	2,400	-	1,950	-	-	-	-	4,350
		<u>31,840</u>	<u>9,750</u>	<u>9,750</u>	<u>7,800</u>	<u>7,800</u>	<u>4,550</u>	<u>-</u>	<u>71,490</u>

* This Committee was both formed and dissolved in 2023

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40.5 Remuneration to Members Shariah Board

	2023			2022		
	Chairman	Resident Member	Non Resident Members	Chairman	Resident Member	Non Resident Members
	Rupees in '000					
Meeting Fees	-	-	1,900	-	-	2,500
Managerial remuneration and allowances	-	7,140	34,755	-	6,007	28,896
Cash Bonus	-	8,500	-	-	6,000	-
	-	15,640	36,655	-	12,007	31,396
Total Number of Persons	1	1	2	1	1	2

41 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

41.1 Fair value of financial assets

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

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

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

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

The table below analyses financial instruments measured as at December 31, 2023 and 2022 by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Carrying value	2023			
		Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,202,500,730	-	1,202,500,730	-	1,202,500,730
- Shares	10,845,690	10,845,690	-	-	10,845,690
- Non Government Sukuks	119,520,856	119,520,856	-	-	119,520,856
- Foreign Securities	5,102,756	-	5,102,756	-	5,102,756
	1,337,970,032	130,366,546	1,207,603,486	-	1,337,970,032
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	216,954,593	-	187,691,000	-	187,691,000
	216,954,593	-	187,691,000	-	187,691,000
	1,554,924,625	130,366,546	1,395,294,486	-	1,525,661,032
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts	284,833,586	-	284,833,586	-	284,833,586

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	Carrying value	2022			Total
		Fair value			
		Level 1	Level 2	Level 3	
Rupees in '000					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	917,873,562	-	917,873,562	-	917,873,562
- Shares	7,565,867	7,565,867	-	-	7,565,867
- Non Government Sukuk	119,509,708	119,509,708	-	-	119,509,708
- Foreign Securities	8,568,475	-	8,568,475	-	8,568,475
	<u>1,053,517,612</u>	<u>127,075,575</u>	<u>926,442,037</u>	<u>-</u>	<u>1,053,517,612</u>
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	217,208,259	-	203,805,000	-	203,805,000
	<u>217,208,259</u>	<u>-</u>	<u>203,805,000</u>	<u>-</u>	<u>203,805,000</u>
	<u>1,270,725,871</u>	<u>127,075,575</u>	<u>1,130,247,037</u>	<u>-</u>	<u>1,257,322,612</u>
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts					
	<u>244,685,475</u>	<u>-</u>	<u>244,685,475</u>	<u>-</u>	<u>244,685,475</u>

41.2 Fair Value of non-financial assets

	Carrying value	2023			Total
		Fair value			
		Level 1	Level 2	Level 3	
Rupees in '000					
Non-banking assets acquired in satisfaction of claims					
	36,320	-	-	36,320	36,320
	<u>36,320</u>	<u>-</u>	<u>-</u>	<u>36,320</u>	<u>36,320</u>

	Carrying value	2022			Total
		Fair value			
		Level 1	Level 2	Level 3	
Rupees in '000					
Non-banking assets acquired in satisfaction of claims					
	55,000	-	-	55,000	55,000
	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>55,000</u>

Non-banking assets acquired in satisfactions of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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Valuation techniques used in determination of fair values

Item	Valuation approach and input used
Listed Securities	The valuation has been determined through closing rates of Pakistan Stock Exchange.
GoP Ijarah Sukuks	The fair value of GoP Ijarah Sukuks quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined/ approved dealers / brokers.
Foreign Sukuks	The valuation has been determined through closing rates of Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by SBP.
Mutual Funds	The valuation has been determined based on Net asset values declared by respective funds.
Non-banking assets acquired in satisfaction of claims	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in these unconsolidated financial statements.
Unquoted Equity Securities	Break-up value determined on the basis of NAV of the company using the latest available audited financial statements.

The valuation of non-banking assets acquired in satisfaction of claims, mentioned above, is conducted by the valuation expert appointed by the Bank which is also on the panel of the Pakistan Banks' Association (PBA). The valuation expert uses a market based approach to arrive at the fair value of the Bank's non-banking asset acquired in satisfaction of claims. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. This value is adjusted to reflect the current condition of the property. The effect of changes in the unobservable inputs used in the valuation cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

The reconciliation from the opening balance to the closing balance of the non-banking assets acquired in satisfaction of claims has been disclosed in note 14.2.1. The change in the market value has been accounted for in the unconsolidated profit and loss account.

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 during the year.

Fair value of Islamic financing and related assets, unquoted sukuk, other assets, other liabilities and fixed term deposits and other accounts and due to financial institutions cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing and related assets has been made in accordance with the Bank's accounting policy as stated in note 6.3.2.

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

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

42 SEGMENT INFORMATION

42.1 Segment Details with respect to Business Activities

	2023					Total
	Corporate and Commercial banking	Retail banking	Trading and sales	Others	Inter-segment Eliminations	
	Rupees in '000					
Unconsolidated profit and loss account						
External funded revenue	162,962,062	9,324,625	259,435,595	-	-	431,722,282
External non funded revenue	5,338,755	4,495,109	3,393,543	8,879,754	-	22,107,161
Inter segment revenue - net	-	370,602,473	-	59,037	(370,661,510)	-
Total income	168,300,817	384,422,207	262,829,138	8,938,791	(370,661,510)	453,829,443
External cost of funds	13,736,567	113,388,780	78,168,113	-	-	205,293,460
Segment direct expenses	2,023,834	64,961,324	1,074,985	3,727,513	-	71,787,656
Inter segment expense allocation	141,439,795	-	229,221,715	-	(370,661,510)	-
Total expenses	157,200,196	178,350,104	308,464,813	3,727,513	(370,661,510)	277,081,116
Provisions / (reversals) and write offs - net	7,639,688	267,733	(586,741)	19,731	-	7,340,411
Profit before tax	3,460,933	205,804,370	(45,048,934)	5,191,547	-	169,407,916
Unconsolidated statement of financial position						
Cash and bank balances	2,416,860	244,475,948	-	7,171,004	-	254,063,812
Due from financial institutions	-	-	34,964,299	-	-	34,964,299
Investments	16,004,402	-	1,556,383,218	-	-	1,572,387,620
Net inter segment lending	-	2,010,062,419	-	7,500,761	(2,017,563,180)	-
Islamic financings and related assets	872,356,169	89,316,843	-	-	-	961,673,012
Others	46,375,068	68,610,791	70,660,404	3,373,751	-	189,020,014
Total assets	937,152,499	2,412,466,001	1,662,007,921	18,045,516	(2,017,563,180)	3,012,108,757
Due to financial institutions	140,798,856	5,696,799	230,998,957	-	-	377,494,612
Deposits and other accounts	-	2,217,473,924	-	-	-	2,217,473,924
Sub-ordinated sukus	20,990,000	-	-	-	-	20,990,000
Net inter segment borrowing	691,084,684	-	1,326,478,496	-	(2,017,563,180)	-
Others	26,748,984	164,592,502	2,503,024	17,398,194	-	211,242,704
Total liabilities	879,622,524	2,387,763,225	1,559,980,477	17,398,194	(2,017,563,180)	2,827,201,240
Equity	57,529,975	24,702,776	102,027,444	647,322	-	184,907,517
Total equity and liabilities	937,152,499	2,412,466,001	1,662,007,921	18,045,516	(2,017,563,180)	3,012,108,757
Contingencies and Commitments	946,041,322	103,701,212	281,400,267	-	-	1,331,142,801

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2022					Total
	Corporate and Commercial banking	Retail banking	Trading and sales	Others	Inter-segment Eliminations	
	Rupees in '000					
Unconsolidated profit and loss account						
External funded revenue	83,882,167	7,655,763	140,583,302	-	-	232,121,232
External non funded revenue	4,558,746	3,326,592	4,809,368	6,408,482	-	19,103,188
Inter segment revenue - net	-	196,667,127	-	173,327	(196,840,454)	-
Total Income	88,440,913	207,649,482	145,392,670	6,581,809	(196,840,454)	251,224,420
External cost of funds	6,777,093	61,280,572	42,359,941	-	-	110,417,606
Segment direct expenses	1,400,367	44,750,561	165,724	1,928,673	-	48,245,325
Inter segment expense allocation	74,213,540	-	122,626,914	-	(196,840,454)	-
Total expenses	82,391,000	106,031,133	165,152,579	1,928,673	(196,840,454)	158,662,931
Provisions and write offs - net	3,201,688	124,306	806,681	43,986	-	4,176,661
Profit before tax	2,848,225	101,494,043	(20,566,590)	4,609,150	-	88,384,828
Unconsolidated statement of financial position						
Cash and bank balances	-	112,300,051	8,905,757	10,213,457	-	131,419,265
Due from financial institutions - net	-	-	34,964,299	-	-	34,964,299
Investments - net	11,019,547	-	1,272,190,740	-	-	1,283,210,287
Net inter segment lending	-	1,544,149,502	-	-	(1,544,149,502)	-
Islamic financings and related assets - net	902,768,059	92,740,295	-	-	-	995,508,354
Others	35,208,094	52,596,851	43,932,977	557,384	-	132,295,306
Total Assets	948,995,700	1,801,786,699	1,359,993,773	10,770,841	(1,544,149,502)	2,577,397,511
Due to financial institutions	134,872,920	6,364,466	432,089,053	-	-	573,326,439
Deposits and other accounts	-	1,658,490,118	-	-	-	1,658,490,118
Subordinated sukuk	20,990,000	-	-	-	-	20,990,000
Net inter segment borrowing	675,947,666	-	861,843,217	6,358,619	(1,544,149,502)	-
Others	74,724,128	125,404,634	5,211,198	3,930,301	-	209,270,261
Total liabilities	906,534,714	1,790,259,218	1,299,143,468	10,288,920	(1,544,149,502)	2,462,076,818
Equity	42,460,986	11,527,481	60,850,305	481,921	-	115,320,693
Total Equity and liabilities	948,995,700	1,801,786,699	1,359,993,773	10,770,841	(1,544,149,502)	2,577,397,511
Contingencies and Commitments	965,252,925	88,049,132	243,862,470	-	-	1,297,164,527

43 TRUST ACTIVITIES

The Bank provides trustee services in respect of Islamic Financing transactions. The services primarily includes holding of assets as security trustee / custodian on behalf of investors.

44 RELATED PARTY TRANSACTIONS

44.1 Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes a subsidiary company, associated companies, retirement benefit funds, directors, and key management personnel and their close family members.

44.2 The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration and other benefit to the key management personnel is determined in accordance with the terms of their appointment.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

44.3 Subsidiary companies

- Al Meezan Investment Management Limited
- Meezan Exchange Company (Private) Limited

44.4 Associates

Associates include mutual funds managed by Al Meezan Investment Management Limited and entities having common directorship with the Board. However, entities are not considered related party only if common director is an independent director working on both the Boards.

44.5 Key management personnel

- President and Chief Executive Officer
- Deputy Chief Executive Officers

44.6 Details of transactions with related parties and balances with them (other than those disclosed in respective notes) as at the year-end as are follows:

	Total		Subsidiaries		Associates		Directors		Key Management Personnel		Other Related Parties	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees in '000											
Islamic financing and related assets												
At January 1	29,972,348	-	-	-	29,972,348	-	-	-	-	-	-	-
Addition during the year	23,154,677	29,972,348	-	-	23,066,434	29,972,348	-	-	88,243	-	-	-
Repayment / redemption / deletion during the year	(20,124,861)	-	-	-	(20,123,814)	-	-	-	(1,047)	-	-	-
At December 31	33,002,164	29,972,348	-	-	32,914,968	29,972,348	-	-	87,196	-	-	-
Investments												
At January 1	908,302	907,788	63,050	63,050	845,252	844,738	-	-	-	-	-	-
Addition during the year	-	514	-	-	-	514	-	-	-	-	-	-
Repayment / redemption / deletion during the year	-	-	-	-	-	-	-	-	-	-	-	-
At December 31	908,302	908,302	63,050	63,050	845,252	845,252	-	-	-	-	-	-
Due from financial institutions												
At January 1	-	21,858,348	-	-	-	21,858,348	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	-	-	-	-	-	-	-
Repayment / redemption / deletion during the year	-	(21,858,348)	-	-	-	(21,858,348)	-	-	-	-	-	-
At December 31	-	-	-	-	-	-	-	-	-	-	-	-

Balances pertaining to parties that were related at the beginning of the year but ceased to be related during any part of the current year are not reflected as part of the closing balance. However, new related parties have been added during the year. The same are accounted for through the movement presented above.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

	Total		Subsidiaries		Associates		Directors		Key Management Personnel		Other Related Parties	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Rupees in '000												
Deposits	6,588,811	4,494,250	53,388	20,530	5,521,325	3,565,923	167,014	134,806	176,832	180,487	670,252	592,504
Other Assets												
Profit receivable on financing / investments / placements	1,076,495	684,919	-	-	1,076,459	684,919	-	-	36	-	-	-
Fee and other receivable	113,922	47,936	83,405	24,975	28,800	17,864	-	-	-	1,745	1,717	3,352
Due to financial institutions												
At January 1,	18,000,000	-	-	-	18,000,000	-	-	-	-	-	-	-
Addition during the year	157,050,000	53,500,000	-	-	157,050,000	53,500,000	-	-	-	-	-	-
Repayment / redemption / deletion during the year	(175,050,000)	(35,500,000)	-	-	(175,050,000)	(35,500,000)	-	-	-	-	-	-
At December 31	-	18,000,000	-	-	-	18,000,000	-	-	-	-	-	-
Sub-ordinated Sukuk												
At January 1,	210,000	200,000	-	-	210,000	200,000	-	-	-	-	-	-
Addition during the year	200,000	10,000	-	-	200,000	10,000	-	-	-	-	-	-
Repayment / redemption / deletion during the year	(200,000)	-	-	-	(200,000)	-	-	-	-	-	-	-
At December 31	210,000	210,000	-	-	210,000	210,000	-	-	-	-	-	-
Other Liabilities												
Profit payable on musharakah acceptance	-	54,568	-	-	-	54,568	-	-	-	-	-	-
Payable to defined benefit plan	1,550,202	1,198,444	-	-	-	-	-	-	663,573	529,429	886,629	669,015
Accrued expenses	6,707	1,992	6,707	1,992	-	-	-	-	-	-	-	-
Unearned income	4,534	16,615	-	-	4,534	16,615	-	-	-	-	-	-
Contingencies and Commitments												
Letters of Credit (unfunded)	81,444	725,168	-	-	81,444	725,168	-	-	-	-	-	-
Letters of Guarantee (unfunded)	1,175,557	2,387,177	100	100	1,175,457	2,387,077	-	-	-	-	-	-
Transactions, income and expenses												
Profit earned on financing / investments / placements	5,592,691	753,103	-	-	5,591,608	753,103	-	-	1,083	-	-	-
Fees and other income earned	761,959	622,220	294,415	98,516	467,187	173,219	21	18	251	404	85	350,063
Dividend income earned	472,158	358,056	455,000	357,500	17,158	556	-	-	-	-	-	-
Capital gain - net	-	2,028	-	-	-	-	-	-	-	-	-	2,028
Return on deposits / acceptance expensed	2,257,181	668,541	7,247	3,273	2,162,898	497,492	3,853	1,784	13,451	7,440	69,732	158,552
Recovery of expenses	1,717	3,352	-	-	-	-	-	-	-	-	1,717	3,352
Charge for defined benefit plan	886,629	669,015	-	-	-	-	-	-	-	-	886,629	669,015
Contribution to defined contribution plan	674,262	538,270	-	-	-	-	-	-	-	-	674,262	538,270
Contribution to staff benevolent fund	82,816	65,993	-	-	-	-	-	-	-	-	82,816	65,993
Fees expensed	26,593	24,193	22,496	22,537	4,097	1,224	-	-	-	-	-	432
Charity Paid	81,500	56,000	-	-	1,500	1,000	-	-	-	-	80,000	55,000
Purchase of fixed assets	320,143	153,417	-	-	320,143	153,417	-	-	-	-	-	-
Remuneration to key management personnel	865,424	631,638	-	-	-	-	-	-	865,424	631,638	-	-
Fee to non-executive directors (note 40)	69,560	71,490	-	-	-	-	69,560	71,490	-	-	-	-
Proceeds from the issuance of shares under employees shares option scheme	3,570	-	-	-	-	-	-	-	3,570	-	-	-
Proceeds from sale of fixed assets	-	2,271	-	-	-	-	-	-	-	2,271	-	-

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

45 CAPITAL ASSESSMENT AND ADEQUACY BASEL SPECIFIC

Capital structure

The State Bank of Pakistan (SBP) introduced updated guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks vide its communication dated November 5, 2014. These guidelines are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by banks in Pakistan. The SBP had specified a transitional period for implementing new standards which came to its end on December 31, 2019. The disclosures below have been prepared on the basis of these new guidelines. The comparative information is as per requirements which were applicable last year.

45.1 Capital structure

Under Basel III framework, the Bank's regulatory capital has been analysed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:
 - a) Common Equity Tier 1 (CET1), which includes fully paid up capital, balance in share premium account, statutory and general reserves, and un-appropriated profits (net of losses), after regulatory deductions for book value of intangibles, reciprocal cross holdings.
 - b) Additional Tier 1 capital (AT1), which includes perpetual, unsecured, subordinated, non-cumulative and contingent convertible Sukuk instrument issued by the Bank.
- Tier II capital, which includes sub-ordinated sukuks, general provisions for loan losses (up to a maximum of 1.25% of credit risk weighted assets) and surplus on revaluation of assets - net of tax.

Banking operations are categorised in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

The required capital adequacy ratio is achieved by the Bank through:

- (a) Adequate level of paid up capital;
- (b) Adequate risk profile of asset mix;
- (c) Ensuring better recovery management; and
- (d) Maintaining acceptable profit margins.

45.2 Capital adequacy ratio

The main objective of the capital management is to improve the financial position and strengthen the statement of financial position of the Bank to support the growth in business, provide protection to depositors and enhance shareholders' value.

The Bank's Board and the management is committed to maintaining a sound balance between depositors' liability and shareholders' funds so that optimal capital / debt ratio is maintained. The optimal capital / debt ratio will provide reasonable assurance to depositor's about safety and security of their funds and at the same time provide impetus to the management to invest their depositors' funds into profitable ventures without compromising the risk profile of the Bank. The capital requirement of the Bank has been determined based on the projected growth plan to be achieved in the next 3 years in all areas of business operations. Further, it also takes into account a road map for capital enhancement as directed by the State Bank of Pakistan vide its various circulars issued from time to time.

The Bank prepares Annual Budget and Three Year Plan for purpose of the growth map and future direction. Bottom up approach is used to prepare annual budget and detailed deliberations are held while preparing Three Year Plan. The growth prospects takes into consideration prevailing economic and political factors in Pakistan and abroad.

In implementing current capital requirements the State Bank of Pakistan requires banks to maintain minimum Capital Adequacy Ratio (CAR) of 11.50% as of December 31, 2023 whereas CAR stood at 22.39% at the year ended December 31, 2023.

The Bank calculates capital adequacy ratio for credit risk, market risk and operational risk based upon requirements under Basel Accord as per guidelines issued by the State Bank of Pakistan from time to time in this regard.

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Sensitivity and stress testing of the Bank under different risk factors namely yield rate, forced sale value of collateral, non-performing financings and foreign exchange rate depicts that the Bank's capital adequacy ratio is above the regulatory requirements.

The Bank has taken into account credit risk, market risk and operational risk when planning its assets.

46 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2023	2022
	Rupees in '000	
Minimum Capital Requirement (MCR)		
Paid-up capital (net of losses)	17,912,532	17,896,243
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 (CET 1) Capital	171,598,930	113,339,894
Eligible Additional Tier 1 (ADT 1) Capital	7,000,000	7,000,000
Total Eligible Tier 1 Capital	178,598,930	120,339,894
Eligible Tier 2 Capital	32,640,088	20,962,210
Total Eligible Capital (Tier 1 + Tier 2)	211,239,018	141,302,104
Risk weighted assets (RWAs):		
Credit Risk	618,359,310	557,776,813
Market Risk	29,240,708	22,678,235
Operational Risk	296,043,878	186,602,267
Total	943,643,896	767,057,315
Common Equity Tier 1 Capital Adequacy ratio	18.18%	14.78%
Tier 1 Capital Adequacy Ratio	18.93%	15.69%
Total Capital Adequacy Ratio	22.39%	18.42%
Leverage ratio (LR):		
Tier-1 Capital	178,598,930	120,339,894
Total Exposures	3,406,288,360	2,940,154,033
Leverage Ratio	5.24%	4.09%
Liquidity coverage ratio (LCR):		
Total High Quality Liquid Assets	1,002,019,479	682,411,975
Total Net Cash Outflow	354,386,339	240,277,969
Liquidity Coverage Ratio	283%	284%
Net stable funding ratio (NSFR):		
Total Available Stable Funding	2,161,583,994	1,628,565,640
Total Required Stable Funding	1,049,256,515	1,038,717,022
Net Stable Funding Ratio	206%	157%

In the latest assessment carried out by the SBP under the Framework for Domestic Systemically Important Banks (D-SIBs) introduced vide BPRD Circular No.04 of 2018 dated April 13, 2018, the Bank has been identified as a sample D-SIB.

46.1 Full disclosure on Capital Adequacy, Leverage Ratio & Liquidity Requirements prepared as per SBP instructions is available at <https://www.meezanbank.com>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

47 RISK MANAGEMENT

During 2023, Pakistan witnessed significant economic headwinds. Rising inflation, increasing fuel prices, depleting foreign exchange reserves, massive devaluation of the Pakistani rupee, political instability, increasing interest rates, and high budget deficit made the year more challenging. In this backdrop, Fitch, Moody's and S&P Global lowered the country's sovereign credit rating. Additionally, international commodity prices also remained elevated through the year. The headline inflation increased significantly touching a multi-year high of 29.23% in December. During the year, SBP increased the benchmark interest rate by a cumulative 600 bps to 22.00%. This steep increase was aimed at reducing aggregate demand in the economy and also to counter high inflation. This led to a steep uptick in domestic food prices.

The Bank is regularly conducting assessments of the credit portfolio, with robust post disbursement credit review mechanism to identify borrowers most likely to be affected in the challenging business and economic environment. Bank is confident that it has more than sufficient risk bearing capacity to with stand these difficult times.

The wide variety of the Bank's business activities require the Bank to identify, assess, measure, aggregate and manage risks effectively which are constantly evolving as the business activities expand in response to the Bank's strategy and growth. The Bank manages the risk through a framework of risk management encompassing policies and procedures, organisational structures, risk measurement and monitoring processes and techniques that are closely aligned with business activities of the Bank.

Risk management principles

- The Board of Directors (the Board) provides overall risk management supervision. The Board Risk Management Committee regularly reviews the Bank's risk profile.
- The Bank has set up objectives and policies to manage the risks that arise in connection with the Bank's activities. The risk management framework and policies of the Bank are guided by specific objectives to ensure that comprehensive and adequate risk management tools and techniques are established to mitigate the salient risk elements in the operations of the Bank.
- The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent risk management framework.
- The structure of risk management function is closely aligned with the organisational structure of the Bank.
- The risk management function is independent of the Bank's operations.

Risk management organisation

The Board Risk Management Committee comprises of four non-executive directors. One of the non-executive directors of the Bank chairs the Risk Management Committee.

Specialized Committees comprising of Senior Management team members perform their functions in line with the strategic direction set by the Board while ensuring that there is optimal balance between risk reward trade-off. The Committees include:

Name of the sub-committee	Chaired by
Credit Risk Management Committee (CRMC)	President & CEO
Asset and Liability Management Committee (ALCO)	President & CEO
Compliance and Operational Risk Management Committee (CORMC)	President & CEO

CRMC is responsible to oversee credit risk activities on bank wide basis while ensuring compliance with regulatory requirements and internal policies. Its responsibilities also include to provide support and guide front lines in managing their businesses, perform finance portfolio review, establish financing standards and benchmarks, maintain adequate industry diversification and decide upon provisioning. It is also required to delegate financing approving powers & prudential limits on large financing exposures. Credit Committee, a sub-committee of CRMC is the highest level body for approval of financing transactions.

ALCO is responsible for reviewing the Asset and Liability structure of the Bank, monitoring the liquidity situation and overall changing market scenario. Market and Liquidity risks are examined based on stress testing exercises and gap analysis. ALCO is also responsible for monitoring policy rate movements and taking necessary steps across various products to ensure that the overall profitability of the Bank is maximized without compromising on risk appetite. ALCO also ensures that the Banks' overall operations are fully compliant with regulatory framework for the business as provided by the State Bank of Pakistan.

The CORMC is responsible for overseeing compliance risk by reviewing the adequacy of controls in place to meet regulatory requirements. The Committee is responsible for promoting compliance culture in the Bank, facilitate in implementation of Compliance Program and oversee Money Laundering, and Financing Terrorism and Proliferation risk. In addition, the Committee also oversees Operational Risk Framework by ensuring that policies and procedures are in place in all Key risk areas and by reviewing Key Risk Indicators. The Committee also monitors level of compliance of major unresolved and recurring issues pointed out in the Internal Audit, Shariah Audit and SBP Inspection Report.

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The Bank's risk management, compliance, internal audit and legal departments support the risk management function. The role of the risk management department is to assess, measure, identify risks and established risk mitigants through a detailed policy and monitoring framework. The compliance department ensures that all the directives and guidelines issued by the SBP are being complied with in order to mitigate the compliance risk. The internal audit and BRR department reviews the compliance of internal control procedures with internal and regulatory standards.

47.1 Credit risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligations is impaired resulting in economic loss to the Bank. This credit risk arises mainly from both direct financing activities as well as contingent liabilities.

Credit risk management and structure

The Bank manages credit risk by effective credit appraisal mechanism, approving and reviewing authorities, limit structures, internal credit risk rating system, collateral management and post disbursement monitoring so as to ensure prudent financing activities and sound financing portfolio under the umbrella of a comprehensive Financing Policy approved by the Board of Directors. A comprehensive financing procedural manual approved by the senior management is also in place. The Bank also ensures diversification of its portfolio into different business segments, products and sectors. Further, to avoid risk concentration; counterparty limits, counterparty group limits and industry concentration limits are also established, monitored and assessed in the light of changing counterparty and market conditions.

Watchlist procedure is also functioning which identifies financings with early warning indicators in respect of clients having the potential to become non performing. The risk management function also monitors the non-performing financing portfolio of the Bank and reports all significant matters to the Board Risk Management Committee.

The Bank takes into account the risk mitigating effect of the eligible collaterals for the calculation of capital requirement for credit risk. Use of Credit Risk Mitigation (CRM) resulted in the total credit risk weighted amount of Rs 618,359.31 million (2022: Rs 557,776.81 million).

Thus, use of CRM resulted in capital adequacy ratio of the Bank of 22.39%.

47.1.1 Segmental information

47.1.1.1 Due from financial institutions

Credit risk by public / private sector

	Gross amount due from financial institutions		Non-performing amount due from financial institution		Provision held	
	2023	2022	2023	2022	2023	2022
	Rupees in '000					
Public / Government	-	-	-	-	-	-
Private	34,979,799	35,005,865	15,500	41,566	15,500	41,566
	34,979,799	35,005,865	15,500	41,566	15,500	41,566

47.1.1.2 Investment in Sukuk and government securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
	Cost / Amortised cost Rupees in '000					
Automobile and transportation equipment	-	1,132,254	-	-	-	-
Chemical and Pharmaceuticals	413,748	25,892	20,645	25,892	20,645	25,892
Construction and allied industries	250,000	333,333	-	-	-	-
Steel and allied industries	965,750	868,750	-	-	-	-
Federal Government Securities	1,407,153,959	1,142,267,556	-	-	-	-
Financial	1,082,999	3,347,228	-	-	-	-
Foreign Government Securities	4,645,817	5,314,367	-	-	-	-
Power (electricity)	128,200,411	123,034,537	-	-	-	-
Textile	92,857	135,714	50,000	50,000	50,000	50,000
	1,542,805,541	1,276,459,631	70,645	75,892	70,645	75,892

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Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
	Cost / Amortised cost					
	Rupees in '000					
Public / Government	1,538,976,515	1,269,926,455	-	-	-	-
Private	3,829,026	6,533,176	70,645	75,892	70,645	75,892
	<u>1,542,805,541</u>	<u>1,276,459,631</u>	<u>70,645</u>	<u>75,892</u>	<u>70,645</u>	<u>75,892</u>

47.1.1.3 Islamic financing and related assets

Credit risk by industry sector

	Gross Islamic financing and related assets		Non-performing Islamic financing and related assets		Provision held	
	2023	2022	2023	2022	2023	2022
	Cost / Amortised cost					
	Rupees in '000					
Agriculture, Food, Feed Mills, Poultry, Dairy, Forestry and Fishing	118,465,031	208,073,442	4,438,568	2,270,930	4,469,726	2,270,930
Automobile and transportation equipment	26,500,707	26,072,313	545,984	157,974	545,984	82,035
Cement	21,289,514	19,353,573	-	-	-	-
Chemical and Pharmaceuticals	49,400,905	36,842,695	59,606	22,036	59,606	22,036
Construction	14,864,604	17,530,547	292,478	1,367,291	256,433	1,283,436
Steel and allied industries	27,056,130	27,836,119	-	472,264	-	378,626
Plastic products manufacturer	6,641,096	4,539,985	-	-	-	-
Electronics and electrical appliances	14,776,106	7,671,307	1,170,124	-	1,250,000	-
Exports / Imports	936,077	1,522,101	152,554	195,415	152,574	195,415
Fertilizer	28,692,557	28,544,431	-	-	-	-
Financial	35,834,765	38,074,312	-	-	-	-
Footwear and Leather garments	6,659,357	4,964,169	-	-	-	-
Individuals	62,745,782	73,475,097	1,372,154	1,011,366	410,169	534,783
Takaful / Insurance	500,664	654,300	-	-	-	-
Mining and Quarrying	12,695,761	3,530,578	-	-	-	-
Oil and Gas	105,974,401	85,322,255	4,364,340	4,364,340	4,337,347	4,337,347
Paper, board and packaging	26,337,151	21,977,610	148,396	123,435	146,381	121,420
Power (electricity)	113,122,498	88,675,574	753,702	788,840	753,702	788,840
Services	9,040,836	9,415,229	53,694	20,285	51,814	18,071
Sugar	24,306,742	21,257,976	-	-	-	-
Textile	192,044,497	172,803,936	2,959,913	2,361,930	3,075,307	2,361,930
Transport, Storage and Communication	62,892,189	50,649,542	60,010	77,129	43,310	43,697
Wholesale and Retail Trade	23,266,521	63,955,770	555,526	337,378	542,596	317,430
Others	7,983,572	5,358,896	12,148	57,674	12,148	56,766
	<u>992,027,463</u>	<u>1,018,101,757</u>	<u>16,939,197</u>	<u>13,628,287</u>	<u>16,107,097</u>	<u>12,812,762</u>

Credit risk by public / private sector

	Gross Islamic financing and related assets		Non-performing Islamic financing and related assets		Provision held	
	2023	2022	2023	2022	2023	2022
	Cost / Amortised cost					
	Rupees in '000					
Public / Government	182,527,248	318,259,246	-	-	-	-
Private	809,500,215	699,842,511	16,939,197	13,628,287	16,107,097	12,812,762
	<u>992,027,463</u>	<u>1,018,101,757</u>	<u>16,939,197</u>	<u>13,628,287</u>	<u>16,107,097</u>	<u>12,812,762</u>

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47.1.1.4 Contingencies and Commitments

Credit risk by industry sector

	2023	2022
	Rupees in '000	
Agriculture, Food, Feed Mills, Poultry, Dairy, Forestry and Fishing	132,389,776	98,417,326
Automobile and transportation equipment	34,340,407	43,510,460
Cement	14,844,770	24,368,223
Chemical and Pharmaceuticals	43,448,449	37,636,764
Construction	41,770,113	32,544,198
Steel and allied industries	39,998,640	41,774,472
Plastic products manufacturer	5,213,399	7,488,719
Electronics and electrical appliances	16,786,272	16,899,349
Exports / Imports	10,818,847	5,531,431
Fertilizer	27,405,835	18,124,795
Financial	311,320,831	266,595,919
Footwear and Leather garments	14,736,706	7,538,339
Individuals	1,649,885	336,981
Takaful / Insurance	316,659	374,450
Mining and Quarrying	5,679,410	12,314,638
Oil and Gas	65,578,693	92,706,034
Paper, board and packaging	30,384,626	22,947,107
Power (electricity)	120,046,912	146,814,179
Services	73,964,906	66,587,092
Sugar	36,958,273	22,340,850
Textile	208,645,115	217,879,460
Transport, Storage and Communication	30,154,485	23,137,093
Wholesale and Retail Trade	50,057,792	75,625,125
Others	14,632,000	15,671,523
	<u>1,331,142,801</u>	<u>1,297,164,527</u>

Credit risk by public / private sector

Public / Government	232,662,651	271,179,069
Private	1,098,480,150	1,025,985,458
	<u>1,331,142,801</u>	<u>1,297,164,527</u>

47.1.1.5 Concentration of Top 10 exposures

Top 10 exposures on the basis of total (funded and non-funded) exposures aggregated to Rs 282,996 million (2022: Rs 408,589 million) as follows:

	2023	2022
	Rupees in '000	
Funded Exposure	199,447,549	331,735,662
Non Funded Exposure	83,548,255	76,853,260
Total Exposure	<u>282,995,804</u>	<u>408,588,922</u>

The sanctioned limits against these top 10 exposures aggregated to Rs 361,313 million (2022: Rs 518,795 million). None of the exposure against these top 10 customers is in classified stage.

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47.1.1.6 Islamic Financings and related assets - Province/Region-wise Disbursement & Utilization

Province / Region	2023						
	Disbursements		Utilization				
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	
	Rupees in '000						
Punjab	693,140,208	693,140,208	-	-	-	-	-
Sindh	843,150,726	-	843,150,726	-	-	-	-
KPK including FATA	15,265,301	-	-	15,265,301	-	-	-
Balochistan	3,225,406	-	-	-	3,225,406	-	-
Islamabad	94,320,207	-	-	-	-	94,320,207	-
AJK including Gilgit-Baltistan	52,892	-	-	-	-	-	52,892
Total	1,649,154,740	693,140,208	843,150,726	15,265,301	3,225,406	94,320,207	52,892

Province / Region	2022						
	Disbursements		Utilization				
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	
	Rupees in '000						
Punjab	664,533,491	664,533,491	-	-	-	-	-
Sindh	770,568,389	-	770,568,389	-	-	-	-
KPK including FATA	9,151,023	-	-	9,151,023	-	-	-
Balochistan	2,169,900	-	-	-	2,169,900	-	-
Islamabad	137,770,908	-	-	-	-	137,770,908	-
AJK including Gilgit-Baltistan	399,082	-	-	-	-	-	399,082
Total	1,584,592,793	664,533,491	770,568,389	9,151,023	2,169,900	137,770,908	399,082

47.1.2 Credit Risk - General Disclosures

The Bank has adopted Standardised Approach of Basel Accord for calculation of capital charge against credit risk. Therefore, risk weights for the credit risk related assets (on-balance sheet and off-balance sheet - market and non market related exposures) are assigned on basis of standardised approach.

The Bank is committed to further strengthen its risk management framework which will enable the Bank to move ahead for adopting Foundation Internal Ratings Based (IRB) approach of Basel II. Meanwhile, none of the Bank's assets class is subject to the Foundation IRB or advanced IRB approaches.

47.1.2.1 Credit Risk: Disclosure for portfolio subject to the Standardised Approach

Under standardised approach the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognised by the SBP for capital adequacy purposes. In this connection, the Bank utilises the credit ratings assigned by ECAIs and has recognised agencies such as PACRA (Pakistan Credit Rating Agency) and VIS Credit Rating Company which are also recognised by the SBP.

In case of foreign currency exposures against banks, ratings assigned by S&P, Fitch and Moody's have been applied. In case of exposure against banks, some banks have multiple ratings but those ratings do not result in mapping with different risk weights.

Types of Exposure and ECAI's used

Exposures	2023				
	VIS	PACRA	Standard & Poor's	Fitch	Moody's
Corporate	√	√	√	√	√
Banks	√	√	√	√	√
Public Sector Entities	√	√	-	-	-
Sovereign	-	-	√	√	√

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Use of ECAI Ratings

The Bank prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings. Unsolicited ratings may only be used in cases where a solicited rating is not available.

Mapping to SBP Rating Grades

The alignment of the Alphanumerical scale of each agency used with risk buckets is as per instructions laid down by SBP under Basel III requirements.

47.12.2 Credit exposures subject to standardised approach

On-balance sheet Exposures	2023			2022		
	Amount Outstanding	Deduction Credit Risk Management	Net amount	Amount Outstanding	Deduction Credit Risk Management	Net amount
Rupees in '000						
Banks						
20%	93,805,219	63,184,012	30,621,207	97,685,291	59,789,988	37,895,303
50%	275,704	-	275,704	1,692,525	-	1,692,525
100%	1,082,999	-	1,082,999	1,082,999	-	1,082,999
150%	435,878	-	435,878	63,662	-	63,662
Unrated	3,842	-	3,842	1,572,546	-	1,572,546
Sovereigns						
0%	1,659,509,724	3,868,964	1,655,640,760	1,285,780,056	50,766,630	1,235,013,426
20%	1,731,677	-	1,731,677	1,340,924	-	1,340,924
50%	2,833,161	-	2,833,161	2,279,125	-	2,279,125
150%	11,122,626	-	11,122,626	8,460,046	-	8,460,046
Public Sector entities						
20%	73,743,671	18,011,836	55,731,835	44,977,090	14,769,333	30,207,757
50%	12,117,647	4,852,513	7,265,134	9,143,274	7,124,600	2,018,674
Unrated (50%)	207,853,561	160,589,850	47,263,711	321,171,977	283,200,020	37,971,958
Corporate						
20%	304,440,139	2,788,662	301,651,477	223,889,544	3,147,228	220,742,316
50%	218,094,411	8,259,502	209,834,909	168,063,306	1,225,652	166,837,654
100%	7,296,865	-	7,296,865	7,258,051	-	7,258,051
Unrated 1 (100%)	127,538,395	11,711,710	115,826,685	132,338,168	9,753,949	122,584,219
Unrated 2 (125%)	81,404,346	17,015,488	64,388,858	75,971,002	12,564,932	63,406,070
Retails						
75%	62,557,205	12,569,119	49,988,086	73,883,259	15,669,516	58,213,743
Residential Mortgage						
35%	22,174,920	-	22,174,920	20,728,463	-	20,728,463
25%	6,080,806	2,432,322	3,648,484	6,371,277	2,548,049	3,823,228
Past Due						
50%	237,570	121,081	116,489	256,255	109,883	146,372
100%	834,110	12,621	821,489	694,837	21,672	673,165
150%	50,103	3,187	46,916	41,733	12,253	29,480
Others (0% - 250%)	117,168,880	-	117,168,880	92,175,155	-	92,175,155
Total	3,012,393,459	305,420,867	2,706,972,592	2,576,920,565	460,703,705	2,116,216,861

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47.1.2.3 Credit Risk: Disclosures with respect to Credit risk mitigation for Standardised approach and IRB

The Bank obtains capital relief for both its on-balance and off-balance sheet non-market related exposures by using simple approach for credit risk mitigation (CRM). Off-balance sheet items under the simplified standardised approach are converted into credit exposure equivalents through the use of credit conversion factors. Under the standardised approach the Bank has taken advantage of the cash collaterals available with the Bank in the form of security deposits, cash margins, certificates of Islamic investment, monthly mudaraba certificate, saving accounts, guarantees, shares and Government securities.

Valuation and management of eligible collaterals for CRM is being done in accordance with the conditions laid down by the State Bank of Pakistan. Eligible collaterals for CRM purposes do not expose the Bank to price risk as they are in the form of cash/cash equivalent collaterals. Since eligible collaterals for CRM purposes are all in the form of cash/cash equivalent collaterals, they generally do not pose risk to the Bank in terms of change in their valuation due to changes in the market condition.

The credit equivalent amount of an off-balance sheet market related foreign exchange contracts are determined by using the current exposure (mark to market) method.

The total benefit of Rs 305,420.867 million was availed through CRM against total on-balance sheet exposure of Rs 3,012,108.757 million. Under off-balance sheet, total benefit of Rs 17,676.662 million was availed by the Bank through CRM against total off-balance sheet, non-market related exposure of Rs 1,049,742.534 million. In the year 2023, total CRM benefit was Rs 323,097.529 million as against amount of Rs 486,646.05 million in year 2022.

47.1.2.4 Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz., industry, geography, and single / group borrower obligor. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single and group obligors. Within the SBP limits, the Bank has further defined limits to avoid excessive concentration of portfolio.

47.2 Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects yield rate risk, currency risk and other price risks. Banks could be adversely affected by movements in market rates or prices such as benchmark rates, deposit rates, foreign exchange rates, equity prices and market conditions resulting in a loss to earnings and capital.

47.2.1 Equity position in the banking and trading book

The Bank classifies and values its investment portfolio in accordance with the directives of SBP as stated in note 6.4 to these financial statements.

Trading book

Held for trading and available for sale securities with trading intent;

- They are marked to market daily; and
- Any valuation difference is charged / credited to the profit and loss account in case of held for trading securities and to surplus on revaluation of investments - net of tax under equity in case of available for sale securities.

Banking book

Assets outside trading book are part of the banking book. These may include assets classified as available for sale and held to maturity investments.

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47.2.2 Balance sheet split by trading and banking books

	2023			2022		
	Banking Book	Trading Book	Total	Banking Book	Trading Book	Total
Rupees in '000						
Cash and balances with treasury banks	242,611,556	-	242,611,556	117,743,106	-	117,743,106
Balances with other banks	11,452,256	-	11,452,256	13,676,159	-	13,676,159
Due from financial institutions	34,964,299	-	34,964,299	34,964,299	-	34,964,299
Investments	1,560,696,678	11,690,942	1,572,387,620	1,274,796,680	8,413,607	1,283,210,287
Islamic financings and related assets	961,673,012	-	961,673,012	995,508,354	-	995,508,354
Fixed assets	58,618,336	-	58,618,336	40,426,520	-	40,426,520
Intangible assets	2,271,709	-	2,271,709	1,843,984	-	1,843,984
Deferred tax asset	-	-	-	4,646,002	-	4,646,002
Other assets	128,129,969	-	128,129,969	85,378,800	-	85,378,800
	<u>3,000,417,815</u>	<u>11,690,942</u>	<u>3,012,108,757</u>	<u>2,568,983,904</u>	<u>8,413,607</u>	<u>2,577,397,511</u>

The Bank uses a number of methods to monitor and control market risk exposures. One of the major tools used by the Bank to monitor and limit market risk is Value at Risk (VaR). VaR is defined as the estimated loss that will arise on a position or a portfolio over a particular (holding) period of time from an adverse market movement with a specific probability (confidence level). The VaR model used by the Bank takes 99% confidence level and assumes a 1 to 10 days holding period whilst using the historical simulation taking the data of the last three years. Daily VaR figures are circulated to the senior management and regular summaries are reported in ALCO meetings.

The VaR reports are complemented by various other position and sensitivity limit structures, including stress, sensitivity, gap and scenario analysis. The capital charge for market risk has been calculated by using Standardized Approach.

47.2.3 Foreign exchange risk

The foreign exchange risk is defined as the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movement in currency exchange rates on the value of open foreign currency position. The objectives of the foreign exchange risk management is to minimise the adverse impact of foreign exchange rate movements on the assets and liabilities mismatch (tenor and position) and maximise their earnings.

Whenever a commercial bank deals in foreign currency, it is exposed to risk of exchange rate. The Bank's assets and liabilities in foreign currencies give rise to foreign exchange risk which has to be managed by the Bank; this risk is mitigated by using different hedging techniques. Hedging is a way used by a bank to eliminate or minimize its risk exposures. Hedging can be done using different ways like gap analysis, hedging (forwards), assigning limits in terms of amount, tenor, currency, product, countries, counterparties etc. The Bank limits its currency exposure to the extent of statutory net open position prescribed by the SBP except in the cases where exemption is provided by the SBP. Foreign exchange open and mismatch positions are controlled through close monitoring and are marked to market on a daily basis.

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The analysis below represents the concentration of the Bank's foreign currency risk for on and off balance sheet financial instruments:

	2023			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	2,913,318,251	2,667,871,755	(59,152,433)	186,294,063
United States Dollars	90,893,444	140,703,846	48,271,060	(1,539,342)
Great Britain Pounds	1,971,677	8,405,181	6,438,311	4,807
Japanese Yen	74,889	32,650	(41,780)	459
Euro	2,113,020	7,254,845	5,225,546	83,721
Singapore Dollars	9,951	-	-	9,951
Australian Dollars	507,461	165	(518,486)	(11,190)
Canadian Dollars	31,323	1,022	-	30,301
United Arab Emirates Dirham	35,798	8,643	(46,046)	(18,891)
Swiss Francs	34,070	4	(23,455)	10,611
Saudi Riyal	64,272	9,521	(33,823)	20,928
Swedish Krona	5,957	-	-	5,957
Malaysian Ringgit	3,842	-	-	3,842
Hong Kong Dollar	5,459	12	-	5,447
Thailand Bhat	613	-	-	613
Norwegian Krone	2,737	-	-	2,737
Danish Krone	3,960	-	-	3,960
Chinese Offshore Spot	-	-	-	-
Chinese Yuan	3,032,033	2,913,596	(118,894)	(457)
Total foreign currency exposure	98,790,506	159,329,485	59,152,433	(1,386,546)
Total currency exposure	3,012,108,757	2,827,201,240	-	184,907,517

	2022			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	2,491,886,514	2,337,854,056	(35,433,722)	118,598,736
United States Dollars	81,666,765	110,417,824	25,453,007	(3,298,052)
Great Britain Pounds	955,161	7,493,793	6,546,533	7,901
Japanese Yen	142,804	88,927	(59,976)	(6,099)
Euro	1,474,874	5,437,092	4,019,733	57,515
Singapore Dollars	18,118	-	(6,743)	11,375
Australian Dollars	257,134	132	(253,346)	3,656
Canadian Dollars	52,441	976	(33,417)	18,048
United Arab Emirates Dirham	27,242	547	(36,991)	(10,296)
Swiss Francs	58,950	-	(51,456)	7,494
Saudi Riyal	26,006	-	-	26,006
Swedish Krona	5,390	-	(6,496)	(1,106)
Malaysian Ringgit	3,208	-	-	3,208
Hong Kong Dollar	39,714	23	(34,848)	4,843
Thailand Bhat	837	-	-	837
Norwegian Krone	10,157	-	(4,581)	5,576
Danish Krone	11,968	-	-	11,968
Chinese Offshore Spot	-	-	-	-
Chinese Yuan	760,228	783,448	(97,697)	(120,917)
Total foreign currency exposure	85,510,997	124,222,762	35,433,722	(3,278,043)
Total currency exposure	2,577,397,511	2,462,076,818	-	115,320,693

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in foreign exchange rates on with other factors remaining constant on				
- Profit and Loss Account	-	7,783	-	17,526
- Other Comprehensive Income	-	-	-	-

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

47.2.4 Equity position risk

Equity position risk is defined as the risk to earnings or capital arising from adverse changes in value of equity portfolios of Bank. The limits assigned to various individual scripts and total portfolio investments are fixed as per the guidelines issued by the SBP. The Bank invests in only Shariah compliant equities as advised by the Resident Shariah Board Member.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in foreign exchange rates on with other factors remaining constant on				
- Profit and Loss Account	-	-	-	-
- Other Comprehensive Income	-	324,090	-	192,930

47.2.5 Yield / profit rate risk

Yield risk occurs when there is a mismatch between positions, which are subject to profit rate alterations within a particular time period. The Bank's financing, placement and investment activities give rise to profit rate risk. The effect of changes in profit rate is on the Bank's income, and resultant impact is on the Bank's net worth.

Profit rate risk is primarily managed by monitoring the rate sensitive gaps and by having the pre-approved limits for repricing buckets. ALCO is the supervising body for adherence with these, complemented by the monitoring of sensitivity of the Bank's financial assets and liabilities to various scenarios.

The Bank estimates changes in the market value of equity due to changes in the yield rates on on-balance sheet positions and their impact on capital adequacy ratio by conducting stress tests. It also assesses risk on earnings of the Bank by various shocks.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in discount rates with other factors remaining constant, on:				
- Profit and Loss account	5,307,225	-	4,378,356	-
- Other Comprehensive Income	-	-	-	-

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

47.2.6 Mismatch of yield rate sensitive assets and liabilities

Effective yield rate %	Total	2023									Non-yield bearing financial instruments	
		Exposed to yield risk										
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	242,611,556	-	-	-	-	-	-	-	-	-	242,611,556
Balances with other banks	0.14	11,452,256	537,708	-	-	-	-	-	-	-	-	10,914,548
Due from financial institutions	11.72	34,964,299	-	-	-	-	34,964,299	-	-	-	-	-
Investments	20.34	1,572,387,620	182,012,442	90,102,220	1,023,838,635	2,022,454	22,175,608	239,931,977	-	-	-	12,304,284
Islamic financing and related assets	19.48	961,673,012	382,296,575	227,915,199	181,861,640	36,637,081	12,898,888	22,633,630	28,508,848	55,442,047	11,455,611	2,023,493
Other assets	-	125,309,036	-	-	-	-	-	-	-	-	-	125,309,036
		2,948,397,779	564,846,725	318,017,419	1,205,700,275	38,659,535	70,038,795	262,565,607	28,508,848	55,442,047	11,455,611	393,162,917
Liabilities												
Bills payable	-	39,724,176	-	-	-	-	-	-	-	-	-	39,724,176
Due to financial institutions	19.70	377,494,612	239,328,491	47,447,414	20,950,118	109,299	1,270,342	6,969,986	3,423,746	53,653,679	1,662,217	2,679,320
Deposits and other accounts	6.50	2,217,473,924	1,107,531,905	11,265,341	-	-	-	-	-	-	-	1,098,676,678
Sub-ordinated Sukuks	23.69	20,990,000	11,000,000	-	9,990,000	-	-	-	-	-	-	-
Other liabilities	-	145,013,371	-	-	-	-	-	-	-	-	-	145,013,371
		2,800,696,083	1,357,860,396	58,712,755	30,940,118	109,299	1,270,342	6,969,986	3,423,746	53,653,679	1,662,217	1,286,093,545
On-balance sheet gap		147,701,696	(793,013,671)	259,304,664	1,174,760,157	38,550,236	68,768,453	255,595,621	25,085,102	1,788,368	9,793,394	(892,930,628)
Non financial assets												
- Fixed assets	-	58,618,336	-	-	-	-	-	-	-	-	-	-
- Intangible assets	-	2,271,709	-	-	-	-	-	-	-	-	-	-
- Deferred tax asset	-	-	-	-	-	-	-	-	-	-	-	-
- Other assets	-	2,820,933	-	-	-	-	-	-	-	-	-	-
		63,710,978	-	-	-	-	-	-	-	-	-	-
Non financial liabilities												
- Other liabilities	-	22,291,665	-	-	-	-	-	-	-	-	-	-
- Deferred tax liabilities	-	4,213,492	-	-	-	-	-	-	-	-	-	-
		26,505,157	-	-	-	-	-	-	-	-	-	-
Total net assets		184,907,517	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments												
Guarantees	-	67,624,287	-	-	-	-	-	-	-	-	-	67,624,287
Documentary letter of credits	-	235,057,572	-	-	-	-	-	-	-	-	-	235,057,572
Forward purchase of foreign exchange contracts	-	170,276,350	-	-	-	-	-	-	-	-	-	170,276,350
Forward sale of foreign exchange contracts	-	(111,123,917)	-	-	-	-	-	-	-	-	-	(111,123,917)
Off-balance sheet gap		361,834,292	-	-	-	-	-	-	-	-	-	361,834,292
Total yield risk rate sensitivity gap		(793,013,671)	259,304,664	1,174,760,157	38,550,236	68,768,453	255,595,621	25,085,102	1,788,368	9,793,394	(531,096,336)	
Cumulative yield risk rate sensitivity gap		(793,013,671)	(533,709,007)	641,051,150	679,601,386	748,369,839	1,003,965,460	1,029,050,562	1,030,838,930	1,040,632,324	509,535,988	

Effective yield rate %	Total	2022									Non-yield bearing financial instruments	
		Exposed to yield risk										
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	117,743,106	-	-	-	-	-	-	-	-	-	117,743,106
Balances with other banks	0.87	13,676,159	4,825,629	-	-	-	-	-	-	-	-	8,850,530
Due from financial institutions	11.25	34,964,299	-	-	-	-	-	34,964,299	-	-	-	-
Investments	14.52	1,283,210,287	53,732,129	94,242,965	868,512,735	-	2,005,915	20,459,705	235,226,102	-	-	9,030,736
Islamic financing and related assets	13.96	995,508,354	345,002,704	271,683,454	179,853,354	34,107,321	32,096,915	18,916,857	40,236,413	60,119,468	7,616,509	5,875,359
Other assets	-	83,102,573	-	-	-	-	-	-	-	-	-	83,102,573
		2,528,204,778	403,580,462	365,926,419	1,048,366,089	34,107,321	34,102,830	74,340,861	275,462,515	60,119,468	7,616,509	224,602,304
Liabilities												
Bills payable	-	40,175,122	-	-	-	-	-	-	-	-	-	40,175,122
Due to financial institutions	13.89	573,326,439	275,653,427	204,300,004	23,513,500	46,047	518,145	6,930,569	4,057,809	57,375,034	-	931,904
Deposits and other accounts	3.71	1,658,490,118	847,047,998	4,668,681	-	-	-	-	-	-	-	806,773,439
Sub-ordinated Sukuk	16.75	20,990,000	11,000,000	-	9,990,000	-	-	-	-	-	-	-
Other liabilities	-	144,922,057	-	-	-	-	-	-	-	-	-	144,922,057
		2,437,903,736	1,133,701,425	208,968,685	33,503,500	46,047	518,145	6,930,569	4,057,809	57,375,034	-	992,802,522
On-balance sheet gap		90,301,042	(730,140,963)	156,957,734	1,014,862,589	34,061,274	33,584,685	67,410,292	271,404,706	2,744,434	7,616,509	(768,200,218)
Non financial assets												
- Fixed assets	-	40,426,520	-	-	-	-	-	-	-	-	-	-
- Intangible assets	-	1,843,984	-	-	-	-	-	-	-	-	-	-
- Deferred tax asset	-	4,646,002	-	-	-	-	-	-	-	-	-	-
- Other assets	-	2,276,227	-	-	-	-	-	-	-	-	-	-
		49,192,733	-	-	-	-	-	-	-	-	-	-
Non financial liabilities												
- Other liabilities	-	24,173,082	-	-	-	-	-	-	-	-	-	-
- Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-
		24,173,082	-	-	-	-	-	-	-	-	-	-
Total net assets		115,320,693	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments												
Guarantees	-	56,485,801	-	-	-	-	-	-	-	-	-	56,485,801
Documentary letter of credits	-	221,689,496	-	-	-	-	-	-	-	-	-	221,689,496
Forward purchase of foreign exchange contracts	-	130,648,096	-	-	-	-	-	-	-	-	-	130,648,096
Forward sale of foreign exchange contracts	-	(104,214,374)	-	-	-	-	-	-	-	-	-	(104,214,374)
Off-balance sheet gap		313,609,019	-	-	-	-	-	-	-	-	-	313,609,019
Total yield risk rate sensitivity gap		(730,140,963)	156,957,734	1,014,862,589	34,061,274	33,584,685	67,410,292	271,404,706	2,744,434	7,616,509	(454,591,199)	
Cumulative yield risk rate sensitivity gap		(730,140,963)	(573,183,229)	441,679,360	475,740,634	509,325,319	576,735,611	848,140,317	850,884,751	858,501,260	403,910,061	

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market profit rates on both its fair value and cash flow risks.

Profit margins may increase as a result of such changes but may reduce to losses in the event that unexpected movement arise.

47.3 Liquidity risk

Liquidity risk is the potential for loss to the Bank arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring an unacceptable cost.

The Bank's Board of Directors sets the Bank's policy for managing liquidity risk and entrusts accountability for supervision of the implementation of this strategy to senior management. Senior management exercises its responsibilities for managing market & liquidity risk through various committees including the Asset & Liability Management Committee (ALCO). Treasury department manages the Bank's liquidity position on a daily basis. The Bank's main approach of managing the liquidity risk is to make certain that it will always have adequate liquidity to meet its liabilities when they are due in normal and stressed scenarios without incurring any untoward expenditure or risking reputational harm. ALCO monitors the maintenance of liquidity ratios, depositor's concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual deposits. Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

47.3.1 Maturities of assets and liabilities based on contractual maturity of the assets and liabilities of the bank

		2023											
		Upto 1 Day	Over 1 to 7 Days	Over 7 to 14 Days	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 Year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
		Rupees in '000											
Assets													
Cash and balances with treasury banks	242,811,556	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	11,452,256	-	-	-	-	-	-	-	-	-	-	-	-
Due from financial institutions	34,984,299	-	-	-	-	-	-	-	-	-	-	-	-
Investments	1,572,387,620	874,199	2,338,188	6,787,290	10,473,351	58,080	9,189,077	42,019,224	1,742,487	34,984,299	642,057,634	515,959,511	125,295,656
Islamic financing and related assets	961,673,012	233,386,200	9,782,352	54,536,738	43,998,638	50,955,206	148,276,282	26,871,449	17,856,638	48,381,541	58,403,174	127,216,690	135,514,597
Fixed assets	58,618,336	39,320	235,920	275,240	1,842,598	920,840	3,516,722	5,195,450	1,768,831	4,459,301	4,462,895	5,663,775	29,608,113
Intangible assets	2,271,709	-	14,047	37,458	139,281	69,641	196,798	235,157	78,386	588,687	465,204	471,35	31,186
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	128,129,969	323,677	6,960,990	3,507,069	12,976,531	10,473,733	30,750,428	27,629,861	26,730,010	72,670	72,670	629,987	-
	3,012,108,757	488,669,549	19,331,497	13,152,090	69,994,180	62,481,510	191,929,307	101,951,141	48,085,352	301,286,525	705,461,577	649,889,078	290,449,552
Liabilities													
Bills payable	39,724,176	13,108,977	8,871,733	8,871,733	-	-	-	-	-	-	-	-	-
Due to financial institutions	377,694,612	2,645,935	111,059,408	123,179,020	26,369,773	21,077,642	20,950,118	37,871	71,428	1,270,342	2,303,320	8,090,413	55,315,896
Deposits and other accounts	2,217,473,924	1,981,771,156	12,630,512	18,290,345	15,281,760	16,385,600	30,056,867	34,032,943	33,363,995	11,332,900	9,358,354	12,921,869	5,660,273
Sub-ordinated Sukuk	20,990,000	-	-	-	-	-	-	-	-	-	-	-	20,990,000
Deferred tax liabilities	4,213,492	-	-	-	-	-	-	526,687	526,687	1,053,373	1,053,373	1,053,372	-
Other liabilities	167,305,036	738,978	6,041,076	6,463,387	19,130,798	16,869,784	49,211,958	17,302,073	22,644,183	1,897,207	1,897,207	4,227,798	9,486,036
	2,827,201,240	1,998,265,046	138,602,729	156,804,495	61,777,070	54,333,026	100,216,943	51,899,574	56,606,293	15,553,822	14,612,254	26,293,452	91,452,205
Net assets	184,907,517	(1,509,595,497)	(119,271,232)	(143,652,405)	8,217,110	8,148,484	91,710,364	50,051,567	(8,520,941)	285,732,703	690,849,323	623,592,626	198,997,347
Share capital	17,912,532	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	37,082,157	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	10,920,597	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	118,992,231	-	-	-	-	-	-	-	-	-	-	-	-
	184,907,517	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

2022

	Total	Upto 1 Day	Over 1 to 7 Days	Over 7 to 14 Days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 Year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Rupees in '000														
Assets														
Cash and balances with treasury banks	117,743,106													
Balances with other banks	13,676,159													
Due from financial institutions	34,964,239													
Investments	1,283,210,287	1,670,524	1,973,944	1,973,944	6,682,242	7,940,803	2,281,694	23,988,326	309,464	763,631	4,288,970	34,964,299	891,620,782	123,318,258
Islamic financing and related assets	995,509,354	288,980,031	8,005,970	15,154,782	25,086,893	81,025,104	38,107,478	143,955,327	25,186,148	12,913,739	73,911,982	57,997,039	84,192,273	141,091,488
Fixed assets	40,428,520	28,673	172,040	200,715	647,890	1,526,448	857,822	3,119,196	4,352,176	1,828,959	5,238,721	4,772,674	7,664,448	9,996,398
Intangible assets	1,943,984	1,024	6,147	7,171	16,391	30,733	30,733	92,199	92,199	92,199	368,797	368,797	737,594	-
Deferred tax assets	4,646,002	-	-	-	6,539,080	10,891,171	7,582,453	19,610,361	17,752,123	580,750	1,161,500	1,161,500	1,161,500	-
Other assets	85,378,800	2,771,339	2,105,615	19,442,227	38,891,476	101,414,259	48,860,140	190,765,609	48,272,860	33,981,702	85,064,912	317,171,230	985,940,265	274,406,144
	2,577,397,511	421,025,803	12,160,884	19,442,227	38,891,476	101,414,259	48,860,140	190,765,609	48,272,860	33,981,702	85,064,912	317,171,230	985,940,265	274,406,144
Liabilities														
Bills payable	40,175,122													
Due to financial institutions	573,326,439	13,257,790	8,972,444	8,972,444	8,972,444	120,221,095	84,078,910	23,513,500	26,312	19,735	518,145	1,930,569	9,057,809	57,375,033
Deposits and other accounts	1,658,490,118	2,298,835	105,138,698	23,793,334	145,354,564	186,870,984	11,075,804	22,113,911	17,034,887	20,089,632	36,187,302	6,392,202	15,959,780	14,399,866
Sub-ordinated Sukuk	20,990,000													20,990,000
Deferred tax liabilities	-													
Other liabilities	189,095,139	416,931	3,172,103	3,063,369	8,379,443	62,207,493	13,357,315	22,425,414	22,699,152	2,569,673	5,067,092	5,447,003	9,275,417	10,994,734
	2,462,076,818	1,476,226,892	126,219,843	45,085,665	180,829,739	201,115,682	108,512,029	68,052,825	39,760,351	22,679,040	41,772,559	13,769,774	34,293,006	103,759,633
Net assets	115,320,693	(1,055,201,089)	(114,058,759)	(25,643,438)	(141,938,263)	(99,701,423)	(59,651,889)	122,712,784	8,512,509	11,302,662	43,292,373	303,401,456	951,647,259	170,646,511
Share capital	17,896,243													
Reserves	281,878,21													
Deficit on revaluation of assets	(663,671)													
Unappropriated profit	69,800,300													
	115,320,693													

Current and Savings deposits have been classified under maturity up to one day as these do not have any contractual maturity.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

47.3.2 Maturities of assets and liabilities based on expected maturity of the assets and liabilities of the Bank

	2023									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	242,611,556	242,611,556	-	-	-	-	-	-	-	-
Balances with other banks	11,452,256	11,452,256	-	-	-	-	-	-	-	-
Due from financial institutions	34,964,299	-	-	-	-	34,964,299	-	-	-	-
Investments	1,572,387,620	11,918,596	10,531,441	9,190,003	43,786,042	212,862,826	642,843,544	515,959,503	125,295,665	-
Islamic financing and related assets	961,673,012	113,036,219	135,591,507	186,073,322	157,455,961	48,381,541	58,403,174	127,216,690	108,677,236	26,837,362
Operating fixed assets	58,618,336	1,179,812	2,763,438	3,516,722	6,964,281	4,459,301	4,462,895	5,863,775	9,114,865	20,493,247
Intangible assets	2,271,709	70,233	208,922	196,798	313,542	568,687	465,204	417,133	31,190	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	128,129,969	15,984,766	24,576,305	32,439,744	54,364,895	82,719	82,719	598,821	-	-
	3,012,108,757	396,253,438	173,671,613	231,416,589	262,884,721	301,319,373	706,257,536	649,855,922	243,118,956	47,330,609
Liabilities										
Bills payable	39,724,176	39,724,176	-	-	-	-	-	-	-	-
Due to financial institutions	377,494,612	242,007,811	47,447,414	20,950,118	109,299	1,270,342	2,303,320	8,090,413	53,653,679	1,662,216
Deposits and other accounts	2,217,473,924	182,373,580	124,037,046	115,978,254	188,908,129	183,175,674	141,217,951	222,021,030	389,912,396	669,849,864
Sub-ordinated Sukuk	20,990,000	-	-	-	-	-	-	-	13,990,000	7,000,000
Deferred tax liabilities	4,213,492	-	-	-	1,053,373	1,053,373	1,053,373	1,053,373	-	-
Other liabilities	167,305,036	36,380,550	30,421,712	40,759,037	20,537,109	2,580,490	2,650,254	6,255,034	16,546,517	11,174,333
	2,827,201,240	500,486,117	201,906,172	177,687,409	210,607,910	188,079,879	147,224,898	237,419,850	474,102,592	689,686,413
Net assets	184,907,517	(104,232,679)	(28,234,559)	53,729,180	52,276,811	113,239,494	559,032,638	412,436,072	(230,983,636)	(642,355,804)
Share capital	17,912,532									
Reserves	37,082,157									
Surplus on revaluation of assets	10,920,597									
Unappropriated profit	118,992,231									
	184,907,517									
	2022									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	117,743,106	117,743,106	-	-	-	-	-	-	-	-
Balances with other banks	13,676,159	13,676,159	-	-	-	-	-	-	-	-
Due from financial institutions	34,964,299	-	-	-	-	-	34,964,299	-	-	-
Investments	1,283,210,287	9,801,129	10,222,498	23,988,325	1,073,095	4,298,970	218,887,230	891,620,782	123,318,258	-
Islamic financing and related assets	995,508,354	109,889,188	170,557,449	191,790,440	166,278,495	73,911,982	57,797,039	84,192,273	116,506,442	24,585,046
Operating fixed assets	40,426,520	1,049,317	2,384,231	3,119,196	6,181,135	5,258,721	4,772,674	7,664,848	2,395,829	7,600,569
Intangible assets	1,843,984	30,733	61,466	92,199	184,398	368,797	368,797	737,594	-	-
Deferred tax assets	4,646,002	-	-	-	1,161,500	1,161,500	1,161,501	1,161,501	-	-
Other assets	85,378,800	11,047,116	18,473,625	19,610,361	35,554,547	64,942	64,942	563,267	-	-
	2,577,397,511	263,236,748	201,699,269	238,600,521	210,433,170	85,064,912	318,016,482	985,940,265	242,220,529	32,185,615
Liabilities										
Bills payable	40,175,122	40,175,122	-	-	-	-	-	-	-	-
Due to financial institutions	573,326,439	276,585,332	204,300,004	23,513,500	46,047	518,145	1,930,569	9,057,809	56,549,574	825,459
Deposits and other accounts	1,658,490,118	126,858,570	102,452,709	89,729,270	132,747,075	171,418,019	110,158,381	180,509,205	316,778,745	427,838,144
Sub-ordinated Sukuk	20,990,000	-	-	-	-	-	-	-	13,990,000	7,000,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	169,095,139	16,569,847	78,772,948	27,581,854	15,386,244	5,067,092	5,447,003	9,275,417	10,994,734	-
	2,462,076,818	460,188,871	385,525,661	140,824,624	148,179,366	177,003,256	117,535,953	198,842,431	398,313,053	435,663,603
Net assets	115,320,693	(196,952,123)	(183,826,392)	97,775,897	62,253,804	(91,938,344)	200,480,529	787,097,834	(156,092,524)	(403,477,988)
Share capital	17,896,243									
Reserves	28,187,821									
Deficit on revaluation of assets	(663,671)									
Unappropriated profit	69,900,300									
	115,320,693									

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Regarding behaviour of non-maturity deposits (non-contractual deposits), the Bank has carried out a behavioural study using the Value at Risk (VaR) methodology based on 5 years data. On the basis of its findings, 23.61% of current accounts and 17.61% of saving accounts are bucketed into 'Upto 1-Year maturity' whereas, 76.39% of current accounts and 82.39% of savings accounts are bucketed into maturities of above 1-Year.

47.4 Operational risk

The Bank uses Basic Indicator Approach (BIA) for assessing the capital charge for operational risk. Under BIA the capital charge is calculated by multiplying average positive annual gross income of the Bank over past three years with 15% as per guidelines issued by SBP under Basel II.

To reduce losses arising from operational risk, the Bank has strengthened its risk management framework by developing policies, strategies, guidelines and manuals. It also includes set up of functions like operational risk management, prevention of fraud and forgery and information security function, defining responsibilities of individuals, implementing four eye principle, enhancing security measures, improving efficiency and effectiveness of operations, outsourcing and improving quality of human resources through trainings and development.

48 PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS' POOLS AND SPECIFIC POOLS

48.1 The Bank managed following general and specific pools during the year:

2023							
General Remunerative (Savings and Fixed) Depositors' Pools	Profit Rate and weightage announcement period	Profit rate return earned - Average	Profit Sharing Ratio of Mudarib	Mudarib Fee based on profit sharing ratio	Profit rate return distributed to remunerative deposits (Savings and Fixed) - Average	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
				Rupees in '000			Rupees in '000
PKR Pool	Monthly	17.21%	50%	79,191,509	10.78%	24%	19,130,312
USD Pool	Monthly	8.85%	75%	5,291,533	2.51%	5%	239,711
GBP Pool	Monthly	6.04%	90%	250,485	1.06%	8%	19,510
EUR Pool	Monthly	5.09%	90%	106,097	0.93%	9%	9,885

2022							
General Remunerative (Savings and Fixed) Depositors' Pools	Profit Rate and weightage announcement period	Profit rate return earned - Average	Profit Sharing Ratio of Mudarib	Mudarib Fee based on profit sharing ratio	Profit rate return distributed to remunerative deposits (Savings and Fixed) - Average	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
				Rupees in '000			Rupees in '000
PKR Pool	Monthly	11.03%	50%	43,715,542	6.57%	18%	7,846,233
USD Pool	Monthly	3.78%	75%	1,750,106	0.95%	-	-
GBP Pool	Monthly	2.90%	90%	89,665	0.26%	-	-
EUR Pool	Monthly	1.77%	90%	26,538	0.16%	-	-

2023							
Specific Pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio	Investment ratio	Profit rate return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba to remunerative deposits
Islamic Export Refinance (IERS) Musharaka Pool	Monthly	16.45%	-*	-*	10.82%	N/A	N/A
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	24.01% - 8.37%	-*	-*	23.00% - 13.50%	N/A	N/A
Special Sharikah Certificate Musharaka / Mudaraba borrowing Pool	As required	24.71% - 11.40%	-*	-*	20.75% - 8.00%	N/A	N/A

* The profit sharing ratio and the investment ratio varies on case to case basis.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

2022							
Specific Pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio	Investment ratio	Profit rate return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba to remunerative deposits
Islamic Export Refinance (IERS) Musharaka Pool	Monthly	9.18%	-*	-*	3.63%	N/A	N/A
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	16.80% - 7.32%	-*	-*	16.75% - 9.50%	N/A	N/A
Special Sharikah Certificate Musharaka / Mudaraba borrowing Pool	As required	19.00% - 7.32%	-*	-*	16.77% - 2.87%	N/A	N/A

* The profit sharing ratio and the investment ratio varies on case to case basis.

48.2 Following weightages have been assigned to different major products under the General pools during the year:

	Percentage to Total Mudaraba based Deposits		Maximum Weightage	Minimum Weightage	Maximum Weightage	Minimum Weightage
	2023	2022	2023	2023	2022	2022
PKR Pool						
Saving Accounts	28.20%	28.65%	0.41	0.40	0.40	0.36
Meezan Bachat Account	14.63%	17.29%	0.51	0.40	0.41	0.36
Karobarl Munafa Account	8.46%	10.71%	0.52	0.40	0.57	0.36
Certificate of Islamic Investment	7.06%	10.96%	0.73	0.22	0.66	0.34
Meezan Aamdin Certificate	3.04%	4.45%	0.67	0.55	0.80	0.57
USD Pool						
Saving Accounts	4.49%	4.23%	0.59	0.45	0.45	0.45
Certificate of Islamic Investment	1.47%	1.76%	1.35	0.50	1.35	0.77
GBP Pool						
Saving Accounts	0.34%	0.37%	0.27	0.27	0.27	0.27
EUR Pool						
Saving Accounts	0.19%	0.18%	0.27	0.27	0.27	0.27

48.3 Allocation of Income and Expenses to Depositors' Pools

Following are material items of revenues, expenses, gains and losses

	2023	2022
	Rupees in '000	
Profit / return earned on Islamic financing and related assets, investments and placements	207,562,862	158,778,116
Other Income (including other charges and interpool income)	8,904,189	5,973,096
Directly related costs attributable to pool	(1,850,152)	(2,197,829)

49 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated financial statements, wherever necessary, to facilitate comparison and better presentation.

50 NON-ADJUSTING EVENT

The Board of Directors in their meeting held on February 15, 2024 has announced final cash dividend of Rs 8 per share (80%). The unconsolidated financial statements for the year ended December 31, 2023, do not include the effect of this appropriation which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2024.

51 DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on February 15, 2024 by the Board of Directors of the Bank.



Riyadh S. A. A. Edrees
Chairman



Irfan Siddiqui
President & CEO



Faisal A. A. Al-Nassar
Director



Mohammad Abdul Aleem
Director



Syed Imran Ali Shah
Chief Financial Officer

STATEMENT SHOWING WRITTEN-OFF FINANCING OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE (ANNEXURE I)

DURING THE YEAR ENDED DECEMBER 31, 2023

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2023 as referred in note 11.13 to these unconsolidated financial statements.

Rupees in '000

S. No.	Name and address of the borrower	Name of individuals / directors (with CNIC / Passport No)	Father's / Husband's Name	Outstanding liabilities as at January 1, 2023				Principal written-off	Profit written-off	Other Financial relief provided	Total (9+10+11)
				Principal	Profit	Others	Total (5+6+7)				
1	2	3	4	5	6	7	8	9	10	11	12
1	H.S.J. Steel Industries Suite No. 107-108, Block -4, Clifton Diamond, Clifton, Karachi	Muhammad Hanif Jiwani 42201-9797473-3 Amanat Ali 42301-0899317-7 Ahmed Hanif Jiwani 42201-4336944-1 Mrs Khairunnisa 42201-2526889-8	Suleman Ahmed Jiwani Muhammad Deen Muhammad Hanif Jiwani Muhammad Hanif Jiwani	17,599	69,749	-	87,348	-	48,895	-	48,895
2	Farris Textiles (Private) Limited Suite 27, Auriga Complex, Main Boulevard Gulberg II, Lahore	Iftikhar Ahmad 35202-2579353-3 Mirza Javaid iqbal 27061-53628-7	Mohammad Rashid Mirza Muhammad Yousaf	8,000	1,572	150	9,722	-	1,572	150	1,722
3	Aqua Safe Mineral Water Company A 65-B-C Gulberg III, Lahore	Muhammad Wasif 35202-1869160-7	Haji Muhammad Aslam	18,512	9,130	856	28,498	503	9,130	727	10,360
4	Chauhdry Mushtaq Shaukat House # 7, Street # 1, Bastami Road, Lahore	35202-3181465-5	Chauhdry Shaukat Ali	631	212	127	970	-	29	227	256
5	Faisal House # 1, Street # 17, Mohni Road, Lahore	35202-2594361-3	Muhammad Tariq	1,629	990	801	3,420	-	-	745	745
6	Shaista Munawar House # 3, Asif Town, Harbanspura, Lahore	35202-3369268-0	Munawar Hussain	2,917	1,740	545	5,202	-	1,606	186	1,792
7	Muhammad Safdar Chah Ramzan Wala, Piran Ghaib, Naiwala, Multan	36303-7848431-1	Allah Ditta	1,006	511	326	1,843	-	-	326	326
8	Sohaib Arshad House # 250, Block - C, Gulberg Colony, Faisalabad	33100-0642641-1	Arshad Islam	5,428	558	163	6,149	-	650	163	813

STATEMENT SHOWING WRITTEN-OFF FINANCING OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE (ANNEXURE I)

DURING THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000

S. No.	Name and address of the borrower	Name of individuals / directors (with CNIC / Passport No)	Father's / Husband's Name	Outstanding liabilities as at January 1, 2023				Principal written-off	Profit written-off	Other Financial relief provided	Total (9+10+11)
				Principal	Profit	Others	Total (5+6+7)				
1	2	3	4	5	6	7	8	9	10	11	12
9	Naveed Ahsan House # 580, Canal View Colony, Canal Road, Faisalabad	33100-0241706-3	Muhammad Ahsan Zaheer	1,609	754	73	2,436	-	513	73	586
10	Khalid Mehmood Bajwa House # 2176, Street # 34, I-10/2, Islamabad	61101-1907728-7	Muhammad Shareef Bajwa	758	332	222	1,312	-	239	221	460
11	Yasir Altaf House # 35-A, Street # 8, Sector A-4,Ghori Town, Islamabad	37405-0351877-5	Altaf Hussain	1,499	688	423	2,610	-	448	423	871
12	Dilshad Ahmed House # 1232, Street # 175 G-11/1, Islamabad	53404-0786954-7	Saddar uddin	823	249	218	1,290	-	193	218	411
13	Shakir Hussain House # 2, Arsalan Khan Street, Ajab Khan Afridi Road, Peshawar	17301-9646729-7	Muhammad Aziz	15,648	9,551	694	25,893	-	5,336	694	6,030
14	Waqas Ahmed House # 3, Street # 29A, D-17/2, Islamabad	13101-0877516-5	Mushtaq Ahmed	10,538	5,352	584	16,474	-	3,149	583	3,732
15	Mumtaz Alam House # 13, Block-J Gulberg III, Lahore	91404-0101600-5	Qamar Ali	19,000	8,714	913	28,627	-	7,097	913	8,010
				105,597	110,102	6,095	221,794	503	78,857	5,649	85,009

CONSOLIDATED FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the members of Meezan Bank Limited

Opinion

We have audited the annexed consolidated financial statements of Meezan Bank Limited (the Bank) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31 2023, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	Provision against Islamic financing and related assets (Refer notes 6.3.2 and 11.12 to the consolidated financial statements)	
	The Group determines provisions against Islamic financing and related assets on a prudent basis in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan.	Our audit procedures to verify provision against Islamic financing and related assets included, amongst others, the following:



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S.No.	Key Audit Matter	How the matter was addressed in our audit
	<p>The net provisions made / reversed during the year is charged to the consolidated profit and loss account and accumulated provision is netted off against Islamic financing related assets. Islamic financing and related assets are written off when there are no realistic prospects of recovery.</p> <p>The Group has recognised a net provision against Islamic financing and related assets amounting to Rs. 7,646.848 million in the consolidated profit and loss account in the current year. As at December 31, 2023, the Group holds a provision of Rs 30,354.451 million against Islamic financing and related assets.</p> <p>The determination of provision against Islamic financing and related assets based on the above criteria remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of Islamic financing and related assets relative to the overall consolidated financial statements of the Group, we considered the area of provision against Islamic financing and related assets as a key audit matter.</p>	<p>We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Group to identify loss events and for determining the extent of provisioning required against non-performing Islamic financing and related assets.</p> <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> ▪ controls over correct classification of non-performing Islamic financing and related assets on time-based criteria; ▪ controls over monitoring of Islamic financing and related assets with higher risk of default and correct classification of non-performing Islamic financing and related assets on subjective criteria; ▪ controls over accurate computation and recording of provisions; and ▪ controls over the governance and approval process related to provision, including continuous reassessment by the management. <p>We selected a sample of Islamic financing and related assets accounts and performed the following substantive procedures:</p> <ul style="list-style-type: none"> ▪ checked repayments of Islamic financing and related assets / profit installments and tested classification of non-performing Islamic financing and related assets based on the number of days overdue; and ▪ evaluated the management's assessment for classification of customer's financing facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management. <p>We checked the accuracy of specific provision made against non-performing Islamic financing and related assets and of general provision made against performing Islamic financing and related assets as per the requirements of accounting policy by recomputing the provision amount in accordance with the criteria prescribed under the accounting policy.</p>

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



A.F.FERGUSON & Co.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar**.

A handwritten signature in blue ink that reads 'A. Ferguson & Co.' in a cursive style.

A. F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: February 28, 2024

UDIN: AR2023100688Yxv0nz9b

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	Note	2023	2022
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	7	242,612,195	117,743,672
Balances with other banks	8	11,458,281	13,710,753
Due from financial institutions	9	34,964,299	34,964,299
Investments	10	1,578,341,536	1,287,316,423
Islamic financing and related assets	11	961,673,012	995,508,354
Fixed assets	12	59,162,699	40,624,658
Intangible assets	13	2,370,686	1,873,518
Deferred tax assets	19	-	4,439,835
Other assets	14	128,733,444	85,719,066
		<u>3,019,316,152</u>	<u>2,581,900,578</u>
LIABILITIES			
Bills payable	15	39,724,176	40,175,122
Due to financial institutions	16	377,494,612	573,326,439
Deposits and other accounts	17	2,217,420,536	1,658,469,588
Sub-ordinated sukuks	18	20,990,000	20,990,000
Deferred tax liabilities	19	4,881,310	-
Other liabilities	20	168,788,249	169,804,739
		<u>2,829,298,883</u>	<u>2,462,765,888</u>
NET ASSETS		<u>190,017,269</u>	<u>119,134,690</u>
REPRESENTED BY			
Share capital	21	17,912,532	17,896,243
Reserves	22	37,106,473	28,212,137
Surplus / (deficit) on revaluation of assets - net of tax	23	10,920,597	(663,671)
Unappropriated profit		122,528,058	72,485,599
Total equity attributable to the equity holders of the Holding Company		<u>188,467,660</u>	<u>117,930,308</u>
Non-controlling interest	24	1,549,609	1,204,382
		<u>190,017,269</u>	<u>119,134,690</u>
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes 1 to 52 and Annexure I form an integral part of these consolidated financial statements.



Riyadh S. A. A. Edrees
Chairman



Irfan Siddiqui
President &
CEO



Faisal A. A. Al-Nassar
Director



Mohammad Abdul Aleem
Director



Syed Imran Ali Shah
Chief Financial Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
Rupees in '000			
Profit / return earned on Islamic financing and related assets, investments and placements	26	431,820,608	232,245,452
Profit / return on deposits and other dues expensed	27	205,327,453	110,426,062
Net profit / return		226,493,155	121,819,390
OTHER INCOME			
Fee and commission income	28	19,636,228	14,729,321
Dividend income		635,019	629,478
Foreign exchange income		3,094,654	3,617,274
Loss on securities	29	(697,998)	(100,184)
Other income	30	1,306,765	1,238,374
Total other income		23,974,668	20,114,263
Total income		250,467,823	141,933,653
OTHER EXPENSES			
Operating expenses	31	68,771,751	46,841,953
Workers welfare fund	20.6	3,655,940	1,927,520
Other charges	32	304,830	95,150
Total other expenses		72,732,521	48,864,623
Share of profit / (loss) of associates		177,735,302	93,069,030
Profit before provisions		1,671,989	(87,366)
Provisions and write offs - net	33	179,407,291	92,981,664
Extra ordinary / unusual items		7,340,411	4,176,661
		-	-
Profit before taxation		172,066,880	88,805,003
Taxation	34	86,043,744	43,663,751
PROFIT AFTER TAXATION		86,023,136	45,141,252
Attributable to:			
Equity holders of the Holding Company		85,430,550	44,936,695
Non-controlling interest		592,586	204,557
		86,023,136	45,141,252
Rupees			
Basic earnings per share	35.1	47.72	25.11
Diluted earnings per share	35.2	47.66	25.10

The annexed notes 1 to 52 and Annexure I form an integral part of these consolidated financial statements.



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
Rupees in '000			
Profit after taxation for the year attributable to:			
Shareholders of the Holding company		85,430,550	44,936,695
Non-controlling interest		592,586	204,557
		<u>86,023,136</u>	<u>45,141,252</u>
Other Comprehensive Income / (loss)			
Items that may be reclassified to profit and loss account in subsequent periods:			
Movement in surplus / (deficit) on revaluation of investments - net of tax	23	11,586,946	(4,706,426)
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurements of defined benefit plan - net of tax	38.6.2	(130,249)	(108,537)
Movement in deficit on revaluation of non - banking assets - net of tax	23	(2,674)	(20,768)
		<u>(132,923)</u>	<u>(129,305)</u>
Other Comprehensive income / (loss)		<u>11,454,023</u>	<u>(4,835,731)</u>
Total Comprehensive income for the year		<u>97,477,159</u>	<u>40,305,521</u>
Attributable to:			
Shareholders of the Holding company		96,886,932	40,105,158
Non-controlling interest	24	590,227	200,363
		<u>97,477,159</u>	<u>40,305,521</u>

The annexed notes 1 to 52 and Annexure I form an integral part of these consolidated financial statements.



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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

	Share capital	Share premium	Capital reserves			Revenue General reserve	Surplus / (deficit) on revaluation of			Sub total	Non-controlling Interest	Total
			Statutory reserve*	Non Distributable Capital Reserve - Gain on Bargain Purchase	Employee share option compensation reserve		Investments	Non-banking Assets	Unappropriated profit			
Rupees in '000												
Balance as at January 1, 2022	16,269,312	2,406,571	17,668,857	3,117,547	133,457	91,082	4,040,077	23,533	45,494,657	89,245,093	1,196,519	90,441,612
Profit after taxation for the year	-	-	-	-	-	-	-	-	44,936,695	44,936,695	204,557	45,141,252
Other comprehensive (loss) for the year - net of tax	-	-	-	-	-	-	(4,706,426)	(20,768)	(104,343)	(4,831,537)	(4,194)	(4,835,731)
Transfer from surplus in respect of incremental depreciation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	(4,706,426)	(20,768)	44,832,352	40,105,158	200,363	40,305,521
Recognition of share based compensation (Note 40)	-	-	-	-	293,962	-	-	-	-	293,962	-	293,962
Other appropriations												
Transfer to statutory reserve*	-	-	4,500,661	-	-	-	-	-	(4,500,661)	-	-	-
Transactions with owners recognised directly in equity												
Issue of bonus shares @ 10%	1,626,931	-	-	-	-	-	-	-	(1,626,931)	-	-	-
Final cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	-	-	(2,440,397)	(2,440,397)	-	(2,440,397)
First Interim cash dividend for the year 2022 @ Rs 1.75 per share	-	-	-	-	-	-	-	-	(2,847,130)	(2,847,130)	-	(2,847,130)
Second Interim cash dividend for the year 2022 @ Rs 1.75 per share	-	-	-	-	-	-	-	-	(2,847,130)	(2,847,130)	-	(2,847,130)
Third Interim cash dividend for the year 2022 @ Rs 2 per share	-	-	-	-	-	-	-	-	(3,579,248)	(3,579,248)	-	(3,579,248)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	(11,713,905)	(11,713,905)	-	(11,713,905)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	-	(192,500)	(192,500)
Balance as at December 31, 2022	17,896,243	2,406,571	22,169,518	3,117,547	427,419	91,082	(666,349)	2,678	72,485,599	117,930,308	1,204,382	119,134,690
Profit after taxation for the year	-	-	-	-	-	-	-	-	85,430,550	85,430,550	592,586	86,023,136
Other comprehensive income / (loss) for the year - net of tax	-	-	-	-	-	-	11,586,946	(2,674)	(127,890)	11,456,382	(2,359)	11,454,023
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	11,586,946	(2,674)	85,302,660	96,886,932	590,227	97,477,159
Recognition of share based compensation (Note 40)	-	-	-	-	409,746	-	-	-	-	409,746	-	409,746
Other appropriations												
Transfer to statutory reserve*	-	-	8,447,564	-	-	-	-	-	(8,447,564)	-	-	-
Transactions with owners recognised directly in equity												
Final cash dividend for the year 2022 @ Rs 3 per share	-	-	-	-	-	-	-	-	(5,368,873)	(5,368,873)	-	(5,368,873)
First Interim cash dividend for the year 2023 @ Rs 3 per share	-	-	-	-	-	-	-	-	(5,368,873)	(5,368,873)	-	(5,368,873)
Second Interim cash dividend for the year 2023 @ Rs 4 per share	-	-	-	-	-	-	-	-	(7,165,013)	(7,165,013)	-	(7,165,013)
Third Interim cash dividend for the year 2023 @ Rs 5 per share	-	-	-	-	-	-	-	-	(8,956,266)	(8,956,266)	-	(8,956,266)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	(26,859,025)	(26,859,025)	-	(26,859,025)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	-	(245,000)	(245,000)
Issue of 1,628,873 shares under the Employees share option scheme	16,289	219,870	-	-	(182,844)	-	-	-	46,384	99,699	-	99,699
Balance as at December 31, 2023	17,912,532	2,626,441	30,617,082	3,117,547	654,321	91,082	10,920,597	-	122,528,058	188,467,660	1,549,609	190,017,269

* This represents reserve created under section 21(ii)(b) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 52 and Annexure I form an integral part of these consolidated financial statements.



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Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
Rupees in '000			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		172,066,880	88,805,003
Less: Dividend income		(635,019)	(629,478)
Share of (profit) / loss of associates		(1,671,989)	87,366
		<u>169,759,872</u>	<u>88,262,891</u>
Adjustments:			
Depreciation	31	4,422,612	3,177,882
Amortisation	31	560,697	469,666
Non cash items related to right-of-use assets	27 & 31	4,937,939	4,657,904
Provisions and write offs - net	33	7,340,411	4,176,661
Share based compensation expense	31.1 & 40	409,746	293,962
Charge for defined benefit plan	31	810,438	629,796
Gain on sale of operating fixed assets	30	(451,994)	(215,770)
Unrealised loss / (gain) - held for trading	29	18	(18)
		<u>18,029,867</u>	<u>13,190,083</u>
		<u>187,789,739</u>	<u>101,452,974</u>
(Increase) / decrease in operating assets			
Due from financial institutions		-	203,437,338
Islamic financing and related assets		26,293,235	(240,666,103)
Other assets		(43,090,050)	(21,701,668)
		<u>(16,796,815)</u>	<u>(58,930,433)</u>
Increase / (decrease) in operating liabilities			
Bills payable		(450,946)	4,033,744
Due to financial institutions		(195,831,827)	352,912,205
Deposits and other accounts		558,950,948	202,598,508
Other liabilities		(14,666,176)	75,747,451
		<u>348,001,999</u>	<u>635,291,908</u>
		<u>518,994,923</u>	<u>677,814,449</u>
Contribution to defined benefit plan		(677,192)	(557,689)
Income tax paid		(80,865,248)	(38,388,893)
Net cash generated from operating activities		<u>437,452,483</u>	<u>638,867,867</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(266,279,529)	(531,153,574)
Net investments in held-to-maturity securities		1,097,671	(141,110,504)
Net divestments / (investments) in held-for-trading securities		2,470	(2,470)
Net (divestments) / investments in associates		(1,019,796)	596,865
Dividends received		635,708	632,621
Investments in operating fixed assets		(15,056,668)	(10,999,090)
Investments in intangible assets		(1,057,865)	(837,603)
Proceeds from sale of fixed assets		676,208	375,048
Net cash used in investing activities		<u>(281,001,801)</u>	<u>(682,498,707)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(3,869,901)	(3,780,665)
Proceeds against issue of shares		99,699	-
Dividend paid to equity shareholders of the Bank		(29,819,429)	(7,908,045)
Dividend paid to non-controlling interest		(245,000)	(192,500)
Net cash used in financing activities		<u>(33,834,631)</u>	<u>(11,881,210)</u>
Increase / (decrease) in cash and cash equivalents		122,616,051	(55,512,050)
Cash and cash equivalents at the beginning of the year	36	131,454,425	186,966,475
Cash and cash equivalents at the end of the year	36	<u>254,070,476</u>	<u>131,454,425</u>

The annexed notes 1 to 52 and Annexure I form an integral part of these consolidated financial statements.



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Syed Imran Ali Shah
Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

- (i) Meezan Bank Limited - Holding Company
- (ii) Al Meezan Investment Management Limited - Subsidiary Company

1.1.1 Holding Company - Meezan Bank Limited

Meezan Bank Limited (the Bank / Holding Company) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited. The Bank was registered as an 'Investment Finance Company' on August 8, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. A 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.

The Bank was granted a 'Scheduled Islamic Commercial Bank' license on January 31, 2002 and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from March 20, 2002, on receiving notification in this regard from the State Bank of Pakistan (the SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.

The Bank was operating through one thousand and four branches as at December 31, 2023 (2022: nine hundred and sixty two branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.

Based on the financial statements of the Bank for the year ended December 31, 2022, the VIS Credit Rating Company Limited has reaffirmed the Bank's medium to long-term rating as 'AAA' and the short-term rating as 'A1+'.

1.1.2 Subsidiary Company - Al Meezan Investment Management Limited (AMIML) Percentage of holding

Al Meezan Investment Management Limited - Subsidiary

2023	2022
65%	65%

Al Meezan Investment Management Limited (AMIML) ('the Subsidiary Company') is involved in asset management, investment advisory, portfolio management, equity research, underwriting and corporate finance.

The principal activities of the Company are floating and managing Collective Investment Schemes, Voluntary Pension Schemes and providing investment advisory services. Moreover, the Company has also been granted the license under the NBFC Rules, 2003 to carry out REIT management services under Real Estate Investment Trust Regulations, 2015. The registered office of the Company is situated at Ground Floor, Block B, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. AMIML is a subsidiary of Meezan Bank Limited (Holding Company) which owns 65% share capital of AMIML.

The Subsidiary Company has been assigned an Asset Manager rating of 'AM1' by the Pakistan Credit Rating Agency Limited (PACRA) dated June 23, 2023 (2022: 'AM1' dated June 23, 2023) and 'AM1' by VIS Credit Rating Company Limited dated December 29, 2023 (2022: December 30, 2022).

1.2 The Group's associates are as follows:

The Group considers the following open end funds managed by AMIML as its associates:

- Meezan Islamic Fund
- Meezan Balanced Fund
- Meezan Islamic Income Fund
- Al-Meezan Mutual Fund
- KSE Meezan Index Fund
- Meezan Sovereign Fund
- Meezan Tahaffuz Pension Fund
- Meezan Energy Fund
- Meezan Gold Fund
- Meezan Cash Fund
- Meezan Dedicated Equity Fund
- Meezan Strategic Allocation Fund
- Meezan Strategic Allocation Fund II
- Meezan Strategic Allocation Fund III
- Meezan Asset Allocation Fund
- Meezan Financial Planning Fund of Funds
- Meezan Rozana Amdani Fund
- Meezan Daily Income Fund

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

- Meezan Pakistan Exchange Traded Fund
- Meezan Fixed Term Fund
- Meezan Paidar Munafa Plan II
- Meezan GOKP Pension Fund – Money Market Sub Fund

The country of establishment in respect of all of the above funds is Pakistan. Further, all the above funds are individual open-ended schemes and have been established by execution of trust deeds between AMIML and the Central Depository Company of Pakistan Limited (CDC) as the Trustee.

2 BASIS OF PRESENTATION AND CONSOLIDATION

- 2.1 These consolidated financial statements have been prepared from the information available in the audited financial statements of the Meezan Bank Limited (Holding Company) for the year ended December 31, 2023 and the condensed interim financial statements of Al Meezan Investment Management Limited (AMIML) (Subsidiary Company) for the six months period ended December 31, 2023 which have only been subjected to review but are not audited. AMIML prepares its annual financial statements up to June 30 each year. In preparing the consolidated profit and loss account for the year ended December 31, 2023 the results for the period from January 1, 2023 to June 30, 2023 have been calculated from the audited financial statements of AMIML for the year ended June 30, 2023 after eliminating the results for the six months period ended December 31, 2022.

These consolidated financial statements comprise of the consolidated statement of financial position as at December 31, 2023, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement together with the notes forming part thereof for the year ended December 31, 2023.

The associates have been accounted for in these consolidated financial statements under the equity method of accounting. For applying equity method financial statements of respective funds for the half year ended December 31, 2023 and 2022 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2023 have been used.

- 2.2 Subsidiaries are those enterprises in which the Holding Company directly or indirectly exercises control over investee, and / or beneficially owns or holds more than 50 percent of the voting securities or otherwise, has power to elect and appoint more than 50 percent of its directors. The financial statements of the subsidiary are included in these consolidated financial statements from the date when the control commenced. The financial statements of AMIML have been consolidated on a line-by-line basis. The Group applies uniform accounting policies for similar transactions and events in similar circumstances except where specified otherwise.

Associates are entities over which the Group has a significant influence, but not control, over investee. The Group's share in an associate is the aggregate of the holding in that associate by the Holding Company and by the Subsidiary. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter for the post acquisition change in the Group's share of net assets of the associates. The consolidated profit and loss account reflects the Group's share of the results of operations of the associate. Any change in Other Comprehensive Income (OCI) of associates is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. These consolidated financial statements include the Group's share of income and expenses of associates from the date that significant influence commences until the date that such influence ceases.

Non-controlling interest is that part of the net results of operations and of net assets of the subsidiary attributable to interests which are not owned by the Holding Company.

All material intra-group balances and transactions have been eliminated.

3 STATEMENT OF COMPLIANCE

- 3.1 These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
 - Directives issued by the State Bank of Pakistan (SBP) and the Securities Exchange Commission of Pakistan (SECP).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

- 3.2** The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3, 'Profit and loss sharing on deposits' for Institutions offering Islamic Financial Services (IIFS) relating to annual, half yearly and quarterly financial statements would be notified by the SBP through issuance of specific instructions and uniform disclosure formats in consultation with IIFS. These reporting requirements have not been notified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in these consolidated financial statements.
- 3.3** The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial instruments: disclosures' through its S.R.O. 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.
- 3.4** The SECP through S.R.O. 56(1)/2016 dated January 28, 2016, has directed that the requirements of IFRS 10, 'Consolidated financial statements' are not applicable in case of investments by companies in mutual funds established under Trust Deed structure. Accordingly, implications of IFRS 10 in respect of investment in mutual funds are not considered in these consolidated financial statements.
- 3.5 Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current year:**
- 3.5.1** There are certain new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated financial statements.
- 3.6 Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective:**
- 3.6.1** The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

Standard, Interpretations and Amendments	Effective date (annual periods beginning on or after)
- IFRS 9 - 'Financial instruments'	January 1, 2024
- IAS 21 - 'Lack of exchangeability' (amendments)	January 1, 2025
- IAS 1 - Non current liabilities with covenants (amendments)	January 1, 2024
- IFRS 16 - Sale and leaseback (amendments)	January 1, 2024

The management is in the process of assessing the impact of these standards and amendments on the consolidated financial statements of the Group except IFRS 9 (Financial Instruments), the impact of which is as follows:

IFRS 9 - 'Financial Instruments'

As directed by the SBP via BPRD Circular no 7 of 2023, IFRS 9, 'Financial Instruments' is effective for periods beginning on or after January 1, 2024 for banks having asset base of more than Rs 500 billion as at December 31, 2022. SBP via the same circular has finalized the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks.

During 2023, the management of the Group has performed an impact assessment of IFRS 9 taking into account the SBP's (IFRS 9) application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group at the time of finalizing the impact for initial application of IFRS 9. In addition, the Bank will implement changes in classification of certain financial instruments.

An overview of the IFRS 9 requirements that are expected to have significant impact are discussed below along with the additional requirements introduced by the SBP:

Classification and measurement

The classification and measurement of financial assets will base on the business model within which they are held and their contractual cash flow characteristics. Financial assets that do not meet the solely payments of principal and profit (SPPI) criteria are measured at FVTPL regardless of the business model in which they are held. The Group's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL').

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

The business model reflects how groups of financial assets are managed to achieve a particular business objective. Financial assets can only be held at amortised cost if the instruments are held in order to collect the contractual cash flows ('hold to collect'), and where those contractual cash flows are solely payments of principal and profit (SPPI).

Debt instruments where the business model objectives are achieved by collecting the contractual cash flows and by selling the assets ('hold to collect and sell') and that have SPPI cash flows are held at FVOCI, with unrealised gains or losses deferred in reserves until the asset is derecognised.

The classification of equity instruments is generally measured at FVTPL unless the Group, at initial recognition, irrevocably designates as FVOCI but both unrealised and realised gains or losses are recognised in reserves and no amounts other than dividends received are recognised in the consolidated profit and loss account.

All other financial assets will mandatorily be held at FVTPL. Financial assets may be designated at FVTPL only if doing so eliminates or reduces an accounting mismatch.

Impairment

The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments), lease receivables, and certain financing commitments and guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Based on the requirement of IFRS 9 and SBP's (IFRS 9) application instructions, the Group has performed an ECL assessment taking into account the key elements such as assessment of SCIR, Probability of Default, Loss Given Default and Exposure at Default.

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilised, stage 1 and stage 2 provisions would be made as per IFRS 9 ECL and stage 3 provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRs' requirements.

Presentation and disclosure

IFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of Holding Company's disclosure about its financial instruments particularly in the year of adoption of the IFRS 9.

Impact of adoption of IFRS 9

The Group will adopt IFRS 9 in its entirety effective January 01, 2024 with modified retrospective approach for restatement. The cumulative impact of initial application will be recorded as an adjustment to equity at the beginning of the accounting period. The actual impact of adopting IFRS 9 on the Group's financial statements in the year 2024 will be dependent on the financial instruments that the Group would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future.

Nevertheless, the Group has performed a preliminary assessment of the potential impact of adoption of IFRS 9 and based on this assessment, the Group does not expect any material effect on the Group's Capital Adequacy Ratio (CAR) as of December 31, 2023.

However, based on the Group's assessment, the IFRS 9 requirements are expected to have an impact on the measurement of some of its financial assets and financial liabilities.

The total estimated ECL impact (net of tax) on the adoption of IFRS 9 on the opening balance of the Group's equity as at January 1, 2024 is a reduction in equity of approximately amounting to Rs 2,331 million (without considering general provision already held).

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- 3.6.2** The SBP vide its BPRD Circular No. 02 of 2023 dated February 9, 2023 has specified the new reporting format for financial statements of Banking Companies. The new format has revised the disclosure requirements and will become applicable for the consolidated financial statements of the Group from the quarter ending March 31, 2024.

4 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except that certain available for sale investments, foreign currency balances, non-banking assets acquired in satisfaction of claims and certain foreign exchange commitments have been marked to market and carried at fair value in accordance with the requirements of the SBP. Further, the defined benefit obligation and lease liabilities against right-of-use assets have been carried at their present values.

4.1 Critical accounting estimates and judgments

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

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

- i) classification and valuation of investments (notes 6.4.1, 6.4.4 and 10);
- ii) provision against non-performing advances (notes 6.3.2 and 11.12);
- iii) income taxes (notes 6.6 and 34);
- iv) defined benefit plans (notes 6.11 and 38);
- v) valuation and depreciation of fixed assets (notes 6.5.1, 6.5.5 and 12.2);
- vi) valuation and amortisation of intangible assets (note 6.5.3, 6.5.5 and 13.1);
- vii) valuation of right-of-use assets and their related lease liability (notes 6.5.2, 12.3 and 20.5);
- viii) impairment (note 6.4.5);
- ix) valuation of non-banking assets acquired in satisfaction of claims (note 6.7 and 23.1);
- x) assumptions and estimates used in valuation of options under share-based payments (note 40); and
- xi) contingent liabilities and provision against off balance sheet obligations (notes 6.16, 6.17, 20.2 and 25).

5 FUNCTIONAL AND PRESENTATION CURRENCY

5.1 Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

5.2 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

6 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

6.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash and non-restricted balances with treasury banks and balances with other banks in current and deposit accounts.

6.2 Due to / from financial institutions

Bai Muajjal

In Bai Muajjal, the Group sells sukuk on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. Bai Muajjal with the Federal Government is classified as investment.

Musharaka / Mudaraba

In Musharaka / Mudaraba, the Group (or the counterparty financial institutions / the SBP) invests in the shariah compliant business pools of the counterparty financial institutions / the SBP (or the Group) at the agreed profit and loss sharing ratio.

Musharaka from the SBP under IERS

Under IERS, the Group accepts funds from the SBP under Shirkat-ul-aqd to constitute a pool for investment in

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

export refinance portfolio of the Group under the guidelines issued by the SBP. The profit of the pool is shared as per the agreed weightages between the partners.

Mudaraba investment from the SBP under various long term Islamic refinance schemes

Under various long term Islamic refinance schemes of the SBP, the Group accepts funds from the SBP which are received on Mudaraba basis for investment in general pool of the Group. The profit of the pool is shared as per the announced profit sharing ratio of the pool and the weightages assigned to these investments.

6.2.1 These are initially recognised at amount of funds disbursed / accepted (in case of Bai Muajjal, at sale price of the Sukuk net of deferred profit) and subsequently measured at amount receivable / payable under the contractual terms of the underlying agreement (in case of Bai Muajjal, at sale price of the sukuk net of remaining deferred profit at reporting date, if any).

6.3 Islamic financing and related assets

Murabaha

In Murabaha transactions, the Group purchases the goods and after taking the possession, sells them to the customer on cost plus disclosed profit basis either in a spot or credit transaction.

Ijarah

Ijarah assets are stated at cost less depreciation and are disclosed as part of 'Islamic financing and related assets'. The rental received / receivable on Ijarah under Islamic Financial Accounting Standard - 2 'Ijarah' (IFAS 2) are recorded as income / revenue. The Group charges depreciation from the date of recognition of Ijarah of respective assets to mustajir. Ijarah assets are depreciated over the period of Ijarah using the straight line method. Ijarah rentals outstanding are disclosed in 'other assets' on the consolidated statement of financial position at amortised cost. Impairment of Ijarah assets is determined in accordance with the Prudential Regulations issued by the SBP. The provision for impairment of Ijarah assets is shown as part of 'Islamic financing and related assets'.

Istisna

In Istisna financing, the Group places an order to purchase some specific goods / commodities from its customers to be delivered to the Group within an agreed time. The goods are then sold by the customer on behalf of the Group and the amount hence financed along with profit realised net of agency fee and incentives is paid to the Group.

Tijarah

In Tijarah financing, the Group purchases specific goods / commodities on cash basis from its customers which is then onward sold by the customer on behalf of the Group and on subsequent sale, the financed amount along with profit realised net of agency fee and incentives is paid by the customer to the Group.

Diminishing Musharakah

In Diminishing Musharakah financing, the Group enters into Musharakah based on Shirkat-ul-milk for purchasing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers. The customers pay periodic profit as per the agreement for the utilisation of the Group's Musharakah share and also periodically purchase the Group's share over the tenure of the transaction.

Running Musharakah

In Running Musharakah financing, the Group enters into financing with the customer based on Shirkatul Aqd or business partnership in the customer's operating business. Under this mechanism the customer can withdraw and return funds to the Group subject to his Running Musharakah Financing limit during the Musharakah period. At the end of each quarter / half year the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half yearly / annual accounts of the customer.

Bai Muajjal

In Bai Muajjal financing, the Group sells Shariah compliant sukuk on credit to customers. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

Service Ijarah

In Service Ijarah financing, the Group provides financing by acquiring certain agreed services from the customer. After the purchase of services, the Group appoints the customer to sell these services in the market over a period and provide a sale confirmation of such sale. The profit is only accrued from the date of receipt of such confirmation.

Wakalah

Wakalah is an agency or a delegated authority where the Muwakkil (principal) appoints the Wakil (agent) to

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

carry out a specific job on behalf of the Muwakkil. Funds disbursed are initially recorded as 'Advance against Wakalah'. On culmination, the same are recorded as financings.

Wakalah tul Istithmar

In Wakalah tul Istithmar financing, the Group enters into investment agency transaction with customer acting as an agent of the Group. Under this mechanism, the funds disbursed are invested by the customer on behalf of the Group and are recorded as financing upon their investment in the business. At the end of each quarter / half year / other defined period, the customer pays the provisional profit which is subject to adjustment upon actual declaration of wakala business performance by the agent.

Musawammah

In Musawammah financing, the Group purchases the goods and after taking the possession, sells them to the customer either in spot or credit transaction, without disclosing the cost.

6.3.1 Islamic financing and related assets are stated net of specific and general provisions against non-performing Islamic financing and related assets which are charged to the consolidated profit and loss account.

Funds disbursed, under financing arrangements for purchase of goods / assets are recorded as advance. On culmination, financing are recorded at the deferred sale price net of profit. Goods purchased but remaining unsold at the consolidated statement of financial position date are recorded as inventories.

6.3.2 Provision against non-performing Islamic financing and related assets

Specific provision

The Group determines provisions against Islamic financing and related assets on a prudent basis in accordance with the requirements of the Prudential Regulations issued by the SBP.

General provision

In accordance with Prudential Regulations issued by the SBP, general provision against consumer financing and house financing are maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages range from 0.5% to 2.5% for secured and 4% to 7% for unsecured portfolio.

In addition to the above mentioned requirements, the Group has also maintained a general provision in respect of financing against potential losses as may be present in the portfolio. This provision is based on management's best estimate and is approved by the Board of Directors of the Holding Company.

The net provisions made / reversed during the year is charged to the consolidated profit and loss account and accumulated provision is netted off against Islamic financing and related assets. Islamic financing and related assets are written off when there are no realistic prospects of recovery.

6.3.3 Inventories

The Group values its inventories at the lower of cost and net realisable value.

The net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Cost of inventories represents actual purchases made by the Group / customers as an agent of the Group for subsequent sale. Inventory against each contract is maintained on specific identification method.

6.4 Investments

6.4.1 Classification

The Group classifies its investments as follows:

- Held for trading

These are investments which are either acquired for generating profits from short-term fluctuations in market prices or are securities included in a portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

- Held to maturity

These are investments with fixed or determinable payments and maturity that the Group has the positive intent and ability to hold till maturity.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

- **Available for sale**

These are investments, other than those in associates and subsidiaries, which do not fall under either 'held for trading' or 'held to maturity' categories.

- **Associates**

Associates are all entities over which the Group has significant influence but not control. Certain mutual funds are managed by the Subsidiary Company of the Group and hence, the Group has significant influence over such funds and therefore, investment in these mutual funds are considered as investment in associates in these consolidated financial statements.

6.4.2 Regular way contracts

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

6.4.3 Initial recognition and measurement

Investments other than those categorised as 'held for trading' are initially recognised at fair value which includes transaction costs associated with the investments. Investments classified as 'held for trading' are initially recognised at fair value and transaction costs are expensed in the consolidated profit and loss account.

6.4.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

- **Held for trading**

These are measured at subsequent reporting dates at fair value. Gains and losses on remeasurement are included in the net profit and loss for the year.

- **Held to maturity**

These are measured at amortised cost less any impairment loss recognised to reflect irrecoverable amount. Premium / discount (if any) is amortised over the remaining maturity.

- **Available for sale**

In accordance with the requirements specified by the SBP, quoted securities (other than those classified as 'held to maturity' and 'investments in associates and subsidiary'), are subsequently re-measured to market value. Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investment in other unquoted securities are valued at cost less impairment losses, if any.

Surplus / deficit arising on revaluation of quoted securities which are classified as 'available for sale', is included in the consolidated Other Comprehensive Income. On derecognition or impairment of available for sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for the period.

6.4.4.1 Details of valuation techniques used in determination of fair value is included in note 42 to the consolidated financial statements.

6.4.5 Impairment

Available for sale and Held to maturity investments

Impairment loss in respect of investments classified as available for sale and held to maturity (except sukuk certificates) is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment. The determination of "significant or prolonged" requires judgment.

Provision for diminution in the value of sukuk certificates is made as per the Prudential Regulations issued by the SBP. In case of impairment in available for sale investments, the related loss previously reported in other comprehensive income is transferred to profit and loss for period. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account.

Investment in associates

In respect of investment in associates, the Group reviews their carrying values at each reporting date to assess whether there is an indication of impairment. The amount of impairment loss would be

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

determined based on the higher of value in use and fair value less cost to sell. Impairment loss is recognised in the consolidated profit and loss account.

6.5 Operating fixed assets

6.5.1 Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and any identified impairment loss. Items of fixed assets costing Rs 25,000 and Rs 20,000 or less for the Holding Company and Subsidiary Company, respectively are not capitalised and are charged off in the month of purchase. An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Profit or loss on disposal of fixed assets is included in the consolidated profit and loss account currently.

6.5.2 Right-of-use assets and Lease liabilities

At the inception of the contract, the Group assesses whether a contract is, or contains, a lease. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within note 12 and are subject to impairment in line with the Group's policy as described in note 6.5.8.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental fund acceptance rate to measure lease liabilities.

6.5.3 Intangible assets

Intangible assets comprise of computer software. Intangible assets with definite useful lives are stated at cost less accumulated amortisation and impairment losses (if any).

6.5.4 Subsequent costs

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenditure are charged to the consolidated profit and loss account as and when incurred.

6.5.5 Depreciation / amortisation

Depreciation / amortisation is charged to the consolidated profit and loss account by applying the straight line method in accordance with the rates specified in notes 12.2 and 13.1 whereby the depreciable value of an asset is written off over its estimated service life. The Group charges depreciation / amortisation from the month of acquisition and up to the month preceding the disposal. Right-of-use assets are depreciated on a straight line basis over the lease term specified in note 12.3.

6.5.6 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

6.5.7 Useful lives and residual values

Useful lives, residual values and depreciation method are reviewed at each reporting date and adjusted if impact on depreciation / amortisation is significant.

6.5.8 Impairment

The Group assesses at each reporting date whether there is any indication that the operating fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in the consolidated profit and loss account.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

6.6 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the consolidated profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current

The charge for current taxation is based on expected taxable income for the year in accordance with the prevailing laws of taxation. The charge for current tax also includes adjustments to tax payable in respect of previous years including those arising from assessments finalised during the year and are separately disclosed.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences relating to initial recognition of goodwill, initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

In making the estimates for current and deferred taxes, the management considers the income tax law and the decisions of appellate authorities on certain issues in the past.

6.7 Non-banking assets acquired in satisfaction of claims

The non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. The useful lives are reviewed annually and adjusted, if appropriate. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of property, if any, is credited to the 'surplus on revaluation of assets' account in the statement of other comprehensive income. Any deficit arising on revaluation is taken to consolidated profit and loss account directly. On derecognition of the assets, the cumulative gain or loss previously reported in other comprehensive income is transferred directly to unappropriated profit in the consolidated statement of changes in equity. Legal fees, transfer cost and direct cost of acquiring title to property is charged to the consolidated profit and loss account.

6.8 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors, however the funds of current accounts are treated as equity for the purpose of profit calculation and any profit earned / loss incurred on those funds are allocated to the equity of the Group. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

Profits realised in investment pools are distributed in pre-agreed profit sharing ratio between Rab-ul-Maal and Mudarib. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal up to a maximum of 50% of their profit as Incentive profits (Hiba).

Profits are distributed from the pool such that the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of Investments.

Asset pools are created at the Group's discretion and the Group can add, amend or transfer an asset to any other pool in the interests of the deposit holders.

6.9 Sub-ordinated Sukuk

The Group records sub-ordinated sukuk initially at the amount of proceeds received. Profit accrued on sub-ordinated sukuk is charged to the consolidated profit and loss account. These are subsequently measured at amount outstanding.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

6.10 Pool Management

The Group operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudaraba and Musharakah modes.

Under the general deposits pools, the Group accepts funds on Mudaraba basis from depositors (Rab-ul-Maal) where the Group acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financing, investments and placements. When utilising invested funds, the Group prioritises the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for funds acquired / accepted from the State Bank of Pakistan and other banks for Islamic Export Refinance to the Group's customers and liquidity management respectively under the Musharakah / Mudaraba modes.

The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool after deduction of expenses directly incurred in earning the income of such pool along with related fee income, if any. The directly related costs comprise of depreciation on ijarah assets, takaful premium, documentation charges etc. No expense of general or administrative nature is charged to the pools. No provision against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. The profit of the pool is shared between equity and other members of the pool on the basis of Musharakah at gross level (before charging of mudarib fee) as per the investment ratio of the equity. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of mudarib fee. During the year, the Group has given General Hiba to the depositors of General Pools, keeping in view the prescribed guidelines of Pool Management provided by the SBP and with the approval of the Group's Resident Shariah Board Member. However, Hiba are given at the sole discretion of the Group without any contractual commitment and can be withdrawn or reduced by the Group at its sole discretion.

The risk characteristic of each pool mainly depends on the assets and liabilities profile of each pool. As per the Group's policy, relatively low risk / secured financing transactions and assets are allocated to general depositors pool of Rupee, USD, GBP and Euro. The Group maintains General Pools (Rupee, USD, EUR, GBP), FI Pools, IERS pool and Equity pool. The general pools are exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved.

General Pools:

For General Pools (Rupee, USD, EUR, GBP), the Group allocates PKR financing to Corporate, Commercial, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business as mentioned in note 48.1.1.3. Investments in Sovereign Guaranteed Sukuk, and Bai Muajjal with the State Bank of Pakistan / Government of Pakistan, are also done through General Pools. All remunerative deposits are tagged to these general pools and their funds generated from the depositors are invested on priority basis. Investments from the SBP under various long term Islamic refinance schemes, and sub-ordinated sukuk are also remunerated through the Rupee General Pool. Due to limited investment options in USD, GBP and EURO pool, funds from foreign currency pools are invested in available International Sukuk, Shariah Compliant Nostro accounts, foreign currency financing and the remaining funds are taken out and invested in Rupee general pool as part of equity. In such cases return from Rupee General Pool is given back to foreign currency pools, so that returns can be passed on to foreign currency pool customers accordingly. The Group as Mudarib in the general pools is responsible for financing costs / assets such as land, building, furniture, fixtures, computers and IT system from its own sources / equity.

IERS Pools:

The IERS pool assets comprise of sovereign guaranteed sukuk, and financing to / sukuk of mainly blue chip companies and exporters as allowed under the applicable rules and regulations, and as such are exposed to lower credit risk. The Musharakah with SBP under IERS is tagged to the IERS pool.

FI Pools:

The FI pool assets generally comprise of sovereign guaranteed sukuk and financing under diminishing musharakah mode only and the related liability of the FI pool comprise of Musharakah / Mudarabah from other banks and financial institutions. These pools are created to meet the liquidity requirements of the Group.

Equity Pools:

All other assets including fixed assets, exposure in shares, Rupee bai-salam financing and subsidised financing to the Group's employees are tagged to equity pool. To safeguard the interest of customers, all high risk investments are also done through equity pool. The Group as Mudarib in the equity pools is responsible for financing costs / assets such as land, building, furniture, fixtures, computers and IT system from its own sources / equity.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

6.11 Staff retirement benefits

Defined benefit plan

The Holding Company operates an approved Gratuity Funded Scheme for its permanent employees. The scheme was approved by the tax authorities in April 2000. The liability recognised in respect of Gratuity Funded Scheme is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. The last valuation was conducted as on December 31, 2023.

The Holding Company also operates End of Service Unfunded Defined Benefit Scheme as approved by the Board of Directors for the benefit of the founding President and Chief Executive Officer of the Holding Company. The defined benefit obligation for this benefit has been calculated by an independent actuary using the projected unit credit method. The valuation has been conducted as on December 31, 2023.

Amounts arising as a result of "Remeasurements", representing the actuarial gains and losses and the difference between the actual investment returns and that implied by the net return cost are recognised in the consolidated Statement of Financial Position immediately, with a charge or credit to consolidated "Other Comprehensive Income" in the periods in which they occur. The actuarial valuations involve assumption and estimates of discount rates, expected rates of return on assets, future salary increases and future inflation rates as disclosed in note 38.

Defined contribution plan

The Group also operates a recognised contributory Provident Fund for all permanent employees. Equal monthly contributions are made, both by the Group and the employees, to the fund at a rate of 10% of basic salary.

6.12 Compensated absences

The Group recognises liability in respect of employees compensated absences in the period in which these are earned up to the date of consolidated statement of financial position. The provision is recognised on the basis of actuarial valuation conducted on December 31, 2023 using the projected unit credit method.

6.13 Share-based compensation

The Holding Company has granted share options to its employees under the Meezan Bank Employees Share Option Scheme, 2021 as approved by the shareholders and SECP. The cost of these share options is determined by the fair value at the date when the grant is made using a valuation model by an independent valuer and is recognised as expense over the vesting period together with a corresponding credit in equity - Employee share option compensation reserve (Note 40). The dilutive effect of outstanding options (if any) is reflected as share dilution in the computation of diluted earnings per share. When the options are exercised, employee stock option compensation reserve relating to these options is transferred to share capital and share premium.

6.14 Dividend and reserves

Dividend declared and appropriations, except for transfer to statutory reserve, made subsequent to the reporting date are considered as non adjusting events and are recorded as a liability in the consolidated financial statements in the year in which these are approved by the directors / shareholders as appropriate.

6.15 Foreign currency transactions

Transactions and balances

Foreign currency transactions are recorded in rupees at exchange rates prevailing on the date of transaction. Monetary assets, monetary liabilities and contingencies and commitments in foreign currencies except forward commitments (promises) are reported in Rupees at exchange rates prevalent on the reporting date.

Forward commitments other than those with the SBP relating to the foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange commitments. Forward commitments with the SBP relating to foreign currency deposit, are valued at spot rate prevailing at the reporting date. Exchange gains and losses are included in the current year profit and loss account.

Commitments

Commitments for outstanding forward foreign exchange transactions are disclosed at the rates applicable at the reporting date. Contingent liabilities / commitments for letters of credit, and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the exchange rates prevailing on the reporting date.

Translation gains and losses are included in the consolidated profit and loss account.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

6.16 Provisions and contingent assets and liabilities

Provision are recognised when the Group has a present legal or constructive obligation arising as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Contingent assets are not recognised, and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are not recognised but are disclosed unless the probability of an outflow of resources embodying economic benefits are remote.

6.17 Acceptances, guarantees and letters of credit

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are accounted for as on-balance sheet transactions and related balances are disclosed under other assets and other liabilities.

The Group issues guarantees and letters of credit. These are disclosed in the consolidated statement of financial position as part of contingencies and commitments.

6.18 Offsetting and derecognition

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated Statement of Financial Position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting and reporting standards as applicable in Pakistan.

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset. The Group derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

6.19 Revenue recognition

- i) Profit on Murabaha (including Commodity Murabaha) and Musawammah is recognised on an accrual basis. Profit on Murabaha and Musawammah transactions for the period from the date of disbursement to the date of culmination of Murabaha and Musawammah is recognised immediately upon the later date in line with IFAS requirements.
- ii) Rentals on Ijarah contracts are recognised as income on an accrual basis in line with IFAS requirements.
- iii) Profit on Bai Muajjal transaction is recognised on an accrual basis.
- iv) Profit on Diminishing Musharakah financing is recognised on an accrual basis.
- v) Profit on Running Musharakah financing is recognised on an accrual basis and is adjusted upon declaration of profit by Musharakah partners.
- vi) Profit on Tijarah and Istisna financing is recognised on an accrual basis commencing from time of sale of goods till the realisation of sale proceeds by the Group.
- vii) Profit on Service Ijarah is recognised on an accrual basis commencing from the date of confirmation of sale.
- viii) Profit on Wakalah tul Istithmar / Wakalah is recognised on an accrual basis and is commensurate with the Wakalah business performance/ work done by the agent.
- ix) Profit on Sukuk is recognised on an accrual basis. Where Sukuk (excluding held for trading securities) are purchased at a premium or discount, those premiums / discounts are amortised through the consolidated profit and loss account over the remaining maturity.
- x) Commission on letters of credit, acceptances and guarantees is recognised on receipt basis, except for commission on guarantees in excess of Rs 250,000 which is recognised over the period of the guarantee. Fee and brokerage income are recognised when earned.
- xi) The Group earns fee and commission income from certain non-funded banking services. The related fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services. The Group recognises fees earned on transaction-based arrangements at a point in time when the Group has fully provided the service to the customer. Where the contract requires services to be provided over time, the income is recognised on a systematic basis over the life of the related service. Unearned fees and commissions are included under Other liabilities.
- xii) Dividend income is recognised when the Group's right to receive dividend is established.
- xiii) Gain or loss on sale of investments is included in the consolidated profit and loss account in the period in which they arise.
- xiv) Gain or loss on disposal of fixed assets, intangible assets, Ijarah assets and Musharakah assets is taken to the consolidated profit and loss account in the period in which they arise.
- xv) Profit suspended in compliance with the Prudential Regulations issued by the SBP is recognised on receipt basis. Profit on rescheduled / restructured financing and investments is recognised as permitted by the SBP.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

- xvi) Management fee from collective investment schemes and voluntary pension scheme is calculated by charging the specified rates within the limit allowed under the NBFC Regulations to the net assets of such schemes as at the close of business of each calendar day. The performance obligation is satisfied at the close of business day for each scheme and payment is generally due at the end of each month.
- xvii) Sales load income is recognised once the services are provided to the unit holders in connection with their investments in collective investment schemes managed by the Subsidiary Company. The performance obligation is satisfied at the time of providing the service to the unit holders and payment becomes due at the end of each month.
- xviii) Investment advisory fee from the advisory portfolios is calculated on a daily basis by charging specified rates to the net assets of the portfolios as stated in the respective agreements with the clients. The performance obligation is satisfied at the close of business day for each portfolio and payment is generally due either at the end of each month or quarter based on the agreement terms.

6.20 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format of reporting is based on business segments. Operating segments are reported in a manner consistent with the internal reporting provided to the management. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

6.20.1 Business segments

Corporate and Commercial Banking

It includes trade finance, export finance, project finance, Ijarah, guarantees and bills of exchange relating to its Corporate and Commercial customers, investment banking, syndications, IPO related activities (excluding investments), secondary private placements, underwriting and securitisation.

Retail Banking

It includes retail financing, deposits and banking services offered to its retail customers and small and medium enterprises.

Asset Management

It includes floating and managing Collective Investment Schemes, Voluntary Pension Schemes and providing investment advisory services.

Trading and Sales

It includes equity, foreign exchanges, commodities, own securities and placements.

Others

It includes functions which cannot be classified in any of the above segments.

6.20.2 Geographical segments

The operation of the Group are currently based only in Pakistan.

6.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing profit after tax for the year attributable to equity holders of the Holding Company by the weighted average number of ordinary shares outstanding during the year. EPS is retrospectively adjusted for the effect of bonus shares issued.

Diluted EPS is calculated by dividing the net profit attributable to the equity shareholders of the Holding Company (after adjusting for return and related tax impact) on the convertible instruments / share options by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion / exercise of all the dilutive potential ordinary shares into ordinary shares.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

7	CASH AND BALANCES WITH TREASURY BANKS	Note	2023	2022
			Rupees in '000	
	In hand			
	- local currency		44,000,729	40,142,946
	- foreign currencies		4,043,711	1,120,217
			48,044,440	41,263,163
	With the State Bank of Pakistan in			
	- local currency current account		105,848,962	69,747,152
	- foreign currency current accounts		14,790,799	6,433,593
		7.1	120,639,761	76,180,745
	With the National Bank of Pakistan in			
	- local currency current accounts		73,915,744	222,839
	National Prize Bonds	7.2	12,250	76,925
			242,612,195	117,743,672
	7.1			
	These include local and foreign currency amounts required to be maintained with the SBP under the Banking Companies Ordinance, 1962 and / or stipulated by the SBP. These accounts are non-remunerative in nature.			
	7.2			
	These represent the national prize bonds received from customers for onward surrendering to SBP. The Group, as a matter of Shariah principle, does not deal in prize bonds.			
8	BALANCES WITH OTHER BANKS	Note	2023	2022
			Rupees in '000	
	In Pakistan			
	- in current accounts		9,041,421	4,804,996
	Outside Pakistan			
	- in current accounts		1,879,152	4,080,128
	- in deposit accounts	8.1	537,708	4,825,629
			11,458,281	13,710,753
	8.1			
	It represents the balance in the remunerative account maintained with financial institutions outside Pakistan. The return on these balances ranges from 0.20% to 3.00% (2022: 0.20% to 2.25%) per annum.			
9	DUE FROM FINANCIAL INSTITUTIONS	Note	2023	2022
			Rupees in '000	
	Bai Muajjal receivable:			
	- from scheduled bank / financial institution - secured	9.1	34,964,299	34,964,299
	- from other financial institution		15,500	15,500
		9.2	34,979,799	34,979,799
	Commodity Murabaha		-	26,066
		9.3	34,979,799	35,005,865
	Less: Provision held against due from financial institutions	9.4	(15,500)	(41,566)
	Due from financial institutions - net of provision		34,964,299	34,964,299
	9.1			
	The effective average return on this product is 11.72% (2022: 11.25%) per annum. These balances have maturities in July 2025 (2022: July 2025). These are secured against Federal Government securities received as collateral and having market value of Rs 42,831 million as at December 31, 2023 (2022: Rs 36,915 million).			

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
	Rupees in '000	
9.2 Bai Muajjal Placements	52,821,177	52,821,177
Less: Deferred income	(6,186,642)	(9,878,329)
Profit receivable shown in other assets	(11,654,736)	(7,963,049)
Bai Muajjal Placements	<u>34,979,799</u>	<u>34,979,799</u>
9.3 Particulars of due from financial institutions		
In local currency	34,979,799	35,005,865
In foreign currency	-	-
	<u>34,979,799</u>	<u>35,005,865</u>

9.4 Category of classification	2023		2022	
	Non-performing due from financial institutions	Provision held	Non-performing due from financial institutions	Provision held
	Rupees in '000			
Loss	<u>15,500</u>	<u>15,500</u>	<u>41,566</u>	<u>41,566</u>

10 INVESTMENTS

10.1 Investments by types

Note	2023				2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees in '000							
Held for trading securities								
- Federal Government Securities	-	-	-	-	2,470	-	18	2,488
Available for sale securities								
- Federal Government Securities	1,190,199,366	-	12,301,364	1,202,500,730	925,056,827	-	(7,185,753)	917,871,074
- Shares	9,883,161	2,562,064	4,064,496	11,385,593	10,205,678	3,128,805	1,035,172	8,112,045
- Non Government Sukuks	130,444,394	72,945	5,153,808	135,525,257	125,483,520	78,192	5,123,927	130,529,255
- Foreign Securities	5,219,877	-	(106,732)	5,113,145	8,721,244	-	(142,380)	8,578,864
	<u>1,335,746,798</u>	<u>2,635,009</u>	<u>21,412,936</u>	<u>1,354,524,725</u>	<u>1,069,467,269</u>	<u>3,206,997</u>	<u>(1,169,034)</u>	<u>1,065,091,238</u>
Held to maturity securities								
- Federal Government Securities	216,954,593	-	-	216,954,593	217,740,599	-	-	217,740,599
- Non Government sukuks	-	-	-	-	311,665	-	-	311,665
Associates (listed)								
- Units of mutual funds	6,862,218	-	-	6,862,218	4,170,433	-	-	4,170,433
Total Investments	<u>1,559,563,609</u>	<u>2,635,009</u>	<u>21,412,936</u>	<u>1,578,341,536</u>	<u>1,291,692,436</u>	<u>3,206,997</u>	<u>(1,169,016)</u>	<u>1,287,316,423</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

10.2 Investments by segments

Note	2023				2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
Rupees in '000								
Federal Government Securities								
- Ijarah Sukuks	1,396,680,608	-	2,301,364	1,408,981,972	1,111,634,399	-	(7,185,735)	1,104,448,664
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	-	-	-	-	23,224,694	-	-	23,224,694
- Islamic Naya Pakistan Certificates	10,473,351	-	-	10,473,351	7,940,803	-	-	7,940,803
	1,407,153,959	-	12,301,364	1,419,455,323	1,142,799,896	-	(7,185,735)	1,135,614,161
Shares								
Listed Companies	9,278,482	2,497,288	4,064,496	10,845,690	9,600,999	3,070,304	1,035,172	7,565,867
Unlisted Companies	604,679	64,776	-	539,903	604,679	58,501	-	546,178
	9,883,161	2,562,064	4,064,496	11,385,593	10,205,678	3,128,805	1,035,172	8,112,045
Non Government Sukuks								
Listed	114,367,048	-	5,153,808	119,520,856	114,385,781	-	5,123,927	119,509,708
Unlisted	16,077,346	72,945	-	16,004,401	11,409,404	78,192	-	11,331,212
	130,444,394	72,945	5,153,808	135,525,257	125,795,185	78,192	5,123,927	130,840,920
Foreign Securities								
Government Sukuks	4,645,817	-	(106,467)	4,539,350	5,314,367	-	(134,204)	5,180,163
Non Government Sukuks	563,671	-	(265)	563,406	3,396,488	-	(8,176)	3,388,312
Shares	10,389	-	-	10,389	10,389	-	-	10,389
	5,219,877	-	(106,732)	5,113,145	8,721,244	-	(142,380)	8,578,864
Associates								
Meezan Balanced Fund	398,519	-	-	398,519	317,124	-	-	317,124
Al-Meezan Mutual Fund	853,887	-	-	853,887	638,680	-	-	638,680
Meezan Islamic Fund	1,024,883	-	-	1,024,883	761,193	-	-	761,193
Meezan Financial Planning Fund - Conservative	2,128	-	-	2,128	9,255	-	-	9,255
KSE Meezan Index Fund	1,960,781	-	-	1,960,781	1,317,591	-	-	1,317,591
Meezan Pakistan Exchange Traded Fund	13,302	-	-	13,302	7,961	-	-	7,961
Meezan Tahaffuz Pension - Gold sub-fund	49,684	-	-	49,684	37,943	-	-	37,943
Meezan Tahaffuz Pension - Equity sub-fund	191,567	-	-	191,567	125,958	-	-	125,958
Meezan Energy Fund	214,530	-	-	214,530	85,737	-	-	85,737
Meezan Gold Fund	165,390	-	-	165,390	125,370	-	-	125,370
Meezan Rozana Amdani Fund	-	-	-	-	174,508	-	-	174,508
Meezan Daily Income Fund - MDIP - I	1,950,092	-	-	1,950,092	271,188	-	-	271,188
Meezan Sovereign Fund	580	-	-	580	115,954	-	-	115,954
Meezan Paidar Munafa Plan II	-	-	-	-	181,971	-	-	181,971
Meezan Fixed Term Fund - MPMP V	5,000	-	-	5,000	-	-	-	-
Meezan GOKP Pension Fund - Debt Sub Fund	500	-	-	500	-	-	-	-
Meezan GOKP Pension Fund - Equity Index Sub Fund	500	-	-	500	-	-	-	-
Meezan GOKP Pension Fund - Equity Sub Fund	500	-	-	500	-	-	-	-
Meezan GOKP Pension Fund - Money Market Sub Fund	30,375	-	-	30,375	-	-	-	-
	6,862,218	-	-	6,862,218	4,170,433	-	-	4,170,433
Total Investments	1,559,563,609	2,635,009	21,412,936	1,578,341,536	1,291,692,436	3,206,997	(1,169,016)	1,287,316,423

10.2.1 This represents investment in Pakistan Energy Sukuk-I and Pakistan Energy Sukuk-II issued by Power Holding Limited, wholly owned by the Government of Pakistan. These Energy Sukuks are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuks are based on Islamic mode of Ijarah with semi-annual rental payments and are due to mature in 2029-2030.

10.2.2 Investments given as collateral

	2023		2022	
	Cost / amortised cost	Market value	Cost / amortised cost	Market value
Rupees in '000				
Federal Government Securities				
- GoP Ijarah Sukuks	184,000,000	186,760,000	404,000,000	401,903,600
	184,000,000	186,760,000	404,000,000	401,903,600

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
	Rupees in '000	
10.3 Provision against diminution in value of investments		
Opening balance	3,206,997	2,400,316
Charge / (reversals)		
Charge for the year	238,864	970,287
Reversals for the year	(5,247)	-
Reversals on disposals	(805,605)	(163,606)
	(571,988)	806,681
Closing balance	2,635,009	3,206,997

	2023		2022	
	Non-performing investment	Provision held	Non-performing investment	Provision held
Category of classification	Rupees in '000			
Domestic				
Loss	72,945	72,945	78,192	78,192

10.5 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities are as follows:

	2023	2022
	Cost	
	Rupees in '000	
10.5.1 Federal Government Securities - Government guaranteed		
Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	-	23,224,694
Government of Pakistan Ijarah Sukuk		
GIS VRR-18	10,706,794	10,680,852
GIS VRR-19	25,966,662	25,624,975
GIS VRR-20	17,441,513	16,982,294
GIS VRR-21	50,808,542	50,792,803
GIS FRR-04	9,987,976	9,979,161
GIS VRR-22	81,560,081	81,626,220
GIS FRR-07	2,625,000	2,625,000
GIS VRR-23	24,939,794	24,960,971
GIS VRR-24	283,640,549	283,874,972
GIS VRR-25	319,324,792	319,555,078
GIS VRR-26	39,805,972	40,225,999
GIS VRR-27	88,689,068	-
GIS VRR-29	3,594	-
GIS VRR-30	2,974,266	-
GIS VRR-31	4,495,000	-
GIS VRR-34	149,587,059	-
GIS VRR-35	39,600,000	-
GIS FRR 08	5,000,000	5,000,000
GIS FRR 11	21,934,511	21,963,005
GIS 091224	634,842	-
	1,179,726,015	893,891,330
Islamic Naya Pakistan Certificate		
Islamic Naya Pakistan Certificate - PKR	535,284	741,885
Islamic Naya Pakistan Certificate - USD	8,913,716	6,506,281
Islamic Naya Pakistan Certificate - GBP	683,282	376,155
Islamic Naya Pakistan Certificate - EUR	341,069	316,482
	1,190,199,366	925,056,827

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

10.5.2 Shares - Listed	2023		2022	
	Rupees in '000			
Automobile Assembler	87,912		113,964	
Automobile Parts and Accessories	-		55,908	
Cement	1,704,295		1,642,867	
Power Generation and Distribution	98,341		198,419	
Commercial Banks	-		40,922	
Refinery	-		124,827	
Oil and Gas Marketing Companies	888,677		773,163	
Oil and Gas Exploration Companies	2,006,910		1,949,872	
Fertilizers	1,083,659		950,977	
Chemicals	129,571		163,557	
Pharmaceuticals	619,695		748,869	
Leather and Tanneries	-		19,336	
Miscellaneous	79,634		26,974	
Modarabas	66,390		66,390	
Technology and Communication	918,241		642,311	
Paper and Board	602,565		710,838	
Glass and Ceramics	106,833		106,833	
Textile (Composite)	378,394		464,327	
Food and Personal Care Products	14,797		9,691	
Engineering	492,568		790,954	
	<u>9,278,482</u>		<u>9,600,999</u>	

10.5.3 Shares - Unlisted	2023		2022	
	Cost	Breakup value*	Cost	Breakup value*
Rupees in '000				
Sapphire Electric Company Limited	318,638	1,090,111	318,638	993,415
Daewoo Pakistan Express Bus Service Limited	253,240	244,281	253,240	231,720
Pakistan Corporate Restructuring Company Limited	32,801	19,745	32,801	26,011
	<u>604,679</u>	<u>1,354,137</u>	<u>604,679</u>	<u>1,251,146</u>

* Based on the latest available audited financial statements and based on holding percentage.

10.5.4 Non Government Sukuks	Note	2023		2022	
		Cost			
Rupees in '000					
Listed					
- Government guaranteed	10.2.1	114,367,048		114,385,781	
Unlisted					
- Government guaranteed		10,528,989		6,716,920	
Unlisted					
- AAA / AAA		2,280,703		1,241,831	
- AA / AA+, AA, AA-		1,443,000		1,756,333	
- A / A+, A, A-		1,751,709		1,304,463	
- Unrated		72,945		78,192	
		<u>5,548,357</u>		<u>4,380,819</u>	
		<u>130,444,394</u>		<u>125,483,520</u>	

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

10.5.5 Foreign Securities Government Sukuks	2023		2022	
	Cost	Rating	Cost	Rating
	Rupees in '000			
Saudi Arabia	1,826,515	A	1,916,491	A
Qatar	-	-	1,132,295	Aa3
Indonesia	2,819,302	Ba2	2,265,581	Baa2
	<u>4,645,817</u>		<u>5,314,367</u>	

	2023	2022
	Cost Rupees in '000	
Non Government Sukuks - Unlisted		
- Aa3 / A	563,671	2,264,229
- Baa2	-	1,132,259
	<u>563,671</u>	<u>3,396,488</u>
Equity securities - Unlisted		
S.W.I.F.T. SCRL	10,389	10,389
	<u>5,219,877</u>	<u>8,721,244</u>

10.6 Particulars relating to Held to Maturity securities are as follows:

	2023	2022
	Cost Rupees in '000	
Federal Government Securities - Government guaranteed		
GIS FRR-04	10,569,624	10,566,210
GIS FRR-07	2,625,000	2,625,000
GIS FRR-08	5,000,000	5,000,000
GIS FRR-11	198,759,969	199,395,069
GIS VRR-26	-	154,320
	<u>216,954,593</u>	<u>217,740,599</u>
Non Government Sukuk		
Lucky Electric Power Sukuk	-	311,665
	<u>216,954,593</u>	<u>218,052,264</u>

The market value of securities classified as held-to-maturity as at December 31, 2023 amounted to Rs 187,691 million (2022: Rs 204,617 million).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

10.7 Investment in associates

10.7.1 Movement of investment in associates

		2023					
	Country of incorporation	% Holding	Investment at the beginning of the year	Investment/ (redemption) during the year	Share of profit/(loss) in associates	Dividend received	Investment at the end of the year
Rupees in '000							
Associates							
Meezan Islamic Fund	Pakistan	4.98%	761,193	(70,014)	333,704	-	1,024,883
Meezan Balanced Fund	Pakistan	23.09%	317,124	1,324	95,542	(15,471)	398,519
Al Meezan Mutual Fund	Pakistan	19.72%	638,680	(47,479)	262,686	-	853,887
Meezan Fixed Term Fund - MPMP V	Pakistan	100.00%	-	5,000	50,987	(50,987)	5,000
KSE Meezan Index Fund	Pakistan	58.63%	1,317,591	1,913	653,425	(12,148)	1,960,781
Meezan Daily Income Fund	Pakistan	1.67%	271,188	1,678,904	94,871	(94,871)	1,950,092
Meezan Pakistan Exchange Traded Fund	Pakistan	17.69%	7,961	1,001	4,340	-	13,302
Meezan Gold Fund	Pakistan	11.74%	125,370	-	41,104	(1,084)	165,390
Meezan Tahaffuz Pension-Equity Sub Fund	Pakistan	4.68%	125,958	-	65,609	-	191,567
Meezan Tahaffuz Pension-Gold Sub Fund	Pakistan	11.39%	37,943	-	11,741	-	49,684
Meezan Energy Fund	Pakistan	21.20%	85,737	69,449	59,344	-	214,530
Meezan Rozana Aamdani Fund	Pakistan	0.00%	174,508	(174,508)	5,968	(5,968)	-
Meezan Paidar Munafa Plan II	Pakistan	0.00%	181,971	(174,500)	(7,471)	-	-
Meezan Sovereign Fund	Pakistan	0.00%	115,954	(115,002)	(298)	(74)	580
Meezan GOKP Pension Fund - Money Market Sub Fund	Pakistan	65.40%	-	30,000	375	-	30,375
Meezan Financial Planning Fund of Funds - Conservative	Pakistan	4.00%	9,255	(7,189)	62	-	2,128
Meezan GOKP Pension Fund - Debt Sub Fund	Pakistan	100.00%	-	500	-	-	500
Meezan GOKP Pension Fund - Equity Index Sub Fund	Pakistan	100.00%	-	500	-	-	500
Meezan GOKP Pension Fund - Equity Sub Fund	Pakistan	100.00%	-	500	-	-	500
Total			4,170,433	1,200,399	1,671,989	(180,603)	6,862,218

		2022					
	Country of incorporation	% Holding	Investment at the beginning of the year	Investment/ (redemption) during the year	Share of profit/(loss) in associates	Dividend received	Investment at the end of the year
Rupees in '000							
Associates							
Al Meezan Mutual Fund	Pakistan	15.75%	759,161	(62,274)	(58,207)	-	638,680
Meezan Islamic Fund	Pakistan	3.66%	811,206	29,176	(79,189)	-	761,193
Meezan Balanced Fund	Pakistan	13.06%	318,543	-	(1,419)	-	317,124
Meezan Tahaffuz Pension-Gold Sub Fund	Pakistan	18.84%	31,227	-	6,716	-	37,943
Meezan Tahaffuz Pension-Equity Sub Fund	Pakistan	3.20%	136,556	-	(10,598)	-	125,958
KSE Meezan Index Fund	Pakistan	49.53%	1,096,022	249,629	(28,060)	-	1,317,591
Meezan Rozana Aamdani Fund	Pakistan	0.19%	75,241	99,267	8,564	(8,564)	174,508
Meezan Daily Income Fund	Pakistan	0.36%	1,336,295	(1,065,107)	43,585	(43,585)	271,188
Meezan Gold Fund	Pakistan	16.64%	102,503	-	23,409	(542)	125,370
Meezan Energy Fund	Pakistan	15.94%	85,475	346	(84)	-	85,737
Meezan Paidar Munafa Plan II	Pakistan	7.05%	-	174,500	7,471	-	181,971
Meezan Sovereign Fund	Pakistan	1.74%	-	115,384	584	(14)	115,954
Meezan Financial Planning Fund of Funds - Conservative	Pakistan	12.80%	8,815	286	489	(335)	9,255
Meezan Strategic Allocation Fund - III - MCPP-IX	Pakistan	0.00%	84,820	(85,032)	212	-	-
Meezan Pakistan Exchange Traded Fund	Pakistan	10.11%	8,800	-	(839)	-	7,961
Total			4,854,664	(543,825)	(87,366)	(53,040)	4,170,433

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

11 ISLAMIC FINANCING AND RELATED ASSETS	Note	2023	2022
		Rupees in '000	
In Pakistan:			
Murabaha financing and related assets			
- Murabaha financing	11.1	6,547,184	7,127,282
- Advances against Murabaha		11,526,208	4,888,537
- Murabaha inventory		1,958,612	3,872,679
- Financing under Islamic Export Refinance - Murabaha	11.2	503,859	711,413
- Financing against Islamic SME Asaan Finance	11.3	126,483	94,018
- Advance against Islamic SME Asaan Finance		1,005,534	-
- Inventory under Islamic SME Asaan Finance		5,000	-
- Advance against Islamic Export Refinance - Murabaha		244,700	2,465,400
		21,917,580	19,159,329
Running Musharakah financing			
- Running Musharakah financing		182,916,112	240,531,788
- Financing under Islamic Export Refinance - Running Musharakah		58,491,956	50,965,430
		241,408,068	291,497,218
Istisna financing and related assets			
- Istisna financing		35,529,463	23,081,974
- Advances against Istisna		99,829,298	94,010,017
- Istisna inventory		5,988,841	13,309,627
- Financing under Islamic Export Refinance - Istisna		344,330	72,143
- Advances under Islamic Export Refinance - Istisna		10,743,412	10,957,214
- Inventory under Islamic Export Refinance - Istisna		4,756,387	1,658,523
		157,191,731	143,089,498
Tijarah financing and related assets			
- Tijarah financing		2,311,642	1,959,394
- Tijarah inventory		13,079,258	9,160,823
- Financing under Islamic Export Refinance - Tijarah		1,701,367	1,056,241
- Inventory under Islamic Export Refinance - Tijarah		836,798	1,132,182
		17,929,065	13,308,640
Musawammah financing and related assets			
- Musawammah financing	11.4	32,401,509	74,983,110
- Advances against Musawammah		22,924,687	11,073,176
- Musawammah inventory		17,065,727	12,874,909
- Financing under Islamic Export Refinance - Musawammah	11.5	563,377	1,481,762
- Financing under SBP's Islamic Financing Facility for Renewable Energy (IFRE) - Musawammah	11.6	359,297	271,213
- Advances under Islamic Export Refinance - Musawammah		73,300	412,100
- Inventory under Islamic Export Refinance - Musawammah		301,000	-
		73,688,897	101,096,270
Salam financing and related assets			
- Salam financing		1,392,987	899,631
- Advances against Salam		23,878,427	18,705,389
- Salam inventory		1,393,814	1,836,491
		26,665,228	21,441,511
Financing against bills			
- Financing against bills - Salam		1,291,913	5,173,912
- Advance against bills - Salam		1,738	1,738
		1,293,651	5,175,650
- Bai Muajjal financing	11.7	33,086,224	35,969,952
Ijarah financing and related assets			
- Net investment in Ijarah		56,050	74,960
- Net book value of assets / investment in Ijarah under IFAS 2	11.8	60,109,729	63,004,338
		60,165,779	63,079,298
- Advances against Ijarah		2,839,276	6,508,337
		63,005,055	69,587,635

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
Rupees in '000			
Diminishing Musharakah financing and related assets			
- Diminishing Musharakah financing		198,619,635	151,635,702
- Diminishing Musharakah financing - housing		18,552,137	20,132,503
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)		350,586	263,206
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Renewable Energy (IFRE)		15,917,226	14,350,196
- Diminishing Musharakah financing - SBP's Islamic Refinance Facility for Combating COVID - 19 (IRFCC)		215,211	295,145
- Diminishing Musharakah financing - SBP's Islamic SME Asaan Finance (I-SAAF) Scheme		76,973	80,771
- Diminishing Musharakah financing - SBP's Islamic Long Term Financing Facility (ILTFF) for Plant & Machinery		19,291,370	15,771,049
- Diminishing Musharakah financing - SBP's Islamic Temporary Economic Refinance Facility (ITERF)		17,643,962	10,880,035
- Diminishing Musharakah financing - SBP's Islamic Refinance Scheme for Payment of Wages & Salaries to the Workers and Employees of Business Concerns (IRSPWS)		-	427,780
- Diminishing Musharakah financing - SBP's Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs (IRCGSWE)		7,873	-
- Advances against Diminishing Musharakah		16,379,833	29,957,946
- Advances against Diminishing Musharakah under SBP's IFFSAP		185,000	57,141
- Advances against Diminishing Musharakah under SBP's IFRE		1,284,996	2,870,913
- Advances against Diminishing Musharakah under SBP's IRFCC		181,715	254,401
- Advances against Diminishing Musharakah under SBP's ISAAF		963,154	4,800
- Advances against Diminishing Musharakah under SBP's ITERF		2,514,059	9,030,290
- Advances against Diminishing Musharakah under SBP's IRCGSWE		9,963	-
- Advances against Diminishing Musharakah under SBP's ILTFF		4,005,820	9,986,155
		296,199,513	265,998,033
- Musharakah financing		988,725	888,725
- Wakalah Tul Istithmar financing		30,602,133	6,375,000
- Advances against Wakalah Tul Istithmar		-	19,227,133
- Advance against Service Ijarah		14,884,577	14,899,103
- Qard financing under SBP's IRSPWS		-	5,783
- Qard financing under SBP's IRFCC		250,531	406,027
- Labbaik (Qard for Hajj and Umrah)		15,593	9,714
- Staff financing (including under SBP's IFRE)	11.9	11,614,300	8,433,655
- Other financing		1,286,592	1,532,881
Gross Islamic Financing and Related Assets	11.10	992,027,463	1,018,101,757
Less: Provision against non-performing Islamic financing and related assets - Specific	11.12	(16,107,097)	(12,812,762)
Less: Provision against non-performing Islamic financing and related assets - General	11.12	(14,247,354)	(9,780,641)
Islamic financing and related assets - net of provision		961,673,012	995,508,354
11.1 Murabaha receivable - gross	11.1.1	10,243,132	12,435,057
Less: Deferred murabaha income	11.1.3	(231,226)	(164,688)
Profit receivable shown in other assets		(3,464,722)	(5,143,087)
Murabaha financing	11.1.2	6,547,184	7,127,282
11.1.1 Murabaha Sale Price		10,243,132	12,435,057
Murabaha Purchase Price		(6,547,184)	(7,127,282)
		3,695,948	5,307,775

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
Rupees in '000			
11.1.2	The movement in Murabaha financing during the year is as follows:		
	Opening balance	7,127,282	6,195,161
	Sales during the year	57,566,155	68,424,533
	Adjusted during the year	(58,146,253)	(67,492,412)
	Closing balance	6,547,184	7,127,282
11.1.3	Deferred murabaha income		
	Opening balance	164,688	117,597
	Arising during the year	7,532,817	10,906,739
	Recognised during the year	(7,466,279)	(10,859,648)
	Closing balance	231,226	164,688
11.2	Financing under Islamic Export Refinance - Murabaha - gross	527,330	745,114
	Less: Deferred income	(9,440)	(10,030)
	Less: Profit receivable shown in other assets	(14,031)	(23,671)
	Financing under Islamic Export Refinance - Murabaha	503,859	711,413
11.2.1	The movement in Islamic Export Refinance Murabaha financing, during the year is as follows:		
	Opening balance	711,413	1,048,988
	Sales during the year	4,841,614	3,990,743
	Adjusted during the year	(5,049,168)	(4,328,318)
	Closing balance	503,859	711,413
11.2.2	Deferred Islamic Export Refinance murabaha income		
	Opening balance	10,030	5,937
	Arising during the year	171,742	82,533
	Recognised during the year	(172,332)	(78,440)
	Closing balance	9,440	10,030
11.3	Financing against Islamic SME Asaan Finance - Murabaha - gross	140,007	112,938
	Less: Deferred income	(7,398)	(7,566)
	Less: Profit receivable shown in other assets	(6,126)	(11,354)
	Financing against Islamic SME Asaan Finance - Murabaha	126,483	94,018
11.3.1	The movement in Islamic SME Asaan Finance (Murabaha financing) during the year is as follows:		
	Opening balance	94,018	10,000
	Sales during the year	80,500	116,957
	Adjusted during the year	(48,035)	(32,939)
	Closing balance	126,483	94,018
11.3.2	Deferred Islamic SME Asaan Finance Murabaha income		
	Opening balance	7,566	1,526
	Arising during the year	5,958	17,394
	Recognised during the year	(6,126)	(11,354)
	Closing balance	7,398	7,566
11.4	Musawammah financing - gross	35,624,523	76,327,808
	Less: Deferred income	(1,674,894)	(593,935)
	Profit receivable shown in other assets	(1,548,120)	(750,763)
	Musawammah financing	32,401,509	74,983,110
11.5	Financing under Islamic Export Refinance - Musawammah - gross	607,974	1,548,225
	Less: Deferred income	(25,538)	(33,599)
	Profit receivable shown in other assets	(19,059)	(32,864)
	Financing under Islamic Export Refinance - Musawammah	563,377	1,481,762

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
	Rupees in '000	
11.6 Financing under SBP's IFRE - Musawammah - gross	432,221	304,510
Less: Deferred income	(2,095)	(29,482)
Profit receivable shown in other assets	(70,829)	(3,815)
Financing under SBP's IFRE - Musawammah	<u>359,297</u>	<u>271,213</u>
11.7 Bai Muajjal financing - gross	37,242,068	42,504,634
Less: Deferred income	(2,393,786)	(5,283,514)
Profit receivable shown in other assets	(1,762,058)	(1,251,168)
Bai Muajjal financing	<u>33,086,224</u>	<u>35,969,952</u>
11.8 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 49,011 million (2022: Rs 45,881 million).		
11.9 This includes Rs 707 million (2022: Rs 699 million) representing profit free financing to staff advanced under the Holding Company's Human Resource Policies.		

11.10 Particulars of financing - gross

	2023	2022
	Rupees in '000	
- in local currency	940,666,342	972,271,359
- in foreign currencies	51,361,121	45,830,398
	<u>992,027,463</u>	<u>1,018,101,757</u>

11.11 Islamic financing and related assets include Rs 16,939 million (2022: Rs 13,628 million) which have been placed under non-performing status as detailed below:

Category of classification	2023		2022	
	Non Performing Amount	Provision Held	Non Performing Amount	Provision Held
	Rupees in '000			
Domestic				
Other Assets Especially Mentioned	207,244	2,380	221,234	114
Substandard	127,575	15,877	318,621	69,740
Doubtful	482,321	78,538	305,332	127,458
Loss	16,122,057	16,010,302	12,783,100	12,615,450
Total	<u>16,939,197</u>	<u>16,107,097</u>	<u>13,628,287</u>	<u>12,812,762</u>

11.12 Particulars of provision against non-performing Islamic financing and related assets:

	2023			2022		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	12,812,762	9,780,641	22,593,403	13,338,988	5,870,018	19,209,006
Exchange Adjustment	114,703	-	114,703	219,559	-	219,559
Charge for the year	3,934,473	4,500,000	8,434,473	815,425	3,910,623	4,726,048
Less: Reversals for the year	(754,338)	(33,287)	(787,625)	(1,476,314)	-	(1,476,314)
	3,180,135	4,466,713	7,646,848	(660,889)	3,910,623	3,249,734
Amount written off	(503)	-	(503)	(84,896)	-	(84,896)
Closing balance	<u>16,107,097</u>	<u>14,247,354</u>	<u>30,354,451</u>	<u>12,812,762</u>	<u>9,780,641</u>	<u>22,593,403</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

11.12.1 Particulars of provision against non-performing financing:

	2023			2022		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	15,524,415	14,247,354	29,771,769	12,344,783	9,780,641	22,125,424
In foreign currencies	582,682	-	582,682	467,979	-	467,979
	<u>16,107,097</u>	<u>14,247,354</u>	<u>30,354,451</u>	<u>12,812,762</u>	<u>9,780,641</u>	<u>22,593,403</u>

11.12.2 The Holding Company maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and House Financing issued by the SBP.

In addition, the Holding Company has also maintained a general provision of Rs 13,600 million (2022: Rs 9,100 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations.

11.12.3 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Holding Company has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing Islamic financing and related assets. The accumulated benefit availed amounts to Rs 419.00 million (2022: Rs 256.30 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 213.70 million (2022: Rs 130.70 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to shareholders.

11.13 Particulars of write offs	Note	2023	2022
		Rupees in '000	
Against provisions	11.12	503	84,896
Directly charged to consolidated profit and loss account		-	-
		<u>503</u>	<u>84,896</u>
Write offs Rs. 500,000 and above - Domestic		503	84,896
Write offs below Rs. 500,000		-	-
		<u>503</u>	<u>84,896</u>

11.13.1 Details of financing written off of Rs 500,000 and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the Statement in respect of written off financing or any other financial relief of rupees five hundred thousand or above allowed to any person(s) during the year ended December 31, 2023 is given in Annexure I.

12 FIXED ASSETS	Note	2023	2022
		Rupees in '000	
Capital work-in-progress	12.1	9,465,735	6,788,047
Property and equipment	12.2	30,129,921	22,397,767
Right-of-use assets	12.3	19,867,043	11,438,844
		<u>59,462,699</u>	<u>40,624,658</u>
Less: Provision against capital work-in-progress		(300,000)	-
		<u>59,162,699</u>	<u>40,624,658</u>
12.1 Capital work-in-progress			
Advances to suppliers and contractors for:			
- civil works		6,673,418	4,767,018
- computer hardware		1,007,420	815,696
- purchase of vehicles		285,586	76,824
- office machines		1,105,763	999,576
- furniture and fixtures		393,548	128,933
		<u>9,465,735</u>	<u>6,788,047</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

12.2 Property and equipment

	2023						Total
	Leasehold Land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	
	Rupees in '000						
At January 1, 2023							
Cost	6,493,499	3,908,076	10,172,770	1,468,943	12,499,790	4,271,872	38,814,950
Accumulated depreciation	-	951,748	5,487,468	749,084	7,441,547	1,787,336	16,417,183
Net book value	6,493,499	2,956,328	4,685,302	719,859	5,058,243	2,484,536	22,397,767
Year ended December 31, 2023							
Opening net book value	6,493,499	2,956,328	4,685,302	719,859	5,058,243	2,484,536	22,397,767
Additions	1,094,636	760,079	1,930,971	342,819	5,158,205	3,102,906	12,389,616
Transfer	-	25,634	(25,896)	269	(10,643)	-	(10,636)
Disposals	-	-	(6,311)	(1,332)	(45,609)	(170,962)	(224,214)
Depreciation charge (note 31)	-	(217,439)	(934,389)	(137,403)	(2,138,326)	(995,055)	(4,422,612)
Closing net book value	7,588,135	3,524,602	5,649,677	924,212	8,021,870	4,421,425	30,129,921
At December 31, 2023							
Cost	7,588,135	4,695,377	12,025,075	1,797,044	17,239,630	6,508,075	49,853,336
Accumulated depreciation	-	1,170,775	6,375,398	872,832	9,217,760	2,086,650	19,723,415
Net book value	7,588,135	3,524,602	5,649,677	924,212	8,021,870	4,421,425	30,129,921
Rate of depreciation (percentage)	-	5	10	10	10 and 20	20	
2022							
	Leasehold Land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Total
Rupees in '000							
At January 1, 2022							
Cost	5,919,065	2,408,559	8,516,895	1,133,257	9,006,197	3,301,369	30,285,342
Accumulated depreciation	-	799,083	4,794,140	648,413	6,230,634	1,407,009	13,879,279
Net book value	5,919,065	1,609,476	3,722,755	484,844	2,775,563	1,894,360	16,406,063
Year ended December 31, 2022							
Opening net book value	5,919,065	1,609,476	3,722,755	484,844	2,775,563	1,894,360	16,406,063
Additions	509,619	1,499,517	1,733,755	351,397	3,730,318	1,439,443	9,264,049
Transfer	64,815	-	-	-	-	-	64,815
Disposals	-	-	(26,000)	(1,331)	(18,146)	(113,801)	(159,278)
Depreciation charge (note 31)	-	(152,665)	(745,208)	(115,051)	(1,429,492)	(735,466)	(3,177,882)
Closing net book value	6,493,499	2,956,328	4,685,302	719,859	5,058,243	2,484,536	22,397,767
At December 31, 2022							
Cost / Revalued amount	6,493,499	3,908,076	10,172,770	1,468,943	12,499,790	4,271,872	38,814,950
Accumulated depreciation	-	951,748	5,487,468	749,084	7,441,547	1,787,336	16,417,183
Net book value	6,493,499	2,956,328	4,685,302	719,859	5,058,243	2,484,536	22,397,767
Rate of depreciation (percentage)	-	5	10	10	10 and 20	20	

12.2.1 Included in cost of property and equipment are fully depreciated items still in use aggregating Rs 7,870 million (2022: Rs 6,761 million).

12.2.2 Details of disposal of fixed assets to related parties or other persons having net book value of Rs 500,000 or above are as follows:

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees in '000						
Vehicles						
Toyota Prado	6,517	4,562	1,955	3,070	Bank's Staff Policy	Mr Khalid Zaman Khan (Executive, Employee)
Toyota Fortuner	8,159	7,338	821	3,127	Bank's Staff Policy	Syed Tanveer Hussain (Executive, Employee)
KIA Sportage	4,509	2,779	1,730	2,614	Bank's Staff Policy	Mr Ebrahim Yakooob (Executive, Employee)
Honda Civic	3,872	1,676	2,196	2,718	Bank's Staff Policy	Ms Khatija Ilyas Konchwala (Executive, Ex-employee)
Honda Civic	3,853	3,000	853	1,825	Bank's Staff Policy	Mr Faisal Qamar (Executive, Employee)
Honda Civic	3,835	2,422	1,413	2,192	Bank's Staff Policy	Mr Muhammad Faisal Usman (Executive, Employee)
Honda Civic	3,407	2,896	511	1,421	Bank's Staff Policy	Mr Moazzam Saeed Khan (Executive, Employee)
Honda Civic	3,298	2,737	561	1,383	Bank's Staff Policy	Mr Salim Thobani (Executive, Employee)
Honda BRV	3,547	2,303	1,244	2,038	Bank's Staff Policy	Mr Altaf Hasan Khan (Executive, Employee)
Honda BRV	3,465	2,131	1,334	1,995	Bank's Staff Policy	Mr Aneeq Ejaz Qureshi (Executive, Employee)
Toyota Corolla	3,759	1,815	1,944	2,933	Bank's Staff Policy	Mr Talha Yahya (Late) (Executive, Ex-employee)
Toyota Corolla	3,238	2,687	551	1,375	Bank's Staff Policy	Mr Faisal Sarwar (Executive, Employee)
Toyota Corolla	2,643	2,069	574	1,196	Bank's Staff Policy	Mr Rameez Ahmed (Executive, Employee)
Toyota Corolla	2,745	1,876	869	1,590	Bank's Staff Policy	Mr Shazaib Ali (Executive, Ex-employee)
Honda City	2,632	1,666	966	1,485	Bank's Staff Policy	Syed Samad Arif (Executive, Employee)
Honda City	2,606	1,863	743	1,323	Bank's Staff Policy	Mr Ehsan Ullah Baryar (Executive, Employee)
Honda City	2,554	1,872	682	1,249	Bank's Staff Policy	Mr Umer Mehmood Khalid (Executive, Employee)
Honda City	2,524	1,504	1,020	1,636	Bank's Staff Policy	Mr Muhammad Qasim (Late) (Executive, Ex-employee)
Honda City	2,436	1,540	896	1,394	Bank's Staff Policy	Mr Abrar Hussain (Executive, Employee)
Honda City	2,434	1,537	897	1,377	Bank's Staff Policy	Mr Farhan Shaukat (Executive, Employee)
Honda City	2,434	1,500	934	1,387	Bank's Staff Policy	Syed Muhammad Farukh (Executive, Employee)
Honda City	2,381	1,706	675	1,197	Bank's Staff Policy	Mr Ishtiaq Ahmed (Executive, Employee)
Honda City	2,362	1,495	867	1,368	Bank's Staff Policy	Mr Muhammad Daud Qadir (Executive, Employee)
Toyota Alphard	13,050	13,050	-	-	Bank's Staff Policy	Mr Irfan Siddiqui (President & Chief Executive Officer - Holding Company)
Toyota Prado	14,033	14,033	-	-	Bank's Staff Policy	Mr Irfan Siddiqui (President & Chief Executive Officer - Holding Company)
Honda City	2,353	1,686	667	1,182	Bank's Staff Policy	Mr Rizwan Qamar (Executive, Employee)
Toyota Yaris	2,684	1,742	942	1,529	Bank's Staff Policy	Mr Ali Tariq Faruqi (Executive, Employee)
Suzuki Cultus	1,720	1,175	545	950	Bank's Staff Policy	Syed Soulat Raza (Executive, Employee)
Honda Civic	3,348	2,450	898	3,801	Negotiation	Mr Muhammad Altaf
Toyota Corolla	2,646	1,847	799	2,593	Negotiation	M/s Toyota Western Motors
Honda City	3,191	585	2,606	3,660	Negotiation	M/s Tariq Mehmood Autos
Honda City	3,190	638	2,552	3,551	Negotiation	Mr Adeel Hameed
Honda City	2,686	1,253	1,433	3,548	Negotiation	Mr Wasim Mirza
Honda City	2,658	929	1,729	3,733	Negotiation	Mr Imran Saeed
Honda City	2,619	1,221	1,398	2,600	Negotiation	Syed Saleem Bukhari
Honda City	2,587	862	1,725	3,276	Negotiation	Mr Rameez Ahmed
Honda City	2,555	1,999	556	3,238	Negotiation	Syed Ali Zeeshan Kazmi
Honda City	2,502	1,123	1,379	3,602	Negotiation	Mr Muhammad Ejaz
Honda City	2,499	1,374	1,125	3,641	Negotiation	Mr Muhammad Ejaz
Honda City	2,496	1,309	1,187	3,377	Negotiation	Mr Ammad Ali
Honda City	2,489	1,116	1,373	3,362	Negotiation	Mr Mohsin Ilyas
Honda City	2,487	1,076	1,411	2,856	Negotiation	Mr Muhammad Chand
Honda City	2,485	1,199	1,286	3,077	Negotiation	Mr Irfan Jamil
Honda City	2,434	1,537	897	3,075	Negotiation	Mr Abdul Rasheed
Honda City	2,373	1,853	520	2,693	Negotiation	Mr Muhammad Arif
Honda City	2,317	1,236	1,081	2,430	Negotiation	Mr Sumair Kamran
Honda City	2,121	1,518	603	2,645	Negotiation	M/s R.K. Trading
Honda City	1,966	1,438	528	2,207	Negotiation	Mr Ali Akber
Toyota Yaris	2,845	1,467	1,378	3,160	Negotiation	Mr Fahad Mannan
Changan Alsvin	2,474	619	1,855	2,460	Negotiation	Mr Irfan Jamil
Changan Alsvin	2,940	683	2,257	2,626	Negotiation	Mr Muhammad Arif
Changan Alsvin	2,940	683	2,257	2,759	Negotiation	Mr Zahid Qadri
Suzuki Swift	3,012	652	2,360	3,500	Negotiation	Mr Muhammad Umar
Suzuki Cultus	1,792	506	1,286	2,629	Negotiation	Mr Irfan Jamil
Suzuki Cultus	1,790	894	896	2,463	Negotiation	Mr Hassan Ali

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees in '000						
Vehicles						
Suzuki Cultus	1,790	984	806	2,550	Negotiation	Mr Arshad Mehmood
Suzuki Cultus	1,790	924	866	2,205	Negotiation	Mr Abdul Jabbar
Suzuki Cultus	1,774	768	1,006	1,744	Negotiation	Mr Dilawar Khan
Suzuki Cultus	1,790	744	1,046	2,036	Negotiation	Mr Irfan Jamil
Suzuki Cultus	1,790	744	1,046	2,414	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,790	864	926	2,389	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,790	894	896	2,311	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,790	803	987	2,401	Negotiation	M/s Tariq Mehmood Autos
Suzuki Cultus	1,789	715	1,074	2,462	Negotiation	Syed Ali Zeeshan Kazmi
Suzuki Cultus	1,789	655	1,134	2,627	Negotiation	Mr Umair Asad
Suzuki Cultus	1,786	834	952	2,441	Negotiation	Mr Muhammad Ayyaz
Suzuki Cultus	1,786	893	893	2,431	Negotiation	Mr Muhammad Ayyaz
Suzuki Cultus	1,786	744	1,042	1,827	Negotiation	Mr Riaz Ahmed Khan
Suzuki Cultus	1,786	631	1,155	2,484	Negotiation	Mr Zahid Qadri
Suzuki Cultus	1,786	743	1,043	2,515	Negotiation	Mr Adnan Saeed
Suzuki Cultus	1,784	1,277	507	2,411	Negotiation	Mr Abdul Hameed
Suzuki Cultus	1,774	798	976	1,696	Negotiation	Mr Maaz Saleem
Suzuki Cultus	1,774	768	1,006	1,777	Negotiation	Mr Muhammad Umar
Suzuki Cultus	1,774	768	1,006	2,518	Negotiation	Ms Samina Saeed
Suzuki Cultus	1,774	915	859	2,231	Negotiation	M/s Suzuki Khalil Motors
Suzuki Cultus	1,774	708	1,066	1,792	Negotiation	Mr Wasim Mirza
Suzuki Cultus	1,773	738	1,035	2,229	Negotiation	M/s Suzuki Khalil Motors
Suzuki Cultus	1,773	650	1,123	2,276	Negotiation	Mr Usman Shahid
Suzuki Cultus	1,770	824	946	2,079	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,768	1,031	737	1,644	Negotiation	Mr Waqar Ahmed Khan
Suzuki Cultus	1,757	994	763	2,048	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,757	1,083	674	2,016	Negotiation	Mr Irfan Jamil
Suzuki Cultus	1,757	1,083	674	1,682	Negotiation	Mr Muhammad Umar
Suzuki Cultus	1,757	1,022	735	1,619	Negotiation	Mr Adnan Naseer Ahmed
Suzuki Cultus	1,757	1,084	673	1,848	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,756	936	820	2,730	Negotiation	Mr Mansoor Hassan
Suzuki Cultus	1,756	1,200	556	1,506	Negotiation	Mr Danyal Irfan
Suzuki Cultus	1,755	1,051	704	2,185	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,755	874	881	2,031	Negotiation	Mr Irfan Jamil
Suzuki Cultus	1,755	874	881	1,837	Negotiation	Mr Irfan Jamil
Suzuki Cultus	1,755	1,050	705	2,370	Negotiation	Mr Mansoor Hassan
Suzuki Cultus	1,755	760	995	2,102	Negotiation	Mr Naeem Ashraf
Suzuki Cultus	1,755	935	820	2,257	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,755	1,050	705	2,315	Negotiation	M/s Tariq Mehmood Autos
Suzuki Cultus	1,752	992	760	1,993	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,752	1,167	585	2,257	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,752	991	761	1,752	Negotiation	Ms Farhana Zainab
Suzuki Cultus	1,751	758	993	1,852	Negotiation	Mr Riaz Ahmed Khan
Suzuki Cultus	1,751	1,134	617	2,327	Negotiation	Mr Aammad Ali
Suzuki Cultus	1,751	1,107	644	2,314	Negotiation	Chaudry Tanveer Mehmood
Suzuki Cultus	1,751	845	906	1,651	Negotiation	Mr Gul Hassan
Suzuki Cultus	1,751	1,107	644	2,230	Negotiation	Mr Gul Hassan
Suzuki Cultus	1,751	874	877	1,711	Negotiation	Mr Gul Hassan
Suzuki Cultus	1,750	700	1,050	1,951	Negotiation	Mr Imran Saeed
Suzuki Cultus	1,749	639	1,110	2,562	Negotiation	Mr Umair Asad
Suzuki Cultus	1,743	1,074	669	1,622	Negotiation	Mr Hassan Muhammad
Suzuki Cultus	1,743	1,074	669	1,729	Negotiation	Mr Imran
Suzuki Cultus	1,743	1,074	669	1,767	Negotiation	Mr Imran Saeed
Suzuki Cultus	1,743	1,188	555	1,658	Negotiation	Mr Maaz Saleem
Suzuki Cultus	1,743	1,219	524	2,035	Negotiation	M/s Suzuki Khalil Motors
Suzuki Cultus	1,743	1,219	524	1,927	Negotiation	Mr Usman Shahid
Suzuki Cultus	1,743	1,074	669	1,665	Negotiation	Mr Faisal Raza
Suzuki Cultus	1,743	1,016	727	1,896	Negotiation	Mr Dilawar Khan
Suzuki Cultus	1,743	1,160	583	1,875	Negotiation	Mr Dilawar Khan

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees in '000						
Vehicles						
Suzuki Cultus	1,740	695	1,045	2,458	Negotiation	Mr Irfan Jamil
Suzuki Cultus	1,739	636	1,103	2,638	Negotiation	Mr Umair Asad
Suzuki Cultus	1,738	1,012	726	2,200	Negotiation	Syed Muhammad Saeed
Suzuki Cultus	1,738	782	956	1,761	Negotiation	Mr Sheeraz Khan
Suzuki Cultus	1,738	1,012	726	2,111	Negotiation	Mr Usman Shahid
Suzuki Cultus	1,738	811	927	1,701	Negotiation	Mr Wasim Mirza
Suzuki Cultus	1,715	1,086	629	2,093	Negotiation	Mr Muhammad Arif
Suzuki Cultus	1,715	886	829	1,869	Negotiation	Mr Sheeraz Khan
Suzuki Cultus	1,715	972	743	1,833	Negotiation	Mr Dilawar Khan
Suzuki Cultus	1,700	567	1,133	2,515	Negotiation	Mr Zahid Qadri
Suzuki Cultus	1,664	526	1,138	2,620	Negotiation	Mr Mansoor Hassan
Suzuki Cultus	1,664	609	1,055	2,502	Negotiation	Mr Adeel Hameed
Suzuki Cultus	1,664	554	1,110	2,487	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,664	554	1,110	2,177	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,625	542	1,083	2,233	Negotiation	M/s Suzuki Khalil Motors
Suzuki Cultus	1,509	931	578	1,600	Negotiation	Ms Nayab Fatima
Suzuki Cultus	1,487	916	571	1,524	Negotiation	Mr Adnan Naseer Ahmed
Suzuki Cultus	1,443	890	553	1,736	Negotiation	Mr Riaz Ahmed Khan
Suzuki Cultus	1,766	1,178	588	845	AMIML Staff Policy	Mr Sohail Virani
Suzuki Cultus	1,766	1,148	618	866	AMIML Staff Policy	Mr Muhammad Nazim
Suzuki Cultus	1,769	1,150	619	875	AMIML Staff Policy	Mr Umair Qazi
Honda City	2,491	1,036	1,455	2,467	Takaful Claim	M/s EFU General Insurance Limited
Honda City	2,491	1,368	1,123	3,610	Takaful Claim	M/s EFU General Insurance Limited
Changan Alsvin	2,930	829	2,101	4,620	Takaful Claim	M/s Adamjee Insurance Company Limited
Changan Alsvin	2,780	138	2,642	2,839	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Swift	3,316	331	2,985	3,298	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,792	297	1,495	1,781	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,660	442	1,218	1,655	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,789	268	1,521	1,781	Takaful Claim	M/s EFU General Insurance Limited
KIA Picanto	3,561	237	3,324	3,606	Takaful Claim	M/s EFU General Insurance Limited
	344,679	195,955	148,724	317,227		
Leasehold improvements						
Civil Works	16,999	13,216	3,783	244	Negotiation	M/s Mughal Scrap
Civil Works	5,780	4,593	1,187	363	Negotiation	M/s Mughal Scrap
Civil Works	10,458	9,755	703	216	Negotiation	M/s Mughal Scrap
	33,237	27,564	5,673	823		
Electrical, office and computer equipment						
Generator	1,725	1,207	518	980	Takaful Claim	M/s Adamjee Insurance Company Limited
UPS	790	197	593	618	Takaful Claim	M/s Adamjee Insurance Company Limited
ATM	889	252	637	780	Takaful Claim	M/s Adamjee Insurance Company Limited
	3,404	1,656	1,748	2,378		
Other disposals						
Vehicles	549,107	526,869	22,238	262,742		
Electrical, office and computer equipment	385,267	341,406	43,861	84,223		
Furniture and Fixtures	15,277	13,945	1,332	5,804		
Leasehold improvements	17,782	17,144	638	3,011		
	967,433	899,364	68,069	355,780		
Total disposals as at December 31, 2023	1,348,753	1,124,539	224,214	676,208		
Total disposals as at December 31, 2022	799,256	639,978	159,278	375,048		

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

12.3 Right-of-use assets	2023		
	Cost	Accumulated Depreciation	Net Book Value
	Rupees in '000		
At January 1	21,006,481	(9,567,637)	11,438,844
Additions during the year	1,161,441	-	1,161,441
Adjustment upon reassessment of lease term (note 12.3.1)	10,086,130	-	10,086,130
Depreciation charge (note 31)	-	(2,819,372)	(2,819,372)
Derecognition during the year	(1,838,092)	1,838,092	-
At December 31	30,415,960	(10,548,917)	19,867,043
Lease term			3 - 20 years

12.3 Right-of-use assets	2022		
	Cost	Accumulated Depreciation	Net Book Value
	Rupees in '000		
At January 1	19,340,985	(6,678,894)	12,662,091
Additions during the year	1,473,522	-	1,473,522
Adjustment upon reassessment of lease term (note 12.3.1)	624,880	-	624,880
Depreciation charge for the year	-	(3,123,212)	(3,123,212)
Derecognition during the year	(432,906)	234,469	(198,437)
At December 31	21,006,481	(9,567,637)	11,438,844
Lease term			2-10 years

12.3.1 During the current year, the Holding Company has reassessed the existing lease agreements resulting in a reassessment of the lease terms of these agreements and have been accounted for in accordance with the requirements of IFRS 16, 'Leases'.

The Holding Company has remeasured the lease liabilities by discounting the future lease payments using the revised discount rates and a corresponding adjustment have been recorded in right-of-use assets.

13 INTANGIBLE ASSETS	Note	2023	2022
		Rupees in '000	
Computer software	13.1	1,749,995	1,450,872
Advance against computer software		620,691	422,646
		2,370,686	1,873,518
13.1 At January 1			
Cost		3,946,964	3,272,073
Accumulated amortisation		2,496,092	2,026,426
Net book value		1,450,872	1,245,647
Year ended December 31			
Opening net book value		1,450,872	1,245,647
Additions - directly purchased		849,184	674,891
Transfers - Cost		29,560	-
Transfers - accumulated amortisation		(18,924)	-
Amortisation charge (note 31)		(560,697)	(469,666)
Closing net book value		1,749,995	1,450,872
At December 31			
Cost	13.1.1	4,825,708	3,946,964
Accumulated amortisation		3,075,713	2,496,092
Net book value		1,749,995	1,450,872
Rate of amortisation (percentage)		10-33	10-33
Useful life		3 - 10 years	3 - 10 years

13.1.1 Included in cost of intangible assets are fully amortised items still in use aggregating Rs 1,734 million (2022: Rs 1,529 million). Remaining life of intangible assets ranges from 1 to 10 years.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
Rupees in '000			
14 OTHER ASSETS			
Profit / return accrued in local currency - net of provisions		103,885,757	68,614,403
Profit / return accrued in foreign currencies - net of provisions		1,319,515	390,362
Acceptances		15,392,217	12,495,872
Advances, deposits, and other prepayments	14.1	3,026,729	2,382,013
Non-banking assets acquired in satisfaction of claims	14.2	50,243	50,301
Mark to market gain on forward foreign exchange contracts	20.4	-	-
Receivables on account of sale of securities		67,113	61,941
Dividends receivable		261	950
Stamps		24,397	27,400
Security deposits		525,913	437,257
Receivable under alternate delivery channel		3,373,605	-
Other		1,380,286	1,522,017
		<u>129,046,036</u>	<u>85,982,516</u>
Less: Provision held against other assets	14.3	(312,592)	(268,149)
Other Assets (net of provision)		<u>128,733,444</u>	<u>85,714,367</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	23	-	4,699
Other Assets - total		<u>128,733,444</u>	<u>85,719,066</u>

14.1 This includes prepaid takaful aggregating Rs 763 million (2022: Rs 826 million) which is being amortised over a period of one year.

	2023	2022
Rupees in '000		
14.2 Market value of Non-banking assets acquired in satisfaction of claims	<u>36,320</u>	<u>55,000</u>

Market value of the non-banking assets acquired in satisfaction of claims has been carried out by an independent valuers, M/s Chadils Valuations (Private) Limited based on prevailing market values determined through independent market inquiries from local active realtors as more detailed in note 42.2. The valuer is listed on the panel of Pakistan Banks' Association.

	2023	2022
Rupees in '000		
14.2.1 Non-banking assets acquired in satisfaction of claims		
Opening balance	50,301	115,269
Depreciation	(58)	(153)
Transfer to fixed assets	-	(64,815)
Closing balance	<u>50,243</u>	<u>50,301</u>

14.3 Provision held against other assets

Non-banking assets acquired in satisfaction of claims	13,923	-
Others	298,669	268,149
	<u>312,592</u>	<u>268,149</u>

14.3.1 Movement in provision held against other assets

Opening balance	268,149	200,082
Charge for the year	72,972	134,167
Reversals for the year	(2,680)	(8,056)
Amount adjusted / written off during the year	(25,849)	(58,044)
Closing balance	<u>312,592</u>	<u>268,149</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
15 BILLS PAYABLE		Rupees in '000	
In Pakistan		39,724,176	40,175,122
Outside Pakistan		-	-
		<u>39,724,176</u>	<u>40,175,122</u>
16 DUE TO FINANCIAL INSTITUTIONS			
In Pakistan	16.1, 16.2 & 16.3	377,494,612	573,326,439
Outside Pakistan		-	-
		<u>377,494,612</u>	<u>573,326,439</u>
16.1 Details of due to financial institutions secured / unsecured			
Secured			
With State Bank of Pakistan			
Musharakah under Islamic Export Refinance Scheme	16.1.1	78,802,384	71,610,934
Investment under Islamic Long Term Financing Facility	16.1.2	23,280,222	25,694,774
Investment under Islamic Refinance Facility for Combating COVID-19	16.1.2	646,152	955,573
Investment under Islamic Financing for Renewal Energy	16.1.2	17,405,412	17,251,134
Investment under Islamic Temporary Economic Refinance Facility for Plant and Machinery	16.1.2	20,093,256	19,384,119
Investment under Islamic Refinance Scheme for storage of agriculture produce	16.1.2	525,523	282,324
Investment under Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs (IRCGSWE)	16.1.2	7,861	-
Investment under Islamic Refinance Scheme for SME Asaan Finance	16.1.2	455,509	201,614
Investment under Shariah Compliant Open Market Operations	16.1.3	180,159,641	363,382,155
Total secured		<u>321,375,960</u>	<u>498,762,627</u>
With Scheduled Bank	16.1.4	4,000,000	30,000,000
Other financial institutions	16.1.5	5,279,332	5,856,908
Unsecured			
Musharakah with scheduled banks / financial institutions	16.1.6	44,160,000	37,775,000
Overdrawn nostro accounts		2,679,320	496,904
Others		-	435,000
		<u>377,494,612</u>	<u>573,326,439</u>

16.1.1 These represent acceptance of funds by the Holding Company on a profit and loss sharing basis maturing between January 2024 to June 2024 and are secured against demand promissory notes executed in favour of SBP. A limit of Rs 80,330 million (2022: Rs 81,869 million) has been allocated to the Holding Company by SBP under Islamic Export Refinance Scheme. Last announced profit rate on the Musharakah investment is 12.50% (2022: 7.22%) per annum.

16.1.2 These represent acceptance of funds on profit and loss sharing basis which has been invested in general pool of the Holding Company and are secured against demand promissory notes executed in favour of SBP. Last announced profit rate on these investments ranges from 0.28% to 5.51% (2022: 0.18% to 4.90%) per annum.

16.1.3 These represent acceptance of funds by the Holding Company on Mudarabah basis which has been invested in special pools of the Holding Company and are secured against lien of the Holding Company's investment in Federal Government securities (Note 10.2.2). The expected average profit rate on Open Market Operations is 22.08% (2022: 15.91%) per annum.

16.1.4 These represents acceptance of funds by the Holding Company on Musharakah basis which are secured against lien of the Holding Company's investment in Federal Government securities (Note 10.2.2). The expected average profit rate on these Musharakah is around 22.95% (2022: 16.15%) per annum. These balances have matured in January 2024 (2022: January 2023).

16.1.5 These Musharakah are on profit and loss sharing basis with Pakistan Mortgage Refinance Company (PMRC) and Karandaaz with the objective of promoting low cost consumer housing and growth in SME financing respectively. The expected average profit rate on Karandaaz Musharakah ranges from 11.64% to 26.43% per annum. The expected profit rate on PMRC borrowing is 12.89% per annum (2022: 12.89%) having maturity in November 2027.

16.1.6 These represents acceptance of funds by the Holding Company on Musharakah basis. The expected average profit on these Musharakah is around 21.97% (2022: 15.51%) per annum. These balances have matured in January 2024 (2022: January 2023).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
	Rupees in '000	
16.2 Particulars of due to financial institutions with respect to currencies		
- in local currency	374,815,292	572,829,535
- in foreign currencies	2,679,320	496,904
	<u>377,494,612</u>	<u>573,326,439</u>
16.3 Particulars of due to financial institutions		
- short term	310,514,642	504,444,883
- long term	66,979,970	68,881,556
	<u>377,494,612</u>	<u>573,326,439</u>

17 DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In Local currency	In Foreign currencies	Total	In Local currency	In Foreign currencies	Total
	Rupees in '000					
Customers						
- Current deposits - non-remunerative	1,012,415,113	57,892,401	1,070,307,514	736,468,532	38,420,227	774,888,759
- Savings deposits	803,833,457	68,537,150	872,370,607	581,314,505	53,554,524	634,869,029
- Fixed deposits	217,884,345	17,080,020	234,964,365	181,114,576	16,136,130	197,250,706
- Margin	25,622,708	1,108,617	26,731,325	40,429,443	2,005,656	42,435,099
	<u>2,059,755,623</u>	<u>144,618,188</u>	<u>2,204,373,811</u>	<u>1,539,327,056</u>	<u>110,116,537</u>	<u>1,649,443,593</u>
Financial institutions						
- Current deposits - non-remunerative	1,249,647	388,192	1,637,839	1,770,475	345,846	2,116,321
- Savings deposits	10,668,001	-	10,668,001	5,908,532	904	5,909,436
- Fixed deposits	740,885	-	740,885	1,000,238	-	1,000,238
	<u>12,658,533</u>	<u>388,192</u>	<u>13,046,725</u>	<u>8,679,245</u>	<u>346,750</u>	<u>9,025,995</u>
	<u>2,072,414,156</u>	<u>145,006,380</u>	<u>2,217,420,536</u>	<u>1,548,006,301</u>	<u>110,463,287</u>	<u>1,658,469,588</u>

	2023	2022
	Rupees in '000	
17.1 Composition of deposits		
- Individuals	1,505,269,242	1,077,731,920
- Government (Federal and Provincial)	26,107,115	8,258,422
- Public Sector Entities	49,514,198	15,684,966
- Banking Companies	327,236	4,961
- Non-Banking Financial Institutions	12,719,489	9,021,034
- Private Sector	623,483,256	547,768,285
	<u>2,217,420,536</u>	<u>1,658,469,588</u>
17.2 Particulars of deposits and other accounts in Pakistan		
- In local currency		
Mudaraba based deposits	1,052,090,998	780,007,331
Qard based deposits	1,020,323,158	767,998,970
	<u>2,072,414,156</u>	<u>1,548,006,301</u>
- In foreign currencies		
Mudaraba based deposits	86,707,356	71,688,818
Qard based deposits	58,299,024	38,774,469
	<u>145,006,380</u>	<u>110,463,287</u>
	<u>2,217,420,536</u>	<u>1,658,469,588</u>

17.3 Eligible deposits covered under deposit protection scheme (including call deposit receipts disclosed under bills payable) amount to Rs 1,828,258 million (2022: Rs 1,401,490 million).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
Rupees in '000			
18 SUB-ORDINATED SUKUK			
Additional Tier I Sukuk	18.1	7,000,000	7,000,000
Tier II Sukuk	18.2	13,990,000	13,990,000
		<u>20,990,000</u>	<u>20,990,000</u>

- 18.1** In August 2018, the Holding Company issued regulatory Shariah compliant unsecured, sub-ordinated privately placed Additional Tier I Sukuk based on Mudaraba of Rs 7,000 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of Additional Tier I sukuk is as follows:

Credit Rating	AA+ (Double A plus) by VIS Credit Rating Company Limited.
Issue Date	August 01, 2018.
Tenor	Perpetual.
Profit payment frequency	Monthly in arrears.
Redemption	Perpetual. However, the Holding company has call option which can be exercised with prior approval of SBP.
Expected Periodic Profit Amount (Mudaraba Profit Amount)-Non-discretionary subject to actual profit of the pool	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Holding Company under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 25.05% per annum.
Call Option	The Holding company may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Additional Tier I Sukuk, at the option of the SBP, will be fully and permanently converted into common shares (variable) upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and / or redemption amount can be held back in respect of the Additional Tier I Sukuk, upon directive of the SBP, if such payment will result in a shortfall in the Holding company's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

- 18.2** In January 2020 and December 2021, the Holding Company issued regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk based on Mudaraba of Rs 4,000 million and Rs 9,990 million respectively as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of Tier II sukuk is as follows:

Credit Rating	AAA (Tripple A) by VIS Credit Rating Company Limited.
Issue Date	January 09, 2020 and December 16, 2021.
Tenor	10 years from the issue date.
Profit payment frequency	Semi-annually in arrears.
Redemption	Bullet payment at the end of the tenth year.
Expected Periodic Profit Amount (Mudaraba Profit Amount)-Non-discretionary subject to actual profit of the pool	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Holding company under the SBP guidelines of pool management. Last announced profit rate on the Sukuk are 23.40% and 22.03% per annum respectively.
Call Option	The Holding company may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares (variable) upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and / or redemption amount can be held back in respect of the Tier II Sukuk upon directive of the SBP, if such payment will result in a shortfall in the Holding company's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

19 DEFERRED TAX LIABILITIES / (ASSETS)

	2023			
	At January 1, 2023	Recognised in profit and loss Account	Recognised in OCI	At December 31, 2023
	Rupees in '000			
Taxable temporary differences on:				
Excess of accounting book values over tax written down values of owned assets	445,790	452,928	-	898,718
Deficit on revaluation of available for sale investments	-	-	10,995,024	10,995,024
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	2,021	(4)	(2,017)	-
Tax on accumulated profit of associates	351,281	387,237	-	738,518
	<u>799,092</u>	<u>840,161</u>	<u>10,993,007</u>	<u>12,632,260</u>
Deductible temporary differences on:				
(Surplus) / deficit on revaluation of available for sale investments	(502,685)	-	-	(502,685)
Provision for diminution / impairment in value of investments	(1,383,498)	346,235	-	(1,037,263)
Income not accrued due to non-culmination of financing	(2,998,031)	(1,984,188)	-	(4,982,219)
Provision against non-performing Islamic financing and related assets	(162,490)	(664,272)	-	(826,762)
Provision against non-banking assets acquired in satisfaction of claims	(70,127)	-	-	(70,127)
Others	(122,096)	(209,798)	-	(331,894)
	<u>(5,238,927)</u>	<u>(2,512,023)</u>	<u>-</u>	<u>(7,750,950)</u>
	<u>(4,439,835)</u>	<u>(1,671,862)</u>	<u>10,993,007</u>	<u>4,881,310</u>
	2022			
	At January 1, 2022	Recognised in profit and loss account	Recognised in OCI	At December 31, 2022
	Rupees in '000			
Taxable temporary differences on:				
Excess of accounting book values over tax written down values of owned assets	117,836	327,954	-	445,790
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	15,045	(66)	(12,958)	2,021
Tax on accumulated profit of associates	360,086	(8,805)	-	351,281
	<u>492,967</u>	<u>319,083</u>	<u>(12,958)</u>	<u>799,092</u>
Deductible temporary differences on:				
(Surplus) / deficit on revaluation of available for sale investments	2,583,001	-	(3,085,686)	(502,685)
Provision for diminution / impairment in value of investments	(1,219,092)	(164,406)	-	(1,383,498)
Income not accrued due to non-culmination of financing	(1,365,823)	(1,632,208)	-	(2,998,031)
Provision against non-performing Islamic financing and related assets	(125,678)	(36,812)	-	(162,490)
Provision against non-banking assets acquired in satisfaction of claims	(209,910)	139,783	-	(70,127)
Others	(83,276)	(38,820)	-	(122,096)
	<u>(420,778)</u>	<u>(1,732,463)</u>	<u>(3,085,686)</u>	<u>(5,238,927)</u>
	<u>72,189</u>	<u>(1,413,380)</u>	<u>(3,098,644)</u>	<u>(4,439,835)</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

20 OTHER LIABILITIES	Note	2023	2022
		Rupees in '000	
Return on deposits and other dues			
- payable in local currency	20.1	17,723,633	13,408,460
- payable in foreign currencies		331,465	222,900
Unearned income		3,290,414	2,123,582
Accrued expenses		30,599,297	17,358,140
Current taxation (provision less payments)		26,877,270	20,149,887
Acceptances		15,392,217	12,495,872
Dividend payable (including unclaimed dividend)		864,946	3,825,350
Payable to defined benefit plan	38.3, 38.15 & 38.16	1,646,683	1,260,213
Provision against off-balance sheet obligations	20.2	55,167	55,167
Charity payable	20.3	242	4,159
Security deposits against Ijarah (including advance rentals)		18,946,084	21,959,346
Payable on account of credit murabaha / ijarah / musawammah	20.4	1,060	53,681,143
Security deposits against lockers		207,865	183,412
Mark to market loss on forward foreign exchange commitments - net	20.4	848,249	214,602
Advance against future Diminishing Musharakah		-	34,987
Withholding taxes payable		96,817	406,724
Lease liability against right-of-use assets	20.5	22,412,164	12,915,927
Workers Welfare Fund payable	20.6	9,449,079	5,793,172
Payable under alternate delivery channel		16,978,468	1,999,252
Others		3,067,129	1,712,444
		<u>168,788,249</u>	<u>169,804,739</u>

20.1 This includes Rs 2,464 million (2022: Rs 1,226 million) in respect of return accrued on acceptances from SBP under the Islamic Export Refinance Scheme and Rs 374.75 million (2022: Rs 365.80 million) in respect of return accrued on acceptances from the SBP under various Islamic Long Term Refinance Schemes.

	Note	2023	2022
		Rupees in '000	
20.2 Provision against off-balance sheet obligations			
Opening balance		55,167	55,167
Charge for the year		-	-
Closing balance	20.2.1	<u>55,167</u>	<u>55,167</u>

20.2.1 This represents provision recognised against guarantees and letter of credit of non-performing customers.

	Note	2023	2022
		Rupees in '000	
20.3 Reconciliation of charity payable			
Balance as at January 1		4,159	3,932
Additions during the year		187,664	147,472
Less: Transferred to charity savings account (included in Deposits and Other Accounts)	20.3.1	(191,581)	(147,245)
Balance as at December 31		<u>242</u>	<u>4,159</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

20.3.1 Charity paid through savings account during the year is Rs 135.85 million (2022: Rs 121.43 million). Charity amounting to Rs 100,000 or higher was paid to the following organisations:

	2023	2022
	Rupees in '000	
Ihsan Trust - Related Party	80,000	55,000
Health Care	3,000	-
Patients' Behbud Society for the Aga Khan University Hospital	2,500	2,000
Alamgir Welfare Trust	2,000	8,500
Baitussalam Welfare Trust	2,000	5,000
Rashid Memorial Welfare Organization	2,000	1,000
Friends of Burns Centre	2,000	1,000
Transformation International Society	2,000	1,000
Child Life Foundation	2,000	1,000
University of Agriculture Faisalabad	2,000	500
Afzaal Memorial Thalassemia Foundation	2,000	500
Omar Sana Foundation	2,000	500
The Cancer Foundation	2,000	500
Kashif Iqbal Thalassemia Care Center	1,500	-
Institute of Business Administration - Centre for Excellence in Islamic Finance	1,000	17,330
Saylani Welfare Trust	1,000	5,000
The Indus Hospital	1,000	2,000
Patients Welfare Foundation, Creek General Hospital	1,000	1,000
Diya Pakistan - Related Party	1,000	1,000
Idara Al-Khair Welfare Society	1,000	1,000
Pakistan Childrens' Heart Foundation	1,000	1,000
Karachi Vocational Training Centre	1,000	-
SSWAB Trust (Kidney Care & Dialysis Centre)	1,000	-
Dar ul Sukun Welfare Society	1,000	-
Prevention of Blindness Trust	1,000	-
Patel Foundation	1,000	-
Muhammadi Haematology Oncology Services & Welfare Foundation	1,000	-
Orange Tree Foundation	1,000	-
Molana Tariq Jamil Foundation	1,000	-
Karachi Down Syndrome Program (KDSP)	1,000	-
Bin Qutab Foundation	750	500
Pakistan Disabled Foundation	500	500
Chhipa Welfare Association	500	500
Family Educational Services Foundation	500	500
NICE Welfare Society	500	500
Help of Patients in Exigency by Students (HOPES)	500	500
Patients Aid Foundation	500	500
Behbud Association	500	500
Zubaida Machiyara Trust	500	500
Mukhtaran Rafiq Foundation	500	500
Kiran Foundation	500	300
Jamiyat Punjabi Saudagran-e-Delhi	500	300
DHA Suffa University	500	-
National Disability & Development Forum	500	-
Professional Education Foundation	500	-
Hamdard University	500	-
Ahmed E. H Jaffer Foundation	500	-
Ida Rieu Welfare Association	500	-
Mehran Welfare Trust	500	-
Rights of Special Persons (ROSP) Welfare Foundation	500	-
Health and Nutrition Development Society (HANDS)	500	-
Chal Foundation	500	-
Madawa Welfare Society	500	-
Pakistan Association of Deaf	400	300
Read Foundation	250	100
Society for Audiological and Development Ailments (SADA)	250	-
Dua Foundation	200	100
Bahauddin Zakariya University	-	2,500
The Garage School	-	500
Karigar Training Institute	-	500
Muhammadi Blood Bank	-	500
Balochistan University of Information Technology, Engineering and Management Sciences	-	500
University of Karachi	-	500
Federal Urdu University of Arts, Science and Technology	-	500
COMSATS University	-	500
Al Mustafa Welfare Society	-	500
Pakistan Eye Bank	-	500
Life Care Foundation Trust	-	300
Fatimid Foundation	-	200
University of Punjab	-	500
The Islamia University of Bahawalpur	-	500
Institute of Business Management	-	500
NED University of Engineering & Technology	-	500
Jinnah University for Women	-	500
Quaid-i-Azam University	-	500
	135,850	121,430

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

20.3.2 The balance in Charity's savings account is Rs 227.83 million (2022: Rs 155.79 million).

20.3.3 Movement of charity fund during the year is as under:

	2023	2022
	Rupees in '000	
Opening balance	159,950	126,535
Additions during the year		
Received from customers on delayed payment	167,564	122,793
Dividend purification amount	17,721	15,359
Non-shariah compliant income	2,379	9,320
Profit on charity saving account (net of tax and bank charges)	16,312	7,373
	203,976	154,845
Distribution of Charity		
Education	(89,750)	(84,030)
Health	(29,900)	(13,200)
Community Development	(16,200)	(24,200)
	(135,850)	(121,430)
Closing balance	228,076	159,950

20.4 This is net off gain on forward foreign exchange commitments of Rs 3,078 million (2022: Rs 1,787 million).

20.5 The carrying amounts of lease liability against right-of-use assets and the movement during the year are as follows:

	2023	2022
	Rupees in '000	
As at January 1	12,915,927	13,261,935
Additions during the year	1,161,441	1,473,522
Adjustment upon reassessment of lease term	10,086,130	624,880
Amortisation of lease liability against right-of-use assets	2,118,567	1,534,692
Derecognition during the year	-	(198,437)
Payments made during the year	(3,869,901)	(3,780,665)
As at December 31	22,412,164	12,915,927

20.6 The Holding Company and Subsidiary Company has made full provision for workers' welfare fund (WWF) and sindh workers' welfare fund (SWWF), respectively. The Subsidiary Company believes that SWWF is not applicable on the Company as it is not a Financial Institution as defined under SWWF and in respect of WWF, the Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of workers welfare fund were not lawful. The Federal Board of Revenue filed review petitions against this order which are currently pending. Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not be treated as conclusive. Accordingly, the Group continues to maintain the provision in respect of WWF and SWWF.

21 SHARE CAPITAL

21.1 Authorised capital

2023 (Number of Shares)	2022 (Number of Shares)		2023 Rupees in '000	2022 Rupees in '000
3,253,860,000	3,253,860,000	Ordinary shares of Rs 10 each	32,538,600	32,538,600

21.2 Issued, subscribed and paid up capital

2023 (Number of Shares)	2022 (Number of Shares)		2023 Rupees in '000	2022 Rupees in '000
		Fully paid-up ordinary shares of Rs 10 each		
518,146,781	516,517,908	Issued for cash	5,181,468	5,165,179
1,273,106,413	1,273,106,413	Issued as bonus shares	12,731,064	12,731,064
1,791,253,194	1,789,624,321		17,912,532	17,896,243

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

21.3 Shareholding held by associated companies / entities are as follows:

Name of Shareholders	2023		2022	
	Number of shares held	Percentage of Shareholding	Number of shares held	Percentage of Shareholding
Noor Financial Investment Company, Kuwait	630,819,684	35.22%	630,819,684	35.25%
Pakistan Kuwait Investment Company (Private) Limited	536,887,288	29.97%	536,887,288	30.00%
Islamic Development Bank, Jeddah	166,863,457	9.32%	166,863,457	9.32%
CDC - Trustee Meezan Islamic Fund	6,702,838	0.37%	15,079,983	0.84%
CDC - Trustee Al Meezan Mutual Fund	1,871,284	0.10%	2,871,197	0.16%
CDC - Trustee Meezan Tahaffuz Pension Fund	1,819,724	0.10%	2,712,724	0.15%
CDC - Trustee KSE Meezan Index Fund	1,471,659	0.08%	1,658,338	0.09%
CDC - Trustee Meezan Balanced Fund	302,023	0.02%	817,023	0.05%
CDC - Trustee Meezan Dedicated Equity Fund	171,873	0.01%	526,683	0.03%
CDC - Trustee Meezan Asset Allocation Fund	110,683	0.01%	498,227	0.03%
Trustee Habbah Education Trust	72,532	0.00%	72,532	0.00%
CDC - Trustee Meezan Pakistan Exchange Traded Fund	38,613	0.00%	66,263	0.00%

22 RESERVES	Note	2023	2022
Rupees in '000			
Share Premium		2,626,441	2,406,571
Statutory reserve	22.1	30,617,082	22,169,518
Non distributable capital reserve - Gain on bargain purchase		3,117,547	3,117,547
Employee share option compensation reserve	40	654,321	427,419
General reserve		91,082	91,082
		<u>37,106,473</u>	<u>28,212,137</u>

22.1 Under section 21(i)(b) of the Banking Companies Ordinance, 1962, an amount equivalent to not less than 10% of the profit is to be transferred to reserve fund.

23. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX	Note	2023	2022
Rupees in '000			
Available for sale securities			
- Listed shares		4,064,496	1,035,172
- Sukuks		17,348,440	(2,204,206)
		21,412,936	(1,169,034)
Non-banking assets acquired in satisfaction of claims	23.1	-	4,699
		21,412,936	(1,164,335)
Less: Deferred tax (liability) / asset on			
- Available for sale securities		(10,492,339)	502,685
- Non-banking assets acquired in satisfaction of claims	23.1	-	(2,021)
		(10,492,339)	500,664
		<u>10,920,597</u>	<u>(663,671)</u>

23.1 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Surplus on revaluation as at January 1	4,699	38,578
Recognised during the year	(4,691)	(3,542)
Adjusted upon transfer to fixed assets during the year	-	(30,184)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(8)	(153)
Surplus on revaluation as at December 31	-	4,699
Less: related deferred tax liability on:		
- Revaluation as at January 1	2,021	15,045
- Impact of change in applicable tax rate	282	1,544
- Revaluation recognised during the year	(2,299)	(1,523)
- Adjusted upon transfer to fixed assets during the year	-	(12,979)
- Incremental depreciation charged during the year	(4)	(66)
	-	2,021
	-	<u>2,678</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

24	NON-CONTROLLING INTEREST	Note	2023	2022
			Rupees in '000	
	Opening balance		1,204,382	1,196,519
	Share of profit for the year		592,586	204,557
	Remeasurements of defined benefit plan - net of tax (directly recognised in OCI)		(2,359)	(4,194)
	Dividend payout by Subsidiary		(245,000)	(192,500)
	Closing balance		<u>1,549,609</u>	<u>1,204,382</u>
24.1	Subsidiary (unlisted)			
	AI Meezan Investment Management Limited			
	Percentage of holding		65%	65%
	Assets		5,999,799	4,177,658
	Liabilities		1,572,275	736,567
	Revenue		3,720,349	1,630,866
	Profit after taxation		1,693,132	584,448
	Total comprehensive income		1,686,393	572,465
	Market value / net asset value share		2,877,891	2,236,709
25	CONTINGENCIES AND COMMITMENTS			
	-Guarantees	25.1	67,624,187	56,485,701
	-Commitments	25.2	1,261,716,514	1,238,876,726
	-Other contingent liabilities	25.3.1	1,802,000	1,802,000
			<u>1,331,142,701</u>	<u>1,297,164,427</u>
25.1	Guarantees:			
	Financial guarantees		30,395	570,477
	Performance guarantees		44,956,248	33,361,532
	Other guarantees		22,637,544	22,553,692
			<u>67,624,187</u>	<u>56,485,701</u>
25.2	Commitments:			
	Documentary letters of credit		235,057,572	221,689,496
	Commitments in respect of:			
	- forward foreign exchange transactions	25.2.1	281,400,267	243,862,470
	Commitments for acquisition of:			
	- fixed assets		599,915	640,778
	- intangible assets		526,922	291,358
	Other commitments	25.2.2	744,131,838	772,392,624
			<u>1,261,716,514</u>	<u>1,238,876,726</u>
	25.2.1 Commitments in respect of forward foreign exchange contracts			
	Purchase		170,276,350	139,648,096
	Sale		111,123,917	104,214,374
			<u>281,400,267</u>	<u>243,862,470</u>
	25.2.2 Other Commitments			
	Commitments in respect of financing	25.2.2.1	744,131,838	772,392,624
25.2.2.1	The Holding Company makes commitments to extend credit (including to related parties) in the normal course of business but these being revocable commitments do not attract any significant penalty or the expense if the facility is unilaterally withdrawn, other than commitments in respect of syndicated / long term financings amounting to Rs 52,125 million (2022: Rs 61,232 million).			

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

25.3 Other contingent liabilities

25.3.1 Holding Company:

The Income Tax Department amended the deemed assessment orders of the Holding Company for prior years including the tax year 2022. The additions / disallowances were mainly due to allocation of expenses relating to dividends and capital gain, allowability of provision against Islamic financing and related assets, provision against investments and provision against other assets. In the amended order for tax year 2015, additional issues with respect to the taxability of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches have also been raised. The Holding Company has obtained stay order from the High Court of Sindh against the demands raised through the amended order for the tax year 2015. Both the Holding Company and the department have filed appeals with the Appellate Authorities in respect of the aforementioned matters.

The management of the Holding Company, in consultation with its tax advisors, is confident that the decision in respect of the above matters would be in Holding Company's favour and accordingly no provision has been made in these consolidated financial statements with respect thereto. The additional tax liability in respect of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches is Rs 1,096 million and Rs 706 million respectively.

26	PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS	Note	2023	2022
Rupees in '000				
	On financing	26.1	169,409,252	89,733,691
	On investments in			
	- Available-for-sale securities		233,483,180	109,855,350
	- Held-for-trading securities		96,720	484
	- Held-to-maturity securities		24,746,427	23,453,174
			258,326,327	133,309,008
	On deposits / placements with financial institutions		4,085,029	9,202,753
			431,820,608	232,245,452

26.1 The income on Ijarah under IFAS 2 is net of takaful of Rs 1,848 million (2022: Rs 2,164 million) recovered from customers.

27	PROFIT ON DEPOSITS AND OTHER DUES EXPENSED	Note	2023	2022
Rupees in '000				
	Deposits and other accounts	27.1	110,553,083	59,581,655
	Sub-ordinated sukuks		4,452,067	3,022,277
	Shariah Compliant Open Market Operations and Standing Ceiling facility from the State Bank of Pakistan		65,592,923	34,969,578
	Other Musharakahs / Mudarabas	27.2	22,610,813	11,317,860
	Amortisation of lease liability against right-of-use assets		2,118,567	1,534,692
			205,327,453	110,426,062

27.1 This includes conversion cost of Rs 3,213 million (2022: Rs 2,252 million) against foreign currency deposits.

27.2 This includes Rs 7,912 million (2022: Rs 2,478 million) paid / payable to SBP under Islamic Export Refinance Scheme and Rs 1,381 million (2022: Rs 1,284 million) paid / payable to SBP under the various Islamic Long Term Refinance Schemes.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

28 FEE AND COMMISSION INCOME	Note	2023	2022
Rupees in '000			
Trade related fees and commissions	28.1	4,263,344	3,790,368
Management fees in respect of mutual funds		1,897,550	1,278,477
Commission on guarantees		219,877	174,358
Branch banking customer fees	28.1	2,782,183	2,278,685
Credit related fees	28.2	104,698	102,394
Debit card related fees	28.1	8,122,503	5,773,464
Investment banking related fees		499,868	347,619
Commission on cash management		412,570	301,411
Commission on home remittances	28.1	247,234	259,616
Others (including wealth management related fees)	28.3	1,086,401	422,929
		<u>19,636,228</u>	<u>14,729,321</u>

28.1 Trade related income pertains to corporate, commercial and SME segments. Branch banking fees pertain to retail banking segment while debit card fees pertain to alternative delivery channel segment.

28.2 This includes consumer processing fees of Rs 20.41 million (2022: Rs 46.30 million).

28.3 This includes sales load income and investment advisory fee amounting to Rs 324.46 million (2022 : Rs 132.35) pertaining to Al Meezan Investment Management Limited.

29 LOSS ON SECURITIES	Note	2023	2022
Rupees in '000			
Realised - net	29.1	(697,980)	(100,202)
Unrealised - held for trading		(18)	18
		<u>(697,998)</u>	<u>(100,184)</u>
29.1 Realised (loss) / gain on:			
Federal Government securities		(322,183)	34,033
Listed shares		(549,248)	37,056
Foreign securities		-	(126,182)
Open end mutual funds		173,451	(45,109)
		<u>(697,980)</u>	<u>(100,202)</u>

30 OTHER INCOME

Gain on termination of			
- Ijarah financing		799,174	573,794
- Diminishing Musharakah and other financing		49,059	70,935
Gain on sale of operating fixed assets		451,994	215,770
Liabilities written back - donation to Meezan Foundation (Liquidated)		-	350,000
Others		6,538	27,875
		<u>1,306,765</u>	<u>1,238,374</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
Rupees in '000			
31 OPERATING EXPENSES			
Total compensation expense	31.1	41,555,844	27,279,446
Property expense			
Depreciation on right-of-use assets		2,819,372	3,123,212
Rent and taxes		204,698	65,685
Utilities cost (including electricity and diesel)		2,884,961	2,109,281
Security (including guards)		1,314,451	1,197,309
Repair and maintenance (including janitorial charges)		1,381,872	806,487
Depreciation		1,151,828	897,873
Takaful expenses		15,825	3,583
Others		40,613	40,835
		9,813,620	8,244,265
Information technology expenses			
Software maintenance		1,837,387	900,836
Hardware maintenance		578,708	337,590
Depreciation		1,176,751	751,353
Amortisation		560,697	469,666
Network charges		335,548	318,459
		4,489,091	2,777,904
Other operating expenses			
Stationery and printing (including debit card related cost)		2,044,937	1,508,506
Repairs and maintenance		580,576	460,908
Local transportation and car running		1,996,366	1,244,390
Depreciation on vehicles, equipments etc.		2,094,033	1,528,656
Legal and professional charges		199,273	132,571
NIFT and other clearing charges		254,039	214,124
Marketing, advertisement and publicity		1,391,193	1,010,945
Security charges - cash transportation		1,067,769	720,409
Communication (including courier)		1,922,289	619,700
Travelling and conveyance		365,174	175,727
Training and Development		204,960	96,396
Donation		6,525	44,317
Fees, subscription and other charges		399,462	375,310
Brokerage and bank charges		329,236	267,493
Office supplies		592,747	428,864
Entertainment		96,320	77,994
Takaful expense		208,263	162,384
Auditors' remuneration	31.3	32,546	26,453
Fees and allowances to Shariah Board	41	52,295	43,403
Directors' fees and allowances	41	69,560	71,490
Others		375,704	142,074
Reimbursement of expenses from Collective Investment Scheme (CIS)	31.5	(1,370,071)	(811,776)
		12,913,196	8,540,338
		68,771,751	46,841,953

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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31.1 Total compensation expense	Note	2023	2022
Rupees in '000			
Managerial Remuneration			
i) Fixed		16,991,057	13,510,826
ii) Variable			
a) Cash Bonus / Awards etc.		21,767,810	11,439,688
b) Share based compensation expense	40	409,746	293,962
Charge for defined benefit plan		810,438	629,796
Contribution to defined contribution Plan		711,825	569,613
Compensated absences		203,557	195,258
Others including EOBI, SESSI, uniform, sports etc.		661,411	640,303
Total compensation expense		<u>41,555,844</u>	<u>27,279,446</u>

31.2 Total cost for the year relating to outsourced activities is Rs 4,826 million (2022: Rs 3,230 million). The cost has been disclosed specifically in note 31.1. This cost pertains to payments to companies incorporated in Pakistan and mainly on account of security guards, janitorial staff and courier services.

31.3 Auditors' remuneration	2023	2022
Rupees in '000		
Audit fee	10,735	7,606
Fee for interim review	1,850	1,520
Special certifications / review / tax advisory services	15,617	13,621
	<u>28,202</u>	<u>22,747</u>
Sindh sales tax on services	2,420	2,184
Out of pocket expenses	1,924	1,522
	<u>32,546</u>	<u>26,453</u>

31.4 Donation	2023	2022
Alamgir Welfare Trust International	3,025	-
Health Care, Sialkot	3,000	-
Patients Aid Foundation	500	-
The Indus Hospital	-	35,000
Akhuwat Foundation	-	5,000
Citizen Police Liaison Committee	-	4,317
	<u>6,525</u>	<u>44,317</u>

None of the directors, executives or their spouses had any interest in the donees.

31.5 In accordance with Regulation 60 of the NBFC Regulations, the Subsidiary Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a collective investment scheme (CIS).

Therefore, the Subsidiary Company is charging the allocated expenses variably keeping in view the overall return of the Fund and subject to the total expense ratio of the funds as defined under the NBFC Regulations.

32 OTHER CHARGES	Note	2023	2022
Rupees in '000			
Penalties imposed by the State Bank of Pakistan		<u>304,830</u>	<u>95,150</u>
33 PROVISIONS AND WRITE OFFS - NET			
Provision against non-performing Islamic financing and related assets - net	11.12	7,646,848	3,249,734
(Reversal of provisions) / provision for diminution in value of investments	10.3	(571,988)	806,681
Provision against other assets and capital work-in-progress	12, 14.3.1 & 33.1	370,292	126,111
Reversal against due from financial institution		(20,000)	-
Charge against off-balance sheet obligations	20.2	-	-
Recovery against written off financings	33.2	(84,741)	(5,865)
		<u>7,340,411</u>	<u>4,176,661</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

- 33.1** This mainly represents provision (net of recoveries) against operational losses incurred by the Holding Company in the current or prior years.
- 33.2** This includes recoveries against financing written off by HSBC prior to its acquisition by the Holding Company.

34 TAXATION	Note	2023	2022
Rupees in '000			
Current	34.1	85,757,113	45,445,393
Prior years	34.2	1,958,493	(368,262)
Deferred		(1,671,862)	(1,413,380)
		86,043,744	43,663,751

34.1 Through Finance Act 2022, the effective tax rate for Holding Company has been increased and consequently from tax year 2023, tax rates has been enhanced to 49% (inclusive of 10% super tax) from 39% in tax year 2022 (inclusive of 4% super tax). The tax rate for Subsidiary Company has been enhanced to 39% (December 31, 2022: 33%) including 10% (December 31, 2022: 4%) super tax. Accordingly, the Group has recognised super tax charge based on taxable income for the year.

34.2 During the year, in relation to Section 99D of the Income Tax Ordinance, 2001, FBR has issued SRO to impose an additional windfall tax @ 40% on foreign exchange income of the banks for the accounting years 2021 and 2022. The Holding Company along with other banks has challenged the law and filed a petition in Sindh High Court. Based on strong grounds, stay order has also been issued to banks. However, the Holding Company has, as an abundant caution, recorded a prior year charge of Rs. 1.3 billion in these consolidated financial statements. Similar cases have also been filed by other banks in Islamabad & Lahore High Courts wherein stay orders have been granted. The FBR has challenged the stay orders granted by Sindh, Islamabad and Lahore High Courts in Supreme Court of Pakistan.

34.3 Relationship between tax expense and accounting profit	Note	2023	2022
Rupees in '000			
Profit before taxation		170,394,891	88,805,003
Effects of:			
- Tax calculated at the applicable rate of 39% / 29%		66,454,006	34,633,951
- Super tax		17,270,200	9,209,551
- Expenses not deductible for tax purposes		(186,914)	(86,979)
- Other additions / adjustments for tax purposes		(292,099)	(284,472)
- Prior year windfall tax	34.2	1,357,169	-
- Income chargeable to tax at reduced rate		(218,528)	(48,389)
- Others		1,659,910	240,089
Tax charge for the year		86,043,744	43,663,751

35 BASIC AND DILUTED EARNINGS PER SHARE

35.1 Basic Earnings per share

Profit for the year		85,430,550	44,936,695
		(Number)	
Weighted average number of ordinary shares		1,790,396,362	1,789,624,321
		(Rupees)	
Basic earnings per share	35.4	47.72	25.11

35.2 Diluted Earnings per share

		2023	2022
Rupees in '000			
Profit for the year		85,430,550	44,936,695
		(Number)	
Weighted average number of ordinary shares	35.3	1,792,448,949	1,790,444,362
		(Rupees)	
Diluted earnings per share	35.4	47.66	25.10

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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35.3 Reconciliation of basic and diluted earning per share	2023	2022
	(Number)	
Weighted average number of ordinary shares	1,790,396,362	1,789,624,321
Add: Diluted impact of employee stock option scheme	2,052,587	820,041
Dilutive potential ordinary shares	<u>1,792,448,949</u>	<u>1,790,444,362</u>

35.4 The Holding Company has issued 1,628,873 shares under employees share option scheme in July 2023.

36 CASH AND CASH EQUIVALENTS	Note	2023	2022
		Rupees in '000	
Cash and balances with treasury banks	7	242,612,195	117,743,672
Balances with other banks	8	11,458,281	13,710,753
		<u>254,070,476</u>	<u>131,454,425</u>

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

2023

	Sub-ordinated Sukuk	Lease liability against right-of-use assets	Dividend Payable
	Rupees in '000		
Balance as at January 01	20,990,000	12,915,927	3,825,350
Changes from financing cash flows			
Payment against lease liability against right-of-use assets	-	(3,869,901)	-
Dividend paid to equity shareholders of the Holding Company	-	-	(29,819,429)
Dividend paid to non-controlling interest	-	-	(245,000)
Total changes from financing cash flows	-	(3,869,901)	(30,064,429)
Other changes			
Addition to right-of-use-assets	-	1,161,441	-
Amortisation of lease liability against right-of-use assets	-	2,118,567	-
Adjustment upon reassessment of useful life	-	10,086,130	-
Derecognition during the year	-	-	-
Cash dividend - equity shareholders of the Holding Company	-	-	26,859,025
Cash dividend - non-controlling interest	-	-	245,000
	-	13,366,138	27,104,025
Balance as at December 31	<u>20,990,000</u>	<u>22,412,164</u>	<u>864,946</u>

2022

	Sub-ordinated Sukuk	Lease liability against right-of-use assets	Dividend Payable
	Rupees in '000		
Balance as at January 01	20,990,000	13,261,935	19,490
Changes from financing cash flows			
Payment against lease liability against right-of-use assets	-	(3,780,665)	-
Dividend paid to equity shareholders of the Holding Company	-	-	(7,908,045)
Dividend paid to non controlling interest	-	-	(192,500)
Total changes from financing cash flows	-	(3,780,665)	(8,100,545)
Other changes			
Addition to right-of-use-assets	-	1,473,522	-
Amortisation of lease liability against right-of-use assets	-	1,534,692	-
Adjustment upon reassessment of useful life	-	624,880	-
Derecognition during the year	-	(198,437)	-
Cash dividend - equity shareholders of the Holding Company	-	-	11,713,905
Cash dividend - non controlling interest	-	-	192,500
	-	3,434,657	11,906,405
Balance as at December 31	<u>20,990,000</u>	<u>12,915,927</u>	<u>3,825,350</u>

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FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
		Rupees in '000	
36.2 Additional information on operational cash flows from profit / return			
Profit / Return received on financings, investments and placements		395,620,101	212,125,591
Profit / Return paid on deposits and other dues		200,903,715	101,506,990
		<u>194,716,386</u>	<u>110,618,601</u>

		2023	2022
		(Number of Staff)	
37 STAFF STRENGTH			
Permanent		14,220	12,762
On Group's contract		1,243	1,065
Group's own staff strength at the end of the year		<u>15,463</u>	<u>13,827</u>
Outsourced	37.1	2,421	2,212
Total staff strength		<u>17,884</u>	<u>16,039</u>

37.1 This excludes outsourced security guards and janitorial staff.

38 DEFINED BENEFIT PLAN

38.1 Holding Company

The activities of the Gratuity Funded Scheme are governed by Meezan Bank Limited Staff Gratuity Fund established in 2000 under the provisions of a Trust Deed. Plan assets held in trust are governed by the Trust Deed as is the nature of the relationship between the Bank and the trustees and their composition. Responsibility for governance of the plan including the investment decisions lies with the Trustees. The Board of Trustees comprise of representatives of the Holding Company and scheme participants in accordance with the Fund's Trust Deed.

	Note	2023	2022
		(Number)	
38.2 Number of Employees under the Gratuity Funded Scheme			
Number of employees eligible under the Gratuity Funded Scheme		<u>10,695</u>	<u>9,941</u>

		2023	2022
		Rupees in '000	
38.3 Reconciliation of amount payable to defined benefit plan			
Present value of defined benefit obligations	38.5	4,817,560	3,671,959
Fair value of plan assets	38.5	(3,930,931)	(3,002,944)
		<u>886,629</u>	<u>669,015</u>

38.4 Components of plan assets

	Entity / Instrument Credit Rating	2023		2022	
		Rupees in '000	%	Rupees in '000	%
GoP Ijarah Sukuks	Govt. Guaranteed	3,636,265	92.51	2,792,376	92.99
Mutual Funds managed by Al Meezan Investment Management Limited	AM1	152,164	3.87	130,926	4.36
Bank Islami Pakistan Limited - Additional Tier 1 Sukuk	A-	5,000	0.13	5,000	0.17
Savings account with Dubai Islamic Bank Pakistan Limited	AA	149	-	141	-
Savings account with Meezan Bank Limited	AAA	137,353	3.49	74,501	2.48
		<u>3,930,931</u>	<u>100</u>	<u>3,002,944</u>	<u>100</u>

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38.5 The movement in the defined benefit obligation over the year is as follows:

	2023		
	Present Value of obligation	Fair Value of Plan Assets	Total
	Rupees in '000		
At January 1	3,671,959	(3,002,944)	669,015
Current service cost	633,144	-	633,144
Return expense / (income)	506,638	(459,893)	46,745
	4,811,741	(3,462,837)	1,348,904
Remeasurements:			
-Return on plan assets, excluding amounts included in return expense / (income) shown as above	-	(19,340)	(19,340)
-Experience gains	226,080	-	226,080
	226,080	(19,340)	206,740
	5,037,821	(3,482,177)	1,555,644
Contribution	-	(669,015)	(669,015)
Benefit payments	(220,261)	220,261	-
At December 31	4,817,560	(3,930,931)	886,629
	2022		
	Present Value of obligation	Fair Value of Plan Assets	Total
	Rupees in '000		
At January 1	2,688,572	(2,150,857)	537,715
Current service cost	466,852	-	466,852
Return expense / (income)	314,103	(243,317)	70,786
	3,469,527	(2,394,174)	1,075,353
Remeasurements:			
-Return on plan assets, excluding amounts included in return expense / (income) shown as above	-	(279,586)	(279,586)
-Experience gains	410,963	-	410,963
	410,963	(279,586)	131,377
	3,880,490	(2,673,760)	1,206,730
Contribution	-	(537,715)	(537,715)
Benefit payments	(208,531)	208,531	-
At December 31	3,671,959	(3,002,944)	669,015

38.6 Charge for defined benefit plan (in respect of the Gratuity Funded Scheme)

	2023	2022
	Rupees in '000	
38.6.1 Cost recognised in Consolidated profit and loss		
Current service cost	633,144	466,852
Return expense / (income) - net	46,745	70,786
	679,889	537,638
38.6.2 Re-measurements recognised in OCI during the year		
Gain on obligation - experience adjustment	226,080	410,963
Return on plan assets over expected return	(19,340)	(279,586)
Total re-measurements recognised in OCI	206,740	131,377

Total expense recognised in consolidated Profit and Loss Account amounted to Rs 778.60 million (2022: Rs 605.25 million) of which Rs 679.89 million (2022: Rs 537.64 million) pertains to approved Gratuity Funded Scheme and Rs 98.71 million (2022: Rs 67.61 million) pertains to End of Service Unfunded Defined Benefit Scheme. Total expense recognised in Consolidated Other Comprehensive Income amounted to Rs 242.18 million (2022: credit of Rs 189.32 million) of which expense of Rs 206.74 million (2022: charge of Rs 131.377 million) pertains to Gratuity Funded Scheme and charge of Rs 35.44 million (2022: charge of Rs 57.946 million) pertains to End of Service Unfunded Defined Benefit Scheme.

38.7 The plan assets and defined benefit obligations (in respect of the Gratuity Funded Scheme) are based in Pakistan.

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	2023	2022
38.8 Principal actuarial assumptions		
Discount rate	14.75% p.a	14.25% p.a
Expected rate of increase in salaries	14.75% p.a	14.25% p.a
Expected rate of return on investments	14.75% p.a	14.25% p.a
Normal retirement age	60 years	60 years

38.9 Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables.

38.10 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Impact on defined benefit obligation - Increase / (Decrease)			
		December 31, 2023		December 31, 2022	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Rupees in '000					
Discount rate	1.00%	(492,387)	579,251	(386,264)	455,722
Salary growth rate	1.00%	596,630	(514,709)	469,642	(403,962)
Withdrawal rate	10.00%	(5)	5	(7)	6

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the Consolidated Statement of Financial Position.

38.11 The weighted average duration of the defined benefit obligation is 11.19 years.

38.12 Expected maturity analysis of undiscounted defined benefit obligation for the Gratuity Funded Scheme is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Rupees in '000					
At December 31, 2023	272,589	266,748	911,658	48,466,805	49,917,800
At December 31, 2022	191,654	158,718	702,933	35,224,168	36,277,473

38.13 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Contribution for the next year works out to Rs 745.866 million as per the actuarial valuation report of the Holding Company as of December 31, 2023.

38.14 Through its Gratuity Funded Scheme, the Fund is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to corporate sukuk yields; if plan assets underperform to the yield, this will create a deficit. The Fund believes that due to long-term nature of the plan liabilities and the Holding Company's support, the current investment strategy manages this risk adequately.
Changes in Sukuk yields	A decrease in corporate sukuk yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' sukuk holdings.
Inflation risk	The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. However plan assets are variable rate instruments and are re-priced at regular intervals to off set inflationary impacts.
Life expectancy / Withdrawal rate	The majority of the plans' obligations are to provide benefits on severance with the Holding Company on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

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38.15 Subsidiary Company

The Subsidiary Company operates a defined benefit plan i.e. an approved funded gratuity scheme for all its permanent employees who have completed the minimum qualifying period of service as defined under the scheme. Actuarial valuation of the scheme is carried out every year.

Total expense recognised in Profit and Loss Account and Other Comprehensive Income amounted to Rs 31.84 million (2022: Rs 24.55 million) and Rs 11.048 million (2022: Rs 11.98 million) respectively pertains to approved Gratuity Funded Scheme.

The present value of defined benefit obligation recognised in Statement of Financial Position amounted to Rs 96.48 million (2022: Rs 61.77 million).

38.16 Holding Company - End of Service Unfunded Defined Benefit Scheme

The Holding Company also operates an End of Service Unfunded Defined Benefit Scheme for the founding President and Chief Executive Officer. The scheme was introduced in 2015 and the benefits under the scheme is linked to last drawn compensation and years of service with the Holding Company.

The charge in respect of current service cost is recognised based on expected period of future service. The net charge for the year of this benefit amounted to Rs 134.15 million (2022: Rs 125.56 million). The charge of Rs 98.71 million (2022: Rs 67.61 million) has been recognised in the Consolidated Profit and Loss Account and the charge of Rs 35.44 million (2022: Rs 57.95 million) has been recognised in Consolidated Other Comprehensive Income. The present value of defined benefit obligation recognised in respect of this scheme amounts to Rs 663.57 million (2022: Rs 529.43 million).

The principal actuarial assumptions comprise of discount rate of 14.75 percent and salary increase rate of 10.00 percent. The sensitivity of the defined benefit obligation due to a one percent change in discount rate would be Rs 8.04 million (in case the discount rate is increased) and Rs 8.21 million (in case the discount rate is decreased). These sensitivities are calculated using the same methodology as explained in note 38.10.

38.17 The disclosures made in notes 38.1 to 38.16 are based on the information included in the actuarial valuation reports of the Group as of December 31, 2023.

39 DEFINED CONTRIBUTION PLAN

The Group also operates a recognised contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Group and the employees, to the fund at a rate of 10% of basic salary.

	2023	2022
	Rupees in '000	
Contribution from the Group	711,825	569,613
Contribution from the employees	711,825	569,613
	<u>1,423,650</u>	<u>1,139,226</u>

40 EMPLOYEES STOCK OPTION SCHEME OF HOLDING COMPANY

During the years 2021-2023, the Holding Company's Board Human Resources, Remuneration and Compensation Committee (the Committee) has granted Share Options to the designated employees under the Meezan Bank Employees Share Option Scheme, 2021 (the Scheme) approved by the shareholders and Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SMD/Co.86(1)/3/2001/4 dated April 21, 2021.

Under the scheme, the exercise price has been determined as 70% of the average market closing price of the Holding Company's shares quoted on the Pakistan Stock Exchange during the last forty trading days prior to the date of grant. There are no performance measures attached to options granted. The options carry neither right to dividends nor voting rights till shares are issued to employees on exercise of options on completion of the vesting period. The shares will be vested over a period of 4 years from the respective grant date, with one-third being vested after two years from the date of grant, remaining one-third after three years and the remaining one-third after four years.

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The value of these equity-settled options have been determined using the Black Scholes Merton (BSM) method using an independent valuer. The key details of the share options are as under:

	Vesting Period	Exercise Date	Options granted	Options outstanding	Exercise Price (Rs)	Fair value per option (Rs)	Risk Free Rate	Standard Deviation
Share options issued in 2023	2 years	01-May-25	3,164,300	2,814,275	67.87	52	15.75%	28.16%
	3 years	01-May-26	3,164,300	2,814,275	67.87	61		
	4 years	01-May-27	3,164,300	2,814,275	67.87	69		
			<u>9,492,900</u>	<u>8,442,825</u>				

	Vesting Period	Exercise Date	Options granted	Options outstanding	Exercise Price (Rs)	Fair value per option (Rs)	Risk Free Rate	Standard Deviation
Share options issued in 2022	2 years	01-May-24	2,508,648	2,309,820	85.76	44	13.50%	30.08%
	3 years	01-May-25	2,508,648	2,309,820	85.76	55		
	4 years	01-May-26	2,508,648	2,309,820	85.76	64		
			<u>7,525,944</u>	<u>6,929,460</u>				

	Vesting Period	Exercise Date	Options granted	Options outstanding	Exercise Price (Rs)	Fair value per option (Rs)	Risk Free Rate	Standard Deviation
Share options issued in 2021	2 years	01-May-23	2,340,833	-	61.21	78	10.50%	31.63%
	3 years	01-May-24	2,340,833	1,962,006	61.21	85		
	4 years	01-May-25	2,340,834	1,962,006	61.21	90		
			<u>7,022,500</u>	<u>3,924,012</u>				

Expense arising from this scheme is disclosed in Note 31.1.

41 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL - HOLDING COMPANY

	2023						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non-Executives				
	Rupees in '000						
Fees and allowances	12,460	-	57,100	1,900	-	-	-
Managerial remuneration							
i) Fixed	-	-	-	41,895	109,780	462,076	526,588
ii) Cash Bonus	-	-	-	8,500	240,000	649,100	525,000
iii) Share based compensation expense	-	-	-	-	7,164	39,070	47,425
Charge for gratuity fund / End of service benefit (note 41.3)	-	-	-	-	-	16,705	21,025
Contribution to defined contribution plan	-	-	-	-	-	21,334	26,616
Others	-	-	-	-	2,512	1,849	-
	<u>12,460</u>	<u>-</u>	<u>57,100</u>	<u>52,295</u>	<u>359,456</u>	<u>1,190,134</u>	<u>1,146,654</u>
Number of persons	<u>1</u>	<u>-</u>	<u>9</u>	<u>4</u>	<u>1</u>	<u>21</u>	<u>57</u>
	2022						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non-Executives				
	Rupees in '000						
Fees and allowances	11,640	-	59,850	2,500	-	-	-
Managerial remuneration							
i) Fixed	-	-	-	34,903	88,818	402,318	460,947
ii) Cash Bonus	-	-	-	6,000	200,000	460,000	370,350
iii) Share based compensation expense	-	-	-	-	4,290	21,375	30,236
Charge for gratuity fund / End of service benefit (note 41.3)	-	-	-	-	-	12,019	18,691
Contribution to defined contribution plan	-	-	-	-	-	14,952	22,876
Others	-	-	-	-	4,180	1,224	-
	<u>11,640</u>	<u>-</u>	<u>59,850</u>	<u>43,403</u>	<u>297,288</u>	<u>911,888</u>	<u>903,100</u>
Number of persons	<u>1</u>	<u>-</u>	<u>9</u>	<u>4</u>	<u>1</u>	<u>22</u>	<u>63</u>

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- 41.1** The Chief Executive, the key management personnel, certain members of Shariah Board and certain material risk takers / controllers have been provided with free use of the Bank's cars.
- 41.2** The amount of cash bonus to the key management personnel, Resident Shariah Board Member and other material risk takers / controllers, is based on the management's best estimate.
- 41.3** The Chief Executive is also entitled to End of Service Unfunded Defined Benefit Scheme details of which are given under Note 38.15.

41.4 Remuneration to Directors for participation in Board and Committee Meetings

		2023							
		Meeting Fees and Allowances							
Sr. No.	Name of Director	For Board Meetings	For Board Committees					Interview and Selection Committee*	Total Amount
			Board Audit Committee	Risk Management Committee	Information Technology Committee	Human Resources, Remuneration & Compensation Committee	IFRS 9 Implementation Oversight Committee		
Rupees in '000									
1	Mr Riyadh S.A.A. Edrees (Chairman)	3,360	-	-	2,600	2,600	2,600	1,300	12,460
2	Mr Faisal A.A.A. Al-Nassar (Vice Chairman)	2,800	2,600	2,600	2,600	-	-	-	10,600
3	Mr Bader H.A.M.A. Al-Rabiah	1,600	-	1,950	-	-	-	-	3,550
4	Mr Saad Ur Rehman Khan	800	650	650	650	-	-	-	2,750
5	Mr Faisal Fahad Al-Muzaini	1,600	-	-	-	-	2,600	-	4,200
6	Mr Tariq Mahmood Pasha	800	-	-	-	-	-	-	800
7	Mr Mohamed Guerhazi	2,800	2,600	-	-	-	-	-	5,400
8	Mr Mohammad Abdul Aleem	3,200	2,600	-	-	2,600	-	1,300	9,700
9	Ms Nausheen Ahmad	3,200	-	-	-	2,600	-	1,300	7,100
10	Mr Yousef S.M.A. Al-Saad	1,600	-	2,600	-	-	-	-	4,200
11	Mr Mubashar Maqbool	1,200	1,300	1,300	1,300	-	-	1,300	6,400
12	Mr Naveed Iftikhar Sherwani	2,400	-	-	-	-	-	-	2,400
		25,360	9,750	9,100	7,150	7,800	5,200	5,200	69,560

		2022							
		Meeting Fees and Allowances							
Sr. No.	Name of Director	For Board Meetings	For Board Committees					Interview and Selection Committee*	Total Amount
			Board Audit Committee	Risk Management Committee	Information Technology Committee	Human Resources, Remuneration & Compensation Committee	IFRS 9 Implementation Oversight Committee		
Rupees in '000									
1	Mr Riyadh S.A.A. Edrees (Chairman)	3,840	-	-	2,600	2,600	2,600	-	11,640
2	Mr Faisal A.A.A. Al-Nassar (Vice Chairman)	3,200	2,600	2,600	2,600	-	-	-	11,000
3	Mr Bader H.A.M.A. Al-Rabiah	3,200	650	1,950	-	-	-	-	5,800
4	Mr Mubashar Maqbool	3,200	1,950	2,600	2,600	-	-	-	10,350
5	Mr Faisal Fahad Al-Muzaini	3,200	-	-	-	-	1,950	-	5,150
6	Mr Naveed Iftikhar Sherwani	3,200	-	-	-	-	-	-	3,200
7	Mr Mohamed Guerhazi	3,200	1,950	650	-	-	-	-	5,800
8	Mr Mohammad Abdul Aleem	3,200	2,600	-	-	2,600	-	-	8,400
9	Ms Nausheen Ahmad	3,200	-	-	-	2,600	-	-	5,800
10	Mr Yousef S.M.A. Al-Saad	2,400	-	1,950	-	-	-	-	4,350
		31,840	9,750	9,750	7,800	7,800	4,550	-	71,490

* This Committee was both formed and dissolved in 2023

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41.5 Remuneration to Members Shariah Board

	2023			2022		
	Chairman	Resident Member	Non Resident Members	Chairman	Resident Member	Non Resident Members
	Rupees in '000					
Meeting Fees	-	-	1,900	-	-	2,500
Managerial remuneration and allowances	-	7,140	34,755	-	6,007	28,896
Cash Bonus	-	8,500	-	-	6,000	-
	-	15,640	36,655	-	12,007	31,396
Total Number of Persons	1	1	2	1	1	2

42 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

42.1 Fair value of financial assets

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

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

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

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

	Carrying value	2023			Total
		Fair value			
		Level 1	Level 2	Level 3	
Rupees in '000					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,202,500,730	-	1,202,500,730	-	1,202,500,730
- Shares	10,845,690	10,845,690	-	-	10,845,690
- Non Government Sukuks	119,520,856	119,520,856	-	-	119,520,856
- Foreign Securities	5,102,756	-	5,102,756	-	5,102,756
	1,337,970,032	130,366,546	1,207,603,486	-	1,337,970,032
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	216,954,593	-	187,691,000	-	187,691,000
	216,954,593	-	187,691,000	-	187,691,000
	1,554,924,625	130,366,546	1,395,294,486	-	1,525,661,032
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts					
	284,833,586	-	284,833,586	-	284,833,586

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	2022				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Rupees in '000					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	917,873,562	-	917,873,562	-	917,873,562
- Shares	7,565,867	7,565,867	-	-	7,565,867
- Non Government Sukuks	119,509,708	119,509,708	-	-	119,509,708
- Foreign Securities	8,568,475	-	8,568,475	-	8,568,475
	<u>1,053,517,612</u>	<u>127,075,575</u>	<u>926,442,037</u>	<u>-</u>	<u>1,053,517,612</u>
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	217,740,599	-	204,305,335	-	204,305,335
- Non Government Sukuk	311,665	-	311,665	-	311,665
	<u>218,052,264</u>	<u>-</u>	<u>204,617,000</u>	<u>-</u>	<u>204,617,000</u>
	<u>1,271,569,876</u>	<u>127,075,575</u>	<u>1,131,059,037</u>	<u>-</u>	<u>1,258,134,612</u>
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts	244,685,475	-	244,685,475	-	244,685,475

4.2.2 Fair Value of non-financial assets

	2023				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Rupees in '000					
Non-banking assets acquired in satisfaction of claims	36,320	-	-	36,320	36,320
	<u>36,320</u>	<u>-</u>	<u>-</u>	<u>36,320</u>	<u>36,320</u>
2022					
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Rupees in '000					
Non-banking assets acquired in satisfaction of claims	55,000	-	-	55,000	55,000
	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>55,000</u>

Non-banking assets acquired in satisfactions of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values.

Valuation techniques used in determination of fair values

Item	Valuation approach and input used
Listed Securities	The valuation has been determined through closing rates of Pakistan Stock Exchange.
GoP Ijarah Sukuks	The fair value of GoP Ijarah Sukuks quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined / approved dealers / brokers.
Foreign Sukuks	The valuation has been determined through closing rates of Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by SBP.
Mutual Funds	The valuation has been determined based on Net asset values declared by respective funds.
Non-banking assets acquired in satisfaction of claims	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in these consolidated financial statements.
Unquoted Equity Securities	Break-up value determined on the basis of NAV of the company using the latest available audited financial statements.

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The valuation of non-banking assets acquired in satisfaction of claims, mentioned above, is conducted by the valuation expert appointed by the Bank which is also on the panel of the Pakistan Banks' Association (PBA). The valuation expert uses a market based approach to arrive at the fair value of the Bank's non-banking asset acquired in satisfaction of claims. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. This value is adjusted to reflect the current condition of the property. The effect of changes in the unobservable inputs used in the valuation cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these consolidated financial statements.

The reconciliation from the opening balance to the closing balance of the non-banking assets acquired in satisfaction of claims has been disclosed in note 14.2.1. The change in the market value has been accounted for in the consolidated profit and loss account.

The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 during the year.

Fair value of Islamic financing and related assets, unquoted sukuk, other assets, other liabilities and fixed term deposits and other accounts and due to financial institutions cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing and related assets has been made in accordance with the Group's accounting policy as stated in note 6.3.2.

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

43 SEGMENT INFORMATION

43.1 Segment Details with respect to Business Activities

	2023						Total
	Corporate and Commercial banking	Retail banking	Trading and sales	Asset Management	Others	Inter-segment Eliminations	
	Rupees in '000						
Consolidated profit and loss account							
External funded revenue	162,962,062	9,324,625	259,533,921	-	-	-	431,820,608
External non funded revenue	5,338,755	4,495,109	4,703,683	2,229,356	8,879,754	-	25,646,657
Inter segment revenue - net	-	370,602,473	-	-	59,037	(370,661,510)	-
Total income	168,300,817	384,422,207	264,237,604	2,229,356	8,938,791	(370,661,510)	457,467,265
External cost of funds	13,736,567	113,388,780	78,202,106	-	-	-	205,327,453
Segment direct expenses	2,023,834	64,961,324	1,074,985	944,865	3,727,513	-	72,732,521
Inter segment expense allocation	141,439,795	-	229,221,715	-	-	(370,661,510)	-
Total expenses	157,200,196	178,350,104	308,498,806	944,865	3,727,513	(370,661,510)	278,059,974
Provisions / (reversals) and write offs - net	7,639,688	267,733	(586,741)	-	19,731	-	7,340,411
Profit before tax	3,460,933	205,804,370	(43,674,461)	1,284,491	5,191,547	-	172,066,880
Consolidated statement of financial position							
Cash and bank balances	2,416,860	244,475,948	-	6,664	7,171,004	-	254,070,476
Due from financial institutions	-	-	34,964,299	-	-	-	34,964,299
Investments	16,004,402	-	1,556,383,218	5,953,916	-	-	1,578,341,536
Net inter segment lending	-	2,010,631,072	-	-	7,517,061	(2,018,148,133)	-
Islamic financings and related assets	872,356,169	89,316,843	-	-	-	-	961,673,012
Others	46,375,068	68,610,791	70,660,404	1,246,815	3,373,751	-	190,266,829
Total assets	937,152,499	2,413,034,654	1,662,007,921	7,207,395	18,061,816	(2,018,148,133)	3,019,316,152
Due to financial institutions	140,798,856	5,696,799	230,998,957	-	-	-	377,494,612
Deposits and other accounts	-	2,217,420,536	-	-	-	-	2,217,420,536
Sub-ordinated sukuk	20,990,000	-	-	-	-	-	20,990,000
Net inter segment borrowing	689,636,020	-	1,323,909,339	4,602,774	-	(2,018,148,133)	-
Others	26,748,984	164,592,502	2,503,024	2,151,031	17,398,194	-	213,393,735
Total liabilities	878,173,860	2,387,709,837	1,557,411,320	6,753,805	17,398,194	(2,018,148,133)	2,829,298,883
Equity	58,978,639	25,324,817	104,596,601	453,590	663,622	-	190,017,269
Total equity and liabilities	937,152,499	2,413,034,654	1,662,007,921	7,207,395	18,061,816	(2,018,148,133)	3,019,316,152
Contingencies and Commitments	946,041,322	103,701,212	281,400,167	-	-	-	1,331,142,701

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	2022						Total
	Corporate and Commercial banking	Retail banking	Trading and sales	Asset Management	Others	Inter-segment Eliminations	
	Rupees in '000						
Consolidated profit and loss account							
External funded revenue	83,882,167	7,655,763	140,707,522	-	-	-	232,245,452
External non funded revenue	4,558,746	3,326,592	4,318,838	1,414,239	6,408,482	-	20,026,897
Inter segment revenue - net	-	196,667,127	-	-	173,327	(196,840,454)	-
Total income	88,440,913	207,649,482	145,026,360	1,414,239	6,581,809	(196,840,454)	252,272,349
External cost of funds	6,777,093	61,280,572	42,368,397	-	-	-	110,426,062
Segment direct expenses	1,400,367	44,750,561	165,724	619,298	1,928,673	-	48,864,623
Inter segment expense allocation	74,213,540	-	122,626,914	-	-	(196,840,454)	-
Total expenses	82,391,000	106,031,133	165,161,035	619,298	1,928,673	(196,840,454)	159,290,685
Provisions and write offs - net	3,201,688	124,306	806,681	-	43,986	-	4,176,661
Profit before tax	2,848,225	101,494,043	(20,941,356)	794,941	4,609,150	-	88,805,003
Consolidated statement of financial position							
Cash and bank balances	-	112,300,051	8,905,757	35,160	10,213,457	-	131,454,425
Due from financial institutions	-	-	34,964,299	-	-	-	34,964,299
Investments	11,019,547	-	1,272,190,740	4,106,136	-	-	1,287,316,423
Net inter segment lending	-	1,544,149,502	-	-	-	(1,544,149,502)	-
Islamic financings and related assets	902,768,059	92,740,295	-	-	-	-	995,508,354
Others	35,208,094	52,596,851	43,932,977	361,771	557,384	-	132,657,077
Total Assets	948,995,700	1,801,786,699	1,359,993,773	4,503,067	10,770,841	(1,544,149,502)	2,581,900,578
Due to financial institutions	134,872,920	6,364,466	432,089,053	-	-	-	573,326,439
Deposits and other accounts	-	1,658,469,588	-	-	-	-	1,658,469,588
Subordinated sukuk	20,990,000	-	-	-	-	-	20,990,000
Net inter segment borrowing	675,947,666	-	861,843,217	-	6,358,619	(1,544,149,502)	-
Others	74,724,128	125,404,634	5,211,198	709,600	3,930,301	-	209,979,861
Total liabilities	906,534,714	1,790,238,688	1,299,143,468	709,600	10,288,920	(1,544,149,502)	2,462,765,888
Equity	42,460,986	11,548,011	60,850,305	3,793,467	481,921	-	119,134,690
Total Equity and liabilities	948,995,700	1,801,786,699	1,359,993,773	4,503,067	10,770,841	(1,544,149,502)	2,581,900,578
Contingencies and Commitments	965,252,825	88,049,132	243,862,470	-	-	-	1,297,164,427

44 TRUST ACTIVITIES

The Holding Company provides trustee services in respect of Islamic Financing transactions. The services primarily includes holding of assets as security trustee / custodian on behalf of investors.

45 RELATED PARTY TRANSACTIONS

45.1 Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes associated companies, retirement benefit funds, directors, and key management personnel and their close family members.

45.2 The Holding Company enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration and other benefit to the key management personnel is determined in accordance with the terms of their appointment.

45.3 Associates

Associates include mutual funds managed by Al Meezan Investment Management Limited and entities having common directorship with the Board. However, entities are not considered related party only if common director is an independent director working on both the Boards.

45.4 Key management personnel

- President and Chief Executive Officer of the Holding Company
- Deputy Chief Executive Officer of the Holding Company

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45.5 Details of transactions with related parties and balances with them (other than those disclosed in respective notes) as at the year-end as are follows:

	Total		Associates		Directors		Key Management Personnel		Other Related Parties	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees in '000									
Islamic financing and related assets										
At January 1	29,972,348	-	29,972,348	-	-	-	-	-	-	-
Addition during the year	26,394,098	29,972,348	23,066,434	29,972,348	-	-	88,243	-	-	-
Repayment / redemption / deletion during the year	(23,364,282)	-	(20,123,814)	-	-	-	(1,047)	-	-	-
At December 31	33,002,164	29,972,348	32,914,968	29,972,348	-	-	87,196	-	-	-
Investments										
At January 1	4,170,433	4,854,664	4,170,433	4,854,664	-	-	-	-	-	-
Addition during the year	3,164,265	759,618	3,164,265	759,618	-	-	-	-	-	-
Repayment / redemption / deletion during the year	(478,980)	(1,443,849)	(478,980)	(1,443,849)	-	-	-	-	-	-
At December 31	6,855,718	4,170,433	6,855,718	4,170,433	-	-	-	-	-	-
Due from financial institutions										
At January 1	-	21,858,348	-	21,858,348	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	-	-	-	-	-
Repayment / redemption / deletion during the year	-	(21,858,348)	-	(21,858,348)	-	-	-	-	-	-
At December 31	-	-	-	-	-	-	-	-	-	-

Balances pertaining to parties that were related at the beginning of the year but ceased to be related during any part of the current year are not reflected as part of the closing balance. However, new related parties have been added during the year. The same are accounted for through the movement presented above.

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	Total		Associates		Directors		Key Management Personnel		Other Related Parties	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees in '000									
Deposits	6,535,423	4,473,720	5,521,325	3,565,923	167,014	134,806	176,832	180,487	670,252	592,504
Other Assets										
Profit receivable on financing / investments / placements	1,076,495	684,919	1,076,459	684,919	-	-	36	-	-	-
Fee and other receivable	30,517	22,961	28,800	17,864	-	-	-	1,745	1,717	3,352
Due to financial institutions										
At January 1	18,000,000	-	18,000,000	-	-	-	-	-	-	-
Addition during the year	157,050,000	53,500,000	157,050,000	53,500,000	-	-	-	-	-	-
Repayment / redemption / deletion during the year	(175,050,000)	(35,500,000)	(175,050,000)	(35,500,000)	-	-	-	-	-	-
At December 31	-	18,000,000	-	18,000,000	-	-	-	-	-	-
Sub-ordinated Sukuk										
At January 1	210,000	200,000	210,000	200,000	-	-	-	-	-	-
Addition during the year	200,000	10,000	200,000	10,000	-	-	-	-	-	-
Repayment / redemption / deletion during the year	(200,000)	-	(200,000)	-	-	-	-	-	-	-
At December 31	210,000	210,000	210,000	210,000	-	-	-	-	-	-
Other Liabilities										
Profit payable on musharakah acceptance	-	54,568	-	54,568	-	-	-	-	-	-
Payable to defined benefit plan	1,646,683	1,263,565	-	-	-	-	663,573	529,429	983,110	734,136
Accrued expenses	-	-	-	-	-	-	-	-	-	-
Unearned income	4,534	16,615	4,534	16,615	-	-	-	-	-	-
Contingencies and Commitments										
Letters of Credit (unfunded)	81,444	725,168	81,444	725,168	-	-	-	-	-	-
Letters of Guarantee (unfunded)	1,175,457	2,387,077	1,175,457	2,387,077	-	-	-	-	-	-
Transactions, income and expenses										
Profit earned on financing / investments / placements	5,592,691	753,103	5,591,608	753,103	-	-	1,083	-	-	-
Fees and other income earned	2,214,818	2,018,169	2,214,461	1,667,684	21	18	251	404	85	350,063
Dividend income earned	180,603	53,041	180,603	53,041	-	-	-	-	-	-
Capital gain / (loss) - net	128,254	(41,390)	128,254	(43,418)	-	-	-	-	-	2,028
Return on deposits / acceptance expensed	2,249,934	665,268	2,162,898	497,492	3,853	1,784	13,451	7,440	69,732	158,552
Recovery of expenses	1,717	3,352	-	-	-	-	-	-	1,717	3,352
Charge for defined benefit plan	1,063,662	710,440	-	-	-	-	-	-	1,063,662	710,440
Contribution to defined contribution plan	711,825	569,613	-	-	-	-	-	-	711,825	569,613
Contribution to staff benevolent fund	82,816	65,993	-	-	-	-	-	-	82,816	65,993
Fees expensed	4,097	1,656	4,097	1,224	-	-	-	-	-	432
Charity paid	81,500	56,000	1,500	1,000	-	-	-	-	80,000	55,000
Purchase of fixed assets	320,143	156,138	320,143	156,138	-	-	-	-	-	-
Remuneration to key management personnel	865,424	631,638	-	-	-	-	865,424	631,638	-	-
Fee to non-executive directors (note 41)	69,560	71,490	-	-	69,560	71,490	-	-	-	-
Proceeds from the issuance of shares under employees shares option scheme	3,570	-	-	-	-	-	3,570	-	-	-
Proceeds from sale of fixed assets	-	2,271	-	-	-	-	-	2,271	-	-

46 CAPITAL ASSESSMENT AND ADEQUACY BASEL SPECIFIC

Capital structure

The State Bank of Pakistan (SBP) introduced updated guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks vide its communication dated November 5, 2014. These guidelines are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by banks in Pakistan. The SBP had specified a transitional period for implementing new standards which came to its end on December 31, 2019. The disclosures below have been prepared on the basis of these new guidelines. The comparative information is as per requirements which were applicable last year.

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46.1 Capital structure

Under Basel III framework, the Group's regulatory capital has been analysed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:
 - a) Common Equity Tier 1 (CET1), which includes fully paid up capital, balance in share premium account, statutory and general reserves, and un-appropriated profits (net of losses), after regulatory deductions for book value of intangibles, reciprocal cross holdings.
 - b) Additional Tier 1 capital (AT1), which includes perpetual, unsecured, subordinated, non-cumulative and contingent convertible Sukuk instrument issued by the Holding Company.
- Tier II capital, which includes sub-ordinated sukuk, general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets) and surplus on revaluation of assets - net of tax.

Group operations are categorised in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

The required capital adequacy ratio is achieved by the Group through:

- (a) Adequate level of paid up capital;
- (b) Adequate risk profile of asset mix;
- (c) Ensuring better recovery management; and
- (d) Maintaining acceptable profit margins.

46.2 Capital adequacy ratio

The main objective of the capital management is to improve the financial position and strengthen the statement of financial position of the Group to support the growth in business, provide protection to depositors and enhance shareholders' value.

The Holding Company's Board and the management is committed to maintaining a sound balance between depositors' liability and shareholders' funds so that optimal capital / debt ratio is maintained. The optimal capital / debt ratio will provide reasonable assurance to depositor's about safety and security of their funds and at the same time provide impetus to the management to invest their depositors' funds into profitable ventures without compromising the risk profile of the Holding company. The capital requirement of the Group has been determined based on the projected growth plan to be achieved in the next 3 years in all areas of business operations. Further, it also takes into account a road map for capital enhancement as directed by the State Bank of Pakistan vide its various circulars issued from time to time.

The Holding Company prepares Annual Budget and Three Year Plan for purpose of the growth map and future direction. Bottom up approach is used to prepare annual budget and detailed deliberations are held while preparing Three Year Plan. The growth prospects takes into consideration prevailing economic and political factors in Pakistan and abroad.

In implementing current capital requirements the State Bank of Pakistan requires banks to maintain minimum Capital Adequacy Ratio (CAR) of 11.50% as of December 31, 2023 whereas CAR stood at 22.50% at the year ended December 31, 2023.

The Group calculates capital adequacy ratio for credit risk, market risk and operational risk based upon requirements under Basel Accord as per guidelines issued by the State Bank of Pakistan from time to time in this regard.

Sensitivity and stress testing of the Group under different risk factors namely profit rate, non-performing financings, equity price and foreign exchange rate depicts that the Group's capital adequacy ratio is above the regulatory requirements.

The Group has taken into account credit risk, market risk and operational risk when planning its assets.

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47 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2023	2022
	Rupees in '000	
Minimum Capital Requirement (MCR)		
Paid-up capital (net of losses)	17,912,532	17,896,243
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 (CET 1) Capital	175,098,890	115,968,337
Eligible Additional Tier 1 (ADT 1) Capital	6,061,415	7,027,796
Total Eligible Tier 1 Capital	181,160,305	122,996,133
Eligible Tier 2 Capital	32,711,351	21,007,720
Total Eligible Capital (Tier 1 + Tier 2)	213,871,656	144,003,853
Risk weighted assets (RWAs):		
Credit Risk	619,350,728	557,711,426
Market Risk	32,576,916	26,213,803
Operational Risk	298,444,251	188,426,624
Total	950,371,895	772,351,853
Common Equity Tier 1 Capital Adequacy ratio	18.42%	15.01%
Tier 1 Capital Adequacy Ratio	19.06%	15.92%
Total Capital Adequacy Ratio	22.50%	18.64%
Leverage ratio (LR):		
Tier-1 Capital	181,160,305	122,996,133
Total Exposures	3,482,121,771	2,991,568,828
Leverage Ratio	5.20%	4.11%

In the latest assessment carried out by the SBP under the Framework for Domestic Systemically Important Banks (D-SIBs) introduced vide BPRD Circular No.04 of 2018 dated April 13, 2018, the Bank has been identified as a sample D-SIB.

Full disclosure on Capital Adequacy, Leverage Ratio & Liquidity Requirements prepared as per SBP instructions is available at <https://www.meezanbank.com>

48 RISK MANAGEMENT

During 2023, Pakistan witnessed significant economic headwinds. Rising inflation, increasing fuel prices, depleting foreign exchange reserves, massive devaluation of the Pakistani rupee, political instability, increasing interest rates, and high budget deficit made the year more challenging. In this backdrop, Fitch, Moody's and S&P Global lowered the country's sovereign credit rating. Additionally, international commodity prices also remained elevated through the year. The headline inflation increased significantly touching a multi-year high of 29.23% in December. During the year, SBP increased the benchmark interest rate by a cumulative 600 bps to 22.00%. This steep increase was aimed at reducing aggregate demand in the economy and also to counter high inflation. This led to a steep uptick in domestic food prices.

The Holding Company is regularly conducting assessments of the credit portfolio, with robust post disbursement credit review mechanism to identify borrowers most likely to be affected in the challenging business and economic environment. Bank is confident that it has more than sufficient risk bearing capacity to with stand these difficult times.

The wide variety of the Group's business activities require the Group to identify, assess, measure, aggregate and manage risks effectively which are constantly evolving as the business activities expand in response to the Group's strategy and growth. The Group manages the risk through a framework of risk management encompassing policies and procedures, organisational structures, risk measurement and monitoring processes and techniques that are closely aligned with business activities of the Group.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Risk management principles

- The Board of Directors (the Board) provides overall risk management supervision. The Board Risk Management Committee regularly reviews the Group's risk profile.
- The Group has set up objectives and policies to manage the risks that arise in connection with the Group's activities. The risk management framework and policies of the Group are guided by specific objectives to ensure that comprehensive and adequate risk management tools and techniques are established to mitigate the salient risk elements in the operations of the Group.
- The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent risk management framework.
- The structure of risk management function is closely aligned with the organisational structure of the Group.
- The risk management function is independent of the Group's operations.

Risk management organisation

The Board Risk Management Committee comprises of four non-executive directors. One of the non-executive directors of the Holding company chairs the Risk Management Committee.

Specialized Committees comprising of Senior Management team members perform their functions in line with the strategic direction set by the Board while ensuring that there is optimal balance between risk reward trade-off. The Committees include:

Name of the sub-committee	Chaired by
Credit Risk Management Committee (CRMC)	President & CEO of the Holding Company
Asset and Liability Management Committee (ALCO)	President & CEO of the Holding Company
Compliance & Operational Risk Management Committee (CORMC)	President & CEO of the Holding Company

CRMC is responsible to oversee credit risk activities on Group wide basis while ensuring compliance with regulatory requirements and internal policies. Its responsibilities also include to provide support and guide front lines in managing their businesses, perform finance portfolio review, establish financing standards and benchmarks, maintain adequate industry diversification and decide upon provisioning. It is also required to delegate financing approving powers & prudential limits on large financing exposures. Credit Committee, a sub-committee of CRMC is the highest level body for approval of financing transactions.

ALCO is responsible for reviewing the Asset and Liability structure of the Holding Company, monitoring the liquidity situation and overall changing market scenario. Market and Liquidity risks are examined based on stress testing exercises and gap analysis. ALCO is also responsible for monitoring policy rate movements and taking necessary steps across various products to ensure that the overall profitability of the Holding Company is maximised without compromising on risk appetite. ALCO also ensures that the Holding Company overall operations are fully compliant with regulatory framework for the business as provided by the State Bank of Pakistan.

The CORMC is responsible for overseeing compliance risk by reviewing the adequacy of controls in place to meet regulatory requirements. The Committee is responsible for promoting compliance culture in the Holding Company, facilitate in implementation of Compliance Program and oversee Money Laundering and Financing Terrorism risk and Proliferation financing risk. In addition, the Committee also oversees Operational Risk Framework by ensuring that policies and procedures are in place in all Key risk areas and by reviewing Key Risk Indicators. The Committee also monitors level of compliance of major unresolved and recurring issues pointed out in the Internal Audit, Shariah Audit and SBP Inspection Report.

The Holding Company's risk management, compliance, internal audit and legal departments support the risk management function. The role of the risk management department is to assess, measure, identify risks and establish risk mitigants through a detailed policy and monitoring framework. The compliance department ensures that all the directives and guidelines issued by the SBP are being complied with in order to mitigate the compliance risk. The internal audit and BRR department reviews the compliance of internal control procedures with internal and regulatory standards.

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48.1 Credit risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligations is impaired resulting in economic loss to the Group. This credit risk arises mainly from both direct financing activities as well as contingent liabilities.

Credit risk management and structure

The Group manages credit risk by effective credit appraisal mechanism, approving and reviewing authorities, limit structures, internal credit risk rating system, collateral management and post disbursement monitoring so as to ensure prudent financing activities and sound financing portfolio under the umbrella of a comprehensive Financing Policy approved by the Board of Directors. A comprehensive financing procedural manual approved by the senior management is also in place. The Group also ensures diversification of its portfolio into different business segments, products and sectors. Further, to avoid risk concentration; counterparty limits, counterparty group limits and industry concentration limits are also established, monitored and assessed in the light of changing counterparty and market conditions.

Watchlist procedure is also functioning which identifies financings with early warning indicators in respect of clients having the potential to become non performing. The risk management function also monitors the non-performing financing portfolio of the Holding Company and reports all significant matters to the Board Risk Management Committee.

The Bank takes into account the risk mitigating effect of the eligible collaterals for the calculation of capital requirement for credit risk. Use of Credit Risk Mitigation (CRM) resulted in the total credit risk weighted amount of Rs 619,350.73 million (2022: Rs 557,711.43 million).

Thus, use of CRM resulted in capital adequacy ratio of the Bank of 22.50%.

48.1.1 Segmental information

48.1.1.1 Due from financial institutions

Credit risk by public / private sector

	Gross amount due from financial institutions		Non-performing amount due from financial institutions		Provision held	
	2023	2022	2023	2022	2023	2022
	Rupees in '000					
Public / Government	-	-	-	-	-	-
Private	34,979,799	35,005,865	15,500	41,566	15,500	41,566
	<u>34,979,799</u>	<u>35,005,865</u>	<u>15,500</u>	<u>41,566</u>	<u>15,500</u>	<u>41,566</u>

48.1.1.2 Investment in Sukuk and government securities

Credit risk by Industry sector

	Gross Investments		Non-performing Investments		Provision held	
	2023	2022	2023	2022	2023	2022
	Rupees in '000					
Automobile and transportation equipment	-	1,132,254	-	-	-	-
Chemical and Pharmaceuticals	413,748	25,892	20,645	25,892	20,645	25,892
Construction and allied industries	250,000	333,333	-	-	-	-
Steel and allied industries	965,750	868,750	-	-	-	-
Federal Government Securities	1,407,153,959	1,142,799,896	-	-	-	-
Financial	1,082,999	3,347,228	-	-	-	-
Foreign Government Securities	4,645,817	5,314,367	-	-	-	-
Power (electricity)	128,200,411	123,346,202	-	-	-	-
Textile	95,157	138,014	52,300	52,300	52,300	52,300
	<u>1,542,807,841</u>	<u>1,277,305,936</u>	<u>72,945</u>	<u>78,192</u>	<u>72,945</u>	<u>78,192</u>

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Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
	Rupees in '000					
Public / Government	1,539,540,187	1,270,458,795	-	-	-	-
Private	3,267,654	6,847,141	72,945	78,192	72,945	78,192
	<u>1,542,807,841</u>	<u>1,277,305,936</u>	<u>72,945</u>	<u>78,192</u>	<u>72,945</u>	<u>78,192</u>

48.11.3 Islamic financing and related assets

Credit risk by industry sector

	Gross Islamic financing and related assets		Non-performing Islamic financing and related assets		Provision held	
	2023	2022	2023	2022	2023	2022
	Rupees in '000					
Agriculture, Food, Feed Mills, Poultry, Dairy, Forestry and Fishing	118,465,031	208,073,442	4,438,568	2,270,930	4,469,726	2,270,930
Automobile and transportation equipment	26,500,707	26,072,313	545,984	157,974	545,984	82,035
Cement	21,289,514	19,353,573	-	-	-	-
Chemical and Pharmaceuticals	49,400,905	36,842,695	59,606	22,036	59,606	22,036
Construction	14,864,604	17,530,547	292,478	1,367,291	256,433	1,283,436
Steel and allied industries	27,056,130	27,836,119	-	472,264	-	378,626
Plastic products manufacturer	6,641,096	4,539,985	-	-	-	-
Electronics and electrical appliances	14,776,106	7,671,307	1,170,124	-	1,250,000	-
Exports / Imports	936,077	1,522,101	152,554	195,415	152,574	195,415
Fertilizer	28,692,557	28,544,431	-	-	-	-
Financial	35,834,765	38,074,312	-	-	-	-
Footwear and Leather garments	6,659,357	4,964,169	-	-	-	-
Individuals	62,745,782	73,475,097	1,372,154	1,011,366	410,169	534,783
Takaful / Insurance	500,664	654,300	-	-	-	-
Mining and Quarrying	12,695,761	3,530,578	-	-	-	-
Oil and Gas	105,974,401	85,322,255	4,364,340	4,364,340	4,337,347	4,337,347
Paper, board and packaging	26,337,151	21,977,610	148,396	123,435	146,381	121,420
Power (electricity)	113,122,498	88,675,574	753,702	788,840	753,702	788,840
Services	9,040,836	9,415,229	53,694	20,285	51,814	18,071
Sugar	24,306,742	21,257,976	-	-	-	-
Textile	192,044,497	172,803,936	2,959,913	2,361,930	3,075,307	2,361,930
Transport, Storage and Communication	62,892,189	50,649,542	60,010	77,129	43,310	43,697
Wholesale and Retail Trade	23,266,521	63,955,770	555,526	337,378	542,596	317,430
Others	7,983,572	5,358,896	12,148	57,674	12,148	56,766
	<u>992,027,463</u>	<u>1,018,101,757</u>	<u>16,939,197</u>	<u>13,628,287</u>	<u>16,107,097</u>	<u>12,812,762</u>

Credit risk by public / private sector

	Gross Islamic financing and related assets		Non-performing Islamic financing and related assets		Provision held	
	2023	2022	2023	2022	2023	2022
	Rupees in '000					
Public / Government	182,527,248	318,259,246	-	-	-	-
Private	809,500,215	699,842,511	16,939,197	13,628,287	16,107,097	12,812,762
	<u>992,027,463</u>	<u>1,018,101,757</u>	<u>16,939,197</u>	<u>13,628,287</u>	<u>16,107,097</u>	<u>12,812,762</u>

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48.1.1.4 Contingencies and Commitments

Credit risk by industry sector

	2023	2022
	Rupees in '000	
Agriculture, Food, Feed Mills, Poultry, Dairy, Forestry and Fishing	132,389,776	98,417,326
Automobile and transportation equipment	34,340,407	43,510,460
Cement	14,844,770	24,368,223
Chemical and Pharmaceuticals	43,448,449	37,636,764
Construction	41,770,113	32,544,198
Steel and allied industries	39,998,640	41,774,472
Plastic products manufacturer	5,213,399	7,488,719
Electronics and electrical appliances	16,786,272	16,899,349
Exports / Imports	10,818,847	5,531,431
Fertilizer	27,405,835	18,124,795
Financial	311,320,731	266,595,819
Footwear and Leather garments	14,736,706	7,538,339
Individuals	1,649,885	336,981
Takaful / Insurance	316,659	374,450
Mining and Quarrying	5,679,410	12,314,638
Oil and Gas	65,578,693	92,706,034
Paper, board and packaging	30,384,626	22,947,107
Power (electricity)	120,046,912	146,814,179
Services	73,964,906	66,587,092
Sugar	36,958,273	22,340,850
Textile	208,645,115	217,879,460
Transport, Storage and Communication	30,154,485	23,137,093
Wholesale and Retail Trade	50,057,792	75,625,125
Others	14,632,000	15,671,523
	<u>1,331,142,701</u>	<u>1,297,164,427</u>

Credit risk by public / private sector

Public / Government	232,662,651	271,179,069
Private	<u>1,098,480,050</u>	<u>1,025,985,358</u>
	<u>1,331,142,701</u>	<u>1,297,164,427</u>

48.1.1.5 Concentration of Top 10 exposures

Top 10 exposures on the basis of total (funded and non-funded) exposures aggregated to Rs 408,589 million (2022: Rs 301,905 million) as follows:

	2023	2022
	Rupees in '000	
Funded Exposure	199,447,549	331,735,662
Non Funded Exposure	83,548,255	76,853,260
Total Exposure	<u>282,995,804</u>	<u>408,588,922</u>

The sanctioned limits against these top 10 exposures aggregated to Rs 361,313 million (2022: Rs 518,795 million). None of the exposure against these top 10 customers is in classified stage.

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48.1.1.6 Islamic Financings and related assets - Province/Region-wise Disbursement & Utilization

Province / Region	2023						
	Disbursements			Utilization			
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	
	Rupees in '000						
Punjab	693,140,208	693,140,208	-	-	-	-	-
Sindh	843,150,726	-	843,150,726	-	-	-	-
KPK including FATA	15,265,301	-	-	15,265,301	-	-	-
Balochistan	3,225,406	-	-	-	3,225,406	-	-
Islamabad	94,320,207	-	-	-	-	94,320,207	-
AJK including Gilgit-Baltistan	52,892	-	-	-	-	-	52,892
Total	1,649,154,740	693,140,208	843,150,726	15,265,301	3,225,406	94,320,207	52,892

Province / Region	2022						
	Disbursements			Utilization			
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	
	Rupees in '000						
Punjab	664,533,491	664,533,491	-	-	-	-	-
Sindh	770,568,389	-	770,568,389	-	-	-	-
KPK including FATA	9,151,023	-	-	9,151,023	-	-	-
Balochistan	2,169,900	-	-	-	2,169,900	-	-
Islamabad	137,770,908	-	-	-	-	137,770,908	-
AJK including Gilgit-Baltistan	399,082	-	-	-	-	-	399,082
Total	1,584,592,793	664,533,491	770,568,389	9,151,023	2,169,900	137,770,908	399,082

48.1.2 Credit Risk - General Disclosures

The Group has adopted Standardised Approach of Basel Accord for calculation of capital charge against credit risk. Therefore, risk weights for the credit risk related assets (on-balance sheet and off-balance sheet - market and non market related exposures) are assigned on basis of standardised approach.

The Group is committed to further strengthen its risk management framework which will enable the Group to move ahead for adopting Foundation Internal Ratings Based (IRB) approach of Basel II. Meanwhile, none of the Group's assets class is subject to the Foundation IRB or advanced IRB approaches.

48.1.2.1 Credit Risk: Disclosures for portfolio subject to the Standardised Approach

Under standardised approach the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognised by the SBP for capital adequacy purposes. In this connection, the Holding Company utilises the credit ratings assigned by ECAIs and has recognised agencies such as PACRA (Pakistan Credit Rating Agency) and VIS Credit Rating Company which are also recognised by the SBP.

In case of foreign currency exposures against banks, ratings assigned by S&P, Fitch and Moody's have been applied. In case of exposure against banks, some banks have multiple ratings but those ratings do not result in mapping with different risk weights.

Types of Exposure and ECAI's used

Exposures	2023				
	VIS	PACRA	Standard & Poors (S&P)	Fitch	Moody's
Corporate	√	√	√	√	√
Banks	√	√	√	√	√
Public Sector Entities	√	√	-	-	-
Sovereign	-	-	√	√	√

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Use of ECAI Ratings

The Group prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings. Unsolicited ratings may only be used in cases where a solicited rating is not available.

Mapping to SBP Rating Grades

The alignment of the Alphanumerical scale of each agency used with risk buckets is as per instructions laid down by SBP under Basel III requirements.

48.12.2 Credit exposures subject to standardised approach

On-balance sheet Exposures	2023			2022		
	Amount Outstanding	Deduction Credit Risk Management	Net amount	Amount Outstanding	Deduction Credit Risk Management	Net amount
Rupees in '000						
Banks						
20%	93,811,244	63,184,012	30,627,232	97,719,882	59,789,988	37,929,894
50%	275,704	-	275,704	1,692,525	-	1,692,525
100%	1,082,999	-	1,082,999	1,082,999	-	1,082,999
150%	435,878	-	435,878	63,662	-	63,662
Unrated	3,842	-	3,842	1,572,546	-	1,572,546
Sovereigns						
0%	1,659,509,724	3,868,964	1,655,640,760	1,286,312,394	50,766,630	1,235,545,764
20%	1,731,677	-	1,731,677	1,340,924	-	1,340,924
50%	2,833,161	-	2,833,161	2,279,126	-	2,279,126
100%	-	-	-	-	-	-
150%	11,122,626	-	11,122,626	8,460,046	-	8,460,046
Public Sector entities						
20%	73,743,671	18,011,836	55,731,835	44,977,090	14,769,333	30,207,757
50%	12,117,647	4,852,513	7,265,134	9,143,274	7,124,600	2,018,674
Unrated (50%)	207,853,561	160,589,850	47,263,711	321,171,977	283,200,020	37,971,958
Corporate						
20%	304,440,139	2,788,662	301,651,477	224,201,210	3,147,228	221,053,982
50%	218,094,411	8,259,502	209,834,909	168,063,306	1,225,652	166,837,654
100%	7,296,865	-	7,296,865	7,258,051	-	7,258,051
Unrated 1 (100%)	127,538,395	11,711,710	115,826,685	132,338,168	9,753,949	122,584,220
Unrated 2 (125%)	81,404,346	17,015,488	64,388,858	75,971,002	12,564,932	63,406,070
Retails						
75%	62,557,205	12,569,119	49,988,086	73,883,259	15,669,516	58,213,743
Residential Mortgage						
35%	22,174,920	-	22,174,920	20,728,463	-	20,728,463
25%	6,080,806	2,432,322	3,648,484	6,371,277	2,548,049	3,823,228
Past Due						
50%	237,570	121,081	116,489	256,255	109,883	146,372
100%	834,110	12,621	821,489	694,837	21,672	673,165
150%	50,103	3,187	46,917	41,733	12,253	29,480
Others (0% - 250%)	118,254,307	-	118,254,307	92,444,908	-	92,444,908
Total	3,013,484,911	305,420,867	2,708,064,045	2,578,068,914	460,703,704	2,117,365,210

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48.1.2.3 Credit Risk: Disclosures with respect to Credit risk mitigation for Standardised approach and IRB

The Group obtains capital relief for both its on-balance and off-balance sheet non-market related exposures by using simple approach for credit risk mitigation (CRM). Off-balance sheet items under the simplified standardised approach are converted into credit exposure equivalents through the use of credit conversion factors. Under the standardised approach the Group has taken advantage of the cash collaterals available with the Group in the form of security deposits, cash margins, certificates of Islamic investment, monthly mudaraba certificate, saving accounts, guarantees, shares and Government securities.

Valuation and management of eligible collaterals for CRM is being done in accordance with the conditions laid down by the State Bank of Pakistan. Eligible collaterals for CRM purposes do not expose the Group to price risk as they are in the form of cash/cash equivalent collaterals. Since eligible collaterals for CRM purposes are all in the form of cash/cash equivalent collaterals, they generally do not pose risk to the Group in terms of change in their valuation due to changes in the market condition.

The credit equivalent amount of an off-balance sheet market related foreign exchange contracts are determined by using the current exposure (mark to market) method.

The total benefit of Rs 305,420.868 million was availed through CRM against total on-balance sheet exposure of Rs 3,019,316.152 million. Under off-balance sheet, total benefit of Rs 17,676.662 million was availed by the Group through CRM against total off-balance sheet, non-market related exposure of Rs 1,049,742.434 million. In the year 2023, total CRM benefit was Rs 323,097.530 million as against amount of Rs 486,646.053 million in year 2022.

48.1.2.4 Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz., industry, geography, and single / group borrower obligor. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single and group obligors. Within the SBP limits, the Group has further defined limits to avoid excessive concentration of portfolio.

48.2 Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects yield rate risk, currency risk and other price risks. Banks could be adversely affected by movements in market rates or prices such as benchmark rates, deposit rates, foreign exchange rates, equity prices and market conditions resulting in a loss to earnings and capital.

48.2.1 Equity position in the banking and trading book

The Group classifies and values its investment portfolio in accordance with the directives of SBP as stated in note 6.4 to these financial statements.

Trading book

Held for trading and available for sale securities with trading intent;

- They are marked to market daily; and
- Any valuation difference is charged / credited to the profit and loss account in case of held for trading securities and to surplus on revaluation of investments - net of tax under equity in case of available for sale securities.

Banking book

Assets outside trading book are part of the banking book. These may include assets classified as available for sale and held to maturity investments.

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48.2.2 Balance sheet split by trading and banking books

	2023			2022		
	Banking Book	Trading Book	Total	Banking Book	Trading Book	Total
Rupees in '000						
Cash and balances with treasury banks	242,612,195	-	242,612,195	117,743,672	-	117,743,672
Balances with other banks	11,458,281	-	11,458,281	13,710,753	-	13,710,753
Due from financial institutions	34,964,299	-	34,964,299	34,964,299	-	34,964,299
Investments	1,560,093,725	18,247,811	1,578,341,536	1,275,033,945	12,282,478	1,287,316,423
Islamic financings and related assets	961,673,012	-	961,673,012	995,508,354	-	995,508,354
Fixed assets	59,162,699	-	59,162,699	40,624,658	-	40,624,658
Intangible assets	2,370,686	-	2,370,686	1,873,518	-	1,873,518
Deferred tax asset	-	-	-	4,439,835	-	4,439,835
Other assets	128,733,444	-	128,733,444	85,719,066	-	85,719,066
	<u>3,001,068,341</u>	<u>18,247,811</u>	<u>3,019,316,152</u>	<u>2,569,618,100</u>	<u>12,282,478</u>	<u>2,581,900,578</u>

The Group uses a number of methods to monitor and control market risk exposures. One of the major tools used by the Group to monitor and limit market risk is Value at Risk (VaR). VaR is defined as the estimated loss that will arise on a position or a portfolio over a particular (holding) period of time from an adverse market movement with a specific probability (confidence level). The VaR model used by the Group takes 99% confidence level and assumes a 1 to 10 days holding period whilst using the historical simulation taking the data of the last three years. Daily VaR figures are circulated to the senior management and regular summaries are reported in ALCO meetings.

The VaR reports are complemented by various other position and sensitivity limit structures, including stress, sensitivity, gap and scenario analysis. The capital charge for market risk has been calculated by using Standardized Approach.

48.2.3 Foreign exchange risk

The foreign exchange risk is defined as the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movement in currency exchange rates on the value of open foreign currency position. The objectives of the foreign exchange risk management is to minimise the adverse impact of foreign exchange rate movements on the assets and liabilities mismatch (tenor and position) and maximise their earnings.

Whenever a commercial bank deals in foreign currency, it is exposed to risk of exchange rate. The Group's assets and liabilities in foreign currencies give rise to foreign exchange risk which has to be managed by the Group; this risk is mitigated by using different hedging techniques. Hedging is a way used by a Group to eliminate or minimize its risk exposures. Hedging can be done using different ways like gap analysis, hedging (forwards), assigning limits in terms of amount, tenor, currency, product, countries, counterparties etc. The Group limits its currency exposure to the extent of statutory net open position prescribed by the SBP except in the cases where exemption is provided by the SBP. Foreign exchange open and mismatch positions are controlled through close monitoring and are marked to market on a daily basis.

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The analysis below represents the concentration of the Group's foreign currency risk for on and off balance sheet financial instruments:

	2023			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	2,920,525,646	2,669,969,398	(59,152,433)	191,403,815
United States Dollars	90,893,444	140,703,846	48,271,060	(1,539,342)
Great Britain Pounds	1,971,677	8,405,181	6,438,311	4,807
Japanese Yen	74,889	32,650	(41,780)	459
Euro	2,113,020	7,254,845	5,225,546	83,721
Singapore Dollars	9,951	-	-	9,951
Australian Dollars	507,461	165	(518,486)	(11,190)
Canadian Dollars	31,323	1,022	-	30,301
United Arab Emirates Dirham	35,798	8,643	(46,046)	(18,891)
Swiss Francs	34,070	4	(23,455)	10,611
Saudi Riyal	64,272	9,521	(33,823)	20,928
Swedish Krona	5,957	-	-	5,957
Malaysian Ringgit	3,842	-	-	3,842
Hong Kong Dollar	5,459	12	-	5,447
Thailand Bhat	613	-	-	613
Norwegian Krone	2,737	-	-	2,737
Danish Krone	3,960	-	-	3,960
Chinese Offshore Spot	-	-	-	-
Chinese Yuan	3,032,033	2,913,596	(118,894)	(457)
Total foreign currency exposure	98,790,506	159,329,485	59,152,433	(1,386,546)
Total currency exposure	3,019,316,152	2,829,298,883	-	190,017,269

	2022			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	2,496,389,581	2,338,543,126	(35,433,722)	122,412,733
United States Dollars	81,666,765	110,417,824	25,453,007	(3,298,052)
Great Britain Pounds	955,161	7,493,793	6,546,533	7,901
Japanese Yen	142,804	88,927	(59,976)	(6,099)
Euro	1,474,874	5,437,092	4,019,733	57,515
Singapore Dollars	18,118	-	(6,743)	11,375
Australian Dollars	257,134	132	(253,346)	3,656
Canadian Dollars	52,441	976	(33,417)	18,048
United Arab Emirates Dirham	27,242	547	(36,991)	(10,296)
Swiss Francs	58,950	-	(51,456)	7,494
Saudi Riyal	26,006	-	-	26,006
Swedish Krona	5,390	-	(6,496)	(1,106)
Malaysian Ringgit	3,208	-	-	3,208
Hong Kong Dollar	39,714	23	(34,848)	4,843
Thailand Bhat	837	-	-	837
Norwegian Krone	10,157	-	(4,581)	5,576
Danish Krone	11,968	-	-	11,968
Chinese Offshore Spot	-	-	-	-
Chinese Yuan	760,228	783,448	(97,697)	(120,917)
Total foreign currency exposure	85,510,997	124,222,762	35,433,722	(3,278,043)
Total currency exposure	2,581,900,578	2,462,765,888	-	119,134,690

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	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in foreign exchange rates				
- Consolidated Profit and Loss Account	-	7,783	-	17,526
- Consolidated Other Comprehensive Income	-	-	-	-

48.2.4 Equity position risk

Equity position risk is defined as the risk to earnings or capital arising from adverse changes in value of equity portfolios of Group. The limits assigned to various individual scripts and total portfolio investments are fixed as per the guidelines issued by the SBP. The Group invests in only Shariah compliant equities as advised by the Resident Shariah Board Member.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 5% change in equity prices				
- Consolidated Profit and Loss Account	-	385,168	-	-
- Consolidated Other Comprehensive Income	-	-	-	276,149

48.2.5 Yield / profit rate risk

Yield risk occurs when there is a mismatch between positions, which are subject to profit rate alterations within a particular time period. The Group's financing, placement and investment activities give rise to profit rate risk. The effect of changes in profit rate is on the Group's income, and resultant impact is on the Group's net worth.

Profit rate risk is primarily managed by monitoring the rate sensitive gaps and by having the pre-approved limits for repricing buckets. ALCO is the supervising body for adherence with these, complemented by the monitoring of sensitivity of the Group's financial assets and liabilities to various scenarios.

The Group estimates changes in the market value of equity due to changes in the yield rates on on-balance sheet positions and their impact on capital adequacy ratio by conducting stress tests. It also assesses risk on earnings of the Group by various shocks.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in discount rates, with other factors remaining constant, on:				
- Consolidated Profit and Loss account	5,307,497	-	4,447,366	-
- Consolidated Other Comprehensive Income	-	-	-	-

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48.2.6 Mismatch of yield rate sensitive assets and liabilities

Effective yield rate %	Total	2023									Non-yield bearing financial instruments
		Exposed to yield risk									
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
Rupees in '000											
On-balance sheet financial instruments											
Assets											
-	242,612,195	-	-	-	-	-	-	-	-	-	242,612,195
0.14	11,458,281	537,708	-	-	-	-	-	-	-	-	10,920,573
11.72	34,964,299	-	-	-	-	34,964,299	-	-	-	-	-
20.34	1,578,341,536	182,012,442	90,102,220	1,023,838,635	2,022,454	22,175,608	239,931,978	-	-	-	18,258,199
19.48	961,673,012	382,296,575	227,915,199	181,861,640	36,637,081	12,898,889	22,633,630	28,508,848	55,442,047	11,455,611	2,023,492
-	125,912,511	-	-	-	-	-	-	-	-	-	125,912,511
-	2,954,961,834	564,846,725	318,017,419	1,205,700,275	38,659,535	70,038,796	262,565,608	28,508,848	55,442,047	11,455,611	399,726,970
Liabilities											
-	39,724,176	-	-	-	-	-	-	-	-	-	39,724,176
19.70	377,494,612	239,328,491	47,447,414	20,950,118	109,299	1,270,342	6,969,986	3,423,746	53,653,679	1,662,217	2,679,320
6.50	2,217,420,536	1,107,478,517	11,265,341	-	-	-	-	-	-	-	1,098,676,678
23.69	20,990,000	11,000,000	-	9,990,000	-	-	-	-	-	-	-
-	146,496,584	-	-	-	-	-	-	-	-	-	146,496,584
-	2,802,125,908	1,357,807,008	58,712,755	30,940,118	109,299	1,270,342	6,969,986	3,423,746	53,653,679	1,662,217	1,287,576,758
-	152,835,926	(792,960,283)	259,304,664	1,174,760,157	38,550,236	68,768,454	255,595,622	25,085,102	1,788,368	9,793,394	(887,849,788)
Non financial assets											
-	59,162,699	-	-	-	-	-	-	-	-	-	-
-	2,370,686	-	-	-	-	-	-	-	-	-	-
-	2,820,933	-	-	-	-	-	-	-	-	-	-
-	64,354,318	-	-	-	-	-	-	-	-	-	-
Non financial liabilities											
-	22,291,665	-	-	-	-	-	-	-	-	-	-
-	4,881,310	-	-	-	-	-	-	-	-	-	-
-	27,172,975	-	-	-	-	-	-	-	-	-	-
-	190,017,269	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments											
-	67,624,287	-	-	-	-	-	-	-	-	-	67,624,287
-	221,689,496	-	-	-	-	-	-	-	-	-	221,689,496
-	139,648,096	-	-	-	-	-	-	-	-	-	139,648,096
-	(104,214,374)	-	-	-	-	-	-	-	-	-	(104,214,374)
-	324,747,505	-	-	-	-	-	-	-	-	-	324,747,505
Total yield risk rate sensitivity gap											
		(792,960,283)	259,304,664	1,174,760,157	38,550,236	68,768,454	255,595,622	25,085,102	1,788,368	9,793,394	(563,102,283)
Cumulative yield risk rate sensitivity gap											
		(792,960,283)	(533,655,619)	641,104,538	679,654,774	748,423,228	1,004,018,850	1,029,103,952	1,030,892,320	1,040,685,714	477,583,431

Effective yield rate %	Total	2022									Non-yield bearing financial instruments
		Exposed to yield risk									
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
Rupees in '000											
On-balance sheet financial instruments											
Assets											
-	117,743,672	-	-	-	-	-	-	-	-	-	117,743,672
0.87	13,710,753	4,825,629	-	-	-	-	-	-	-	-	8,885,124
11.25	34,964,299	-	-	-	-	34,964,299	-	-	-	-	-
14.52	1,287,316,423	53,732,131	94,242,964	868,978,721	-	2,005,914	20,459,704	235,604,122	-	-	12,292,867
13.96	995,508,354	345,002,703	271,683,454	179,853,354	34,107,321	32,096,915	18,916,857	40,236,414	60,119,468	7,616,509	5,875,359
-	83,538,015	-	-	-	-	-	-	-	-	-	83,538,015
-	2,532,781,516	403,560,463	365,926,418	1,048,832,075	34,107,321	34,102,829	74,340,860	275,840,536	60,119,468	7,616,509	228,335,037
Liabilities											
-	40,175,122	-	-	-	-	-	-	-	-	-	40,175,122
13.89	573,326,439	275,653,428	204,300,004	23,513,500	46,047	518,145	6,930,569	4,057,809	57,375,033	-	931,904
3.71	1,658,469,588	834,360,728	4,668,681	-	-	-	-	-	-	-	819,440,179
16.75	20,990,000	11,000,000	-	9,990,000	-	-	-	-	-	-	-
-	145,721,198	-	-	-	-	-	-	-	-	-	145,721,198
-	2,438,682,347	1,121,014,156	208,968,685	33,503,500	46,047	518,145	6,930,569	4,057,809	57,375,033	-	1,006,268,403
-	94,099,169	(717,453,693)	156,957,733	1,015,328,575	34,061,274	33,584,684	67,410,291	271,782,727	2,744,435	7,616,509	(777,933,366)
Non financial assets											
-	40,624,658	-	-	-	-	-	-	-	-	-	-
-	1,873,518	-	-	-	-	-	-	-	-	-	-
-	4,439,835	-	-	-	-	-	-	-	-	-	-
-	2,181,051	-	-	-	-	-	-	-	-	-	-
-	49,119,062	-	-	-	-	-	-	-	-	-	-
Non financial liabilities											
-	24,083,541	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	24,083,541	-	-	-	-	-	-	-	-	-	-
-	119,134,690	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments											
-	56,485,801	-	-	-	-	-	-	-	-	-	56,485,801
-	221,689,496	-	-	-	-	-	-	-	-	-	221,689,496
-	139,648,096	-	-	-	-	-	-	-	-	-	139,648,096
-	(104,214,374)	-	-	-	-	-	-	-	-	-	(104,214,374)
-	313,609,019	-	-	-	-	-	-	-	-	-	313,609,019
Total yield risk rate sensitivity gap											
		(717,453,693)	156,957,733	1,015,328,575	34,061,274	33,584,684	67,410,291	271,782,727	2,744,435	7,616,509	(464,324,347)
Cumulative yield risk rate sensitivity gap											
		(717,453,693)	(560,495,960)	454,832,615	488,893,889	522,478,573	589,888,864	861,671,591	864,416,026	872,032,535	407,708,188

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market profit rates on both its fair value and cash flow risks. Profit margins may increase as a result of such changes but may reduce to losses in the event that unexpected movement arise.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

48.3 Liquidity risk

Liquidity risk is the potential for loss to the Group arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring an unacceptable cost.

The Holding Company's Board of Directors sets the Group's policy for managing liquidity risk and entrusts accountability for supervision of the implementation of this strategy to senior management. Senior management exercises its responsibilities for managing market & liquidity risk through various committees including the Asset & Liability Management Committee (ALCO). Treasury department manages the Group's liquidity position on a daily basis. The Group's main approach of managing the liquidity risk is to make certain that it will always have adequate liquidity to meet its liabilities when they are due in normal and stressed scenarios without incurring any untoward expenditure or risking reputational harm. ALCO monitors the maintenance of liquidity ratios, depositor's concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual deposits. Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

48.3.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Group

		2023													
		Upto 1 Day	Over 1 to 7 Days	Over 7 to 14 Days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 Year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years	
		Rupees in '000													
Assets															
Cash and balances with treasury banks	242,612,195	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances with other banks	11,458,281	-	-	-	-	-	-	-	-	-	-	-	-	-	
Due from financial institutions	34,864,299	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investments	1,578,341,536	1,074,764	3,541,582	4,156,845	10,007,623	10,473,351	58,090	9,190,003	42,043,555	1,742,487	212,862,826	641,998,292	515,959,503	125,232,615	
Islamic financing and related assets	96,167,012	233,386,200	97,82,352	6,600,507	54,536,738	43,998,638	50,959,206	148,276,282	26,871,449	17,85,638	48,381,541	58,403,174	127,216,690	135,514,597	
Fixed assets	59,162,689	39,472	236,834	276,306	631,771	1,850,804	924,936	3,530,389	5,215,198	1,775,972	4,495,036	4,502,311	5,715,716	29,967,954	
Intangible assets	2,370,686	2,443	14,659	17,002	39,090	145,350	72,675	205,371	245,402	81,800	593,465	485,473	435,308	32,548	
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	42,684	42,684	-	-	
Other assets	128,733,444	327,423	6,983,472	3,553,298	8,063,316	13,088,941	10,586,144	31,087,662	27,654,378	26,754,528	301,339,831	705,431,914	649,898,173	290,747,714	
	3,019,316,152	488,880,778	20,558,899	14,584,058	73,278,538	69,557,084	62,601,051	192,289,707	10,229,982	48,120,423	301,339,831	705,431,914	649,898,173	290,747,714	
Liabilities															
Bills payable	39,724,176	13,108,978	8,871,733	8,871,733	8,871,732	-	-	-	-	71,428	1,270,342	2,303,320	8,090,413	55,315,896	
Due to financial institutions	377,494,612	2,645,937	111,059,408	123,179,020	5,123,444	26,369,773	21,077,642	20,950,118	37,871	33,363,995	11,332,900	9,358,354	12,921,869	5,660,273	
Deposits and other accounts	2,217,420,536	1,981,717,768	12,630,512	18,290,345	36,387,350	15,281,760	16,385,600	30,056,867	34,632,943	33,363,995	11,332,900	9,358,354	12,921,869	20,980,000	
Sub-ordinated sukuk	20,980,000	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred tax liabilities	4,881,310	-	-	-	-	-	-	-	601,163	610,163	1,220,328	1,220,328	1,220,328	1,220,328	
Other liabilities	168,788,249	844,118	6,072,383	6,490,987	11,398,307	19,167,926	16,269,378	48,282,618	10,888,540	9,956,753	2,590,335	2,661,103	6,284,240	27,983,561	
	2,829,298,883	1,998,316,801	138,634,086	196,832,085	61,778,833	60,819,459	53,732,620	99,289,603	45,469,517	44,002,339	16,413,905	15,543,105	28,516,650	109,949,730	
Net assets	190,017,269	(1,509,436,023)	(118,075,187)	(142,248,027)	11,499,705	8,737,625	8,868,431	93,000,104	56,560,465	4,118,084	284,925,926	689,888,809	621,379,323	180,797,994	
Share capital	17,912,532	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reserves	371,064,473	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus on revaluation of assets	10,920,597	-	-	-	-	-	-	-	-	-	-	-	-	-	
Unappropriated profit	122,528,058	-	-	-	-	-	-	-	-	-	-	-	-	-	
Non-controlling interest	1,549,609	-	-	-	-	-	-	-	-	-	-	-	-	-	
	190,017,269	-	-	-	-	-	-	-	-	-	-	-	-	-	

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

2022

	Total	Upto 1 Day	Over 1 to 7 Days	Over 7 to 14 Days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 Year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Rupees in '000														
Assets														
Cash and balances with treasury banks	117,743,672	117,743,672	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	13,710,753	13,710,753	-	-	-	-	-	-	-	-	-	-	-	-
Due from financial institutions	34,964,299	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	1,287,316,423	430,510	2,335,560	2,749,820	8,455,672	7,940,803	2,281,684	24,299,991	309,464	783,631	4,296,970	216,041,978	34,964,299	892,153,122
Islamic financing and related assets	995,509,354	288,980,031	8,005,870	15,154,782	25,186,893	81,025,004	38,107,478	143,955,527	25,186,148	12,913,739	73,911,982	57,797,039	84,192,273	141,091,488
Fixed assets	40,824,658	28,720	17,321	201,042	459,524	1,340,171	670,642	2,570,878	3,799,169	1,280,205	3,158,240	374,704	749,407	13,771,643
Inangible assets	1,873,518	1,041	6,245	7,286	16,653	31,225	31,225	93,676	93,676	83,676	374,704	1,109,959	1,109,959	-
Deferred tax assets	4,439,835	-	-	-	-	-	-	-	554,979	554,979	-	-	-	-
Other assets	85,719,066	279,562	2,320,833	2,122,588	6,396,811	10,963,829	7,655,111	19,828,334	17,784,644	17,814,945	34,761	34,761	502,907	-
	2,581,900,578	421,174,289	12,840,829	20,235,488	40,515,553	101,301,132	48,746,150	190,746,406	47,708,080	33,421,175	82,886,616	315,435,736	992,479,311	274,405,803
Liabilities														
Bills payable	40,175,122	13,257,790	8,972,444	8,972,444	8,972,444	-	-	-	-	-	-	-	-	-
Due to financial institutions	573,326,439	2,288,935	105,138,698	23,793,134	145,384,564	120,221,095	84,078,910	23,513,500	-	19,735	518,145	1,930,569	9,057,809	57,375,033
Deposits and other accounts	16,580,469,588	1,460,232,706	8,936,398	9,236,718	18,123,288	18,687,094	11,075,804	22,113,911	17,034,687	20,089,632	38,167,302	6,392,202	15,959,760	14,399,866
Subordinated sukuk	20,990,000	-	-	-	-	-	-	-	-	-	-	-	-	20,990,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	169,804,739	419,845	3,189,589	3,104,190	8,191,418	62,160,870	13,271,188	22,162,316	22,171,423	2,043,918	2,392,535	2,930,938	16,771,775	10,994,734
	2,462,765,888	1,476,209,276	126,237,129	45,106,486	180,641,714	201,089,159	108,425,902	67,789,727	39,373,622	22,153,285	39,097,982	11,253,709	41,789,384	103,759,633
Net assets	119,134,690	(1,055,034,987)	(113,396,300)	(24,870,998)	(140,126,161)	(99,767,927)	(59,679,752)	(122,958,679)	8,075,458	11,267,890	43,790,634	30,4182,027	950,686,947	(70,646,170)
Share capital	17,968,243	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	28,212,137	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	72,485,599	-	-	-	-	-	-	-	-	-	-	-	-	-
Deficit on revaluation of assets	(663,671)	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	1,204,382	-	-	-	-	-	-	-	-	-	-	-	-	-
	119,134,690	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

48.3.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

	2023									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	242,612,195	242,612,195	-	-	-	-	-	-	-	-
Balances with other banks	11,458,281	11,458,281	-	-	-	-	-	-	-	-
Due from financial institutions	34,964,299	-	-	-	-	34,964,299	-	-	-	-
Investments	1,578,341,536	11,918,596	10,531,441	9,190,003	43,786,042	212,862,833	648,797,460	515,959,504	125,295,657	-
Islamic financing and related assets	961,673,012	113,036,219	135,591,507	186,073,322	157,455,961	48,381,541	58,403,174	127,216,690	108,677,236	26,837,362
Operating fixed assets	59,162,699	1,184,383	2,775,739	3,530,390	6,991,171	4,495,036	4,502,311	5,715,716	9,230,557	20,737,396
Intangible assets	2,370,686	73,293	218,025	205,371	327,203	593,465	485,473	435,308	32,548	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	128,733,444	16,096,340	24,849,695	32,774,465	54,408,904	42,664	42,664	518,712	-	-
	3,019,316,152	396,379,307	173,966,407	231,773,551	262,969,281	301,339,838	712,231,082	649,845,930	243,235,998	47,574,758
Liabilities										
Bills payable	39,724,176	39,724,176	-	-	-	-	-	-	-	-
Due to financial institutions	377,494,612	242,007,811	47,447,414	20,950,118	109,299	1,270,342	2,303,320	8,090,412	53,653,679	1,662,217
Deposits and other accounts	2,217,420,536	182,370,974	124,034,953	115,976,307	188,905,376	183,171,780	141,214,964	222,016,293	389,903,691	669,826,198
Sub-ordinated Sukuk	20,990,000	-	-	-	-	-	-	-	13,990,000	7,000,000
Deferred tax liabilities	4,881,310	-	-	-	1,220,328	1,220,328	1,220,327	1,220,327	-	-
Other liabilities	168,788,249	24,803,795	35,437,304	48,282,618	20,745,294	2,590,334	2,661,103	6,284,240	16,648,238	11,335,323
	2,829,298,883	488,906,756	206,919,671	185,209,043	210,980,297	188,252,784	147,399,714	237,611,272	474,195,608	689,823,738
Net assets	190,017,269	(92,527,449)	(32,953,264)	46,564,508	51,988,984	113,087,054	564,831,368	412,234,658	(230,959,610)	(642,248,980)
Share capital	17,912,532									
Reserves	37,106,473									
Surplus on revaluation of assets	10,920,597									
Unappropriated profit	122,528,058									
Non Controlling Interest	1,549,609									
	190,017,269									

	2022									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	117,743,672	117,743,672	-	-	-	-	-	-	-	-
Balances with other banks	13,710,753	13,710,753	-	-	-	-	-	-	-	-
Due from financial institutions	34,964,299	-	-	-	-	-	34,964,299	-	-	-
Investments	1,287,316,423	9,801,129	10,222,498	24,299,991	1,073,095	4,298,970	222,212,410	892,153,122	123,255,208	-
Islamic financing and related assets	995,508,354	109,889,188	170,557,448	191,790,440	166,278,496	73,911,982	57,797,039	84,192,273	116,506,442	24,585,046
Fixed assets	40,624,658	861,607	2,010,812	2,570,878	5,079,375	3,158,240	3,112,996	13,771,643	2,458,538	7,600,569
Intangible assets	1,873,518	31,225	62,451	93,675	187,352	374,704	749,407	749,407	-	-
Deferred tax assets	4,439,835	-	-	-	1,109,958	1,109,959	1,109,959	1,109,959	-	-
Other assets	85,719,066	11,119,773	18,618,940	19,828,334	35,579,590	34,761	34,761	502,907	-	-
	2,581,900,578	263,157,347	201,472,149	238,583,318	209,307,866	82,888,616	319,606,168	992,479,311	242,220,188	32,185,615
Liabilities										
Bills payable	40,175,122	40,175,122	-	-	-	-	-	-	-	-
Due to financial institutions	573,326,439	276,585,331	204,300,004	23,513,500	46,048	518,145	1,930,569	9,057,809	56,549,574	825,459
Deposits and other accounts	1,658,469,588	126,857,647	102,451,968	89,728,580	132,746,100	171,416,640	110,157,322	180,507,526	316,775,661	427,828,144
Subordinated sukuk	20,990,000	-	-	-	-	-	-	-	13,990,000	7,000,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	169,804,739	16,428,485	78,651,082	27,335,083	14,300,107	2,392,535	2,930,938	16,771,775	10,994,734	-
	2,462,765,888	460,046,585	385,403,054	140,577,163	147,092,255	174,327,320	115,018,829	206,337,110	398,309,969	435,653,603
Net assets	119,134,690	(196,889,238)	(183,930,905)	98,006,155	62,215,611	(91,438,704)	204,587,339	786,142,201	(156,089,781)	(403,467,988)
Share capital	17,896,243									
Reserves	28,212,137									
Unappropriated profit	72,485,599									
Deficit on revaluation of assets	(663,671)									
Non controlling interest	1,204,382									
	119,134,690									

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FOR THE YEAR ENDED DECEMBER 31, 2023

2022							
Specific Pools	Profit Rate and weightage announcement period	Profit rate return earned	Profit Sharing Ratio	Investment ratio	Profit rate return distributed	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
Islamic Export Refinance (IERS) Musharaka Pool	Monthly	9.18%	-*	-*	3.63%	N/A	N/A
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	16.80% - 7.32%	-*	-*	16.75% - 9.50%	N/A	N/A
Special Sharikah Certificate Musharaka / Mudaraba borrowing Pool	As required	19.00% - 7.32%	-*	-*	16.77% - 2.87%	N/A	N/A

* The profit sharing ratio and the investment ratio varies on case to case basis.

49.2 Following weightages have been assigned to different major products under the General pools during the year:

	Percentage to Total Mudaraba based Deposits		Maximum Weightage	Minimum Weightage	Maximum Weightage	Minimum Weightage
	2023	2022	2023	2023	2022	2022
PKR Pool						
Saving Accounts	28.20%	28.65%	0.41	0.40	0.40	0.36
Meezan Bachat Account	14.63%	17.29%	0.51	0.40	0.41	0.36
Karobari Munafa Account	8.46%	10.71%	0.52	0.40	0.57	0.36
Certificate of Islamic Investment	7.06%	10.96%	0.73	0.22	0.66	0.34
Meezan Aamdani Certificate	3.04%	4.45%	0.67	0.55	0.80	0.57
USD Pool						
Saving Accounts	4.49%	4.23%	0.59	0.45	0.45	0.45
Certificate of Islamic Investment	1.47%	1.76%	1.35	0.50	1.35	0.77
GBP Pool						
Saving Accounts	0.34%	0.37%	0.27	0.27	0.27	0.27
EUR Pool						
Saving Accounts	0.19%	0.18%	0.27	0.27	0.27	0.27

49.3 Allocation of Income and Expenses to Depositors' Pools

Following are material items of revenues, expenses, gains and losses

	2023	2022
	Rupees in '000	
Profit / return earned on Islamic financing and related assets, investments and placements	207,562,862	158,778,116
Other Income (including other charges and interpool income)	8,904,189	5,973,096
Directly related costs attributable to pool	(1,850,152)	(2,197,829)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

50 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated financial statements, wherever necessary, to facilitate comparison and better presentation.

51 NON-ADJUSTING EVENT

The Board of Directors of the Holding Company in their meeting held on February 15, 2024 has announced final cash dividend of Rs 8 per share (80%). The consolidated financial statements for the year ended December 31, 2023, do not include the effect of this appropriation which will be accounted for in the consolidated financial statements for the year ending December 31, 2024.

52 DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on February 15, 2024 by the Board of Directors of the Holding Company.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Faisal A. A. A.
Al-Nassar
Director



Mohammad Abdul Aleem
Director



Syed Imran Ali Shah
Chief Financial Officer

CONSOLIDATED STATEMENT SHOWING WRITTEN-OFF FINANCING OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE (ANNEXURE I)

DURING THE YEAR ENDED DECEMBER 31, 2023

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2023 as referred in note 11.13 to these consolidated financial statements.

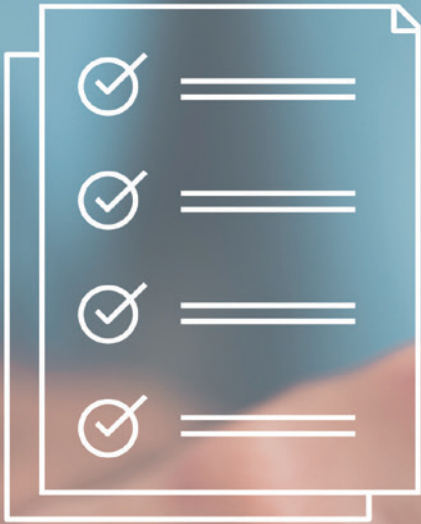
Rupees in '000

S. No.	Name and address of the borrower	Name of individuals / directors (with CNIC / Passport No)	Father's / Husband's Name	Outstanding liabilities as at January 1, 2023				Principal written-off	Profit written-off	Other Financial relief provided	Total (9+10+11)
				Principal	Profit	Others	Total (5+6+7)				
1	2	3	4	5	6	7	8	9	10	11	12
1	H.S.J. Steel Industries Suite No. 107-108, Block -4, Clifton Diamond, Clifton, Karachi	Muhammad Hanif Jiwani 42201-9797473-3 Amanat Ali 42301-0899317-7 Ahmed Hanif Jiwani 42201-4336944-1 Mrs Khairunnisa 42201-2526889-8	Suleman Ahmed Jiwani Muhammad Deen Muhammad Hanif Jiwani Muhammad Hanif Jiwani	17,599	69,749	-	87,348	-	48,895	-	48,895
2	Farris Textiles (Private) Limited Suite 27, Auriga Complex, Main Boulevard Gulberg II, Lahore	Iftikhar Ahmad 35202-2579353-3 Mirza Javaid iqbal 27061-53628-7	Mohammad Rashid Mirza Muhammad Yousaf	8,000	1,572	150	9,722	-	1,572	150	1,722
3	Aqua Safe Mineral Water Company A 65-B-C Gulberg III, Lahore	Muhammad Wasif 35202-1869160-7	Haji Muhammad Aslam	18,512	9,130	856	28,498	503	9,130	727	10,360
4	Chauhdry Mushtaq Shaukat House # 7, Street # 1, Bastami Road, Lahore	35202-3181465-5	Chauhdry Shaukat Ali	631	212	127	970	-	29	227	256
5	Faisal House # 1, Street # 17, Mohni Road, Lahore	35202-2594361-3	Muhammad Tariq	1,629	990	801	3,420	-	-	745	745
6	Shaista Munawar House # 3, Asif Town, Harbanspura, Lahore	35202-3369268-0	Munawar Hussain	2,917	1,740	545	5,202	-	1,606	186	1,792
7	Muhammad Safdar Chah Ramzan Wala, Piran Ghaib, Naiwala, Multan	36303-7848431-1	Allah Ditta	1,006	511	326	1,843	-	-	326	326
8	Sohaib Arshad House # 250, Block - C, Gulberg Colony, Faisalabad	33100-0642641-1	Arshad Islam	5,428	558	163	6,149	-	650	163	813

CONSOLIDATED STATEMENT SHOWING WRITTEN-OFF FINANCING OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE (ANNEXURE I) DURING THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000

S. No.	Name and address of the borrower	Name of individuals / directors (with CNIC / Passport No)	Father's / Husband's Name	Outstanding liabilities as at January 1, 2023				Principal written-off	Profit written-off	Other Financial relief provided	Total (9+10+11)
				Principal	Profit	Others	Total (5+6+7)				
1	2	3	4	5	6	7	8	9	10	11	12
9	Naveed Ahsan House # 580, Canal View Colony, Canal Road, Faisalabad	33100-0241706-3	Muhammad Ahsan Zaheer	1,609	754	73	2,436	-	513	73	586
10	Khalid Mehmood Bajwa House # 2176, Street # 34, I-10/2, Islamabad	61101-1907728-7	Muhammad Shareef Bajwa	758	332	222	1,312	-	239	221	460
11	Yasir Altaf House # 35-A, Street # 8, Sector A-4, Ghori Town, Islamabad	37405-0351877-5	Altaf Hussain	1,499	688	423	2,610	-	448	423	871
12	Dilshad Ahmed House # 1232, Street # 175 G-11/1, Islamabad	53404-0786954-7	Saddar uddin	823	249	218	1,290	-	193	218	411
13	Shakir Hussain House # 2, Arsalan Khan Street, Ajab Khan Afridi Road, Peshawar	17301-9646729-7	Muhammad Aziz	15,648	9,551	694	25,893	-	5,336	694	6,030
14	Waqas Ahmed House # 3, Street # 29A, D-17/2, Islamabad	13101-0877516-5	Mushtaq Ahmed	10,538	5,352	584	16,474	-	3,149	583	3,732
15	Mumtaz Alam House # 13, Block-J Gulberg III, Lahore	91404-0101600-5	Qamar Ali	19,000	8,714	913	28,627	-	7,097	913	8,010
				105,597	110,102	6,095	221,794	503	78,857	5,649	85,009



**ADDITIONAL
INFORMATION**

PATTERNS OF SHAREHOLDING

No. of Shareholders	From	No. of Shares	To	'Shares held'	Percentage
2,883	1	100		101,914	0.0057
1,964	101	500		563,610	0.0315
1,178	501	1,000		934,940	0.0522
1,875	1,001	5,000		4,459,212	0.2489
505	5,001	10,000		3,754,812	0.2096
203	10,001	15,000		2,527,562	0.1411
144	15,001	20,000		2,545,764	0.1421
97	20,001	25,000		2,216,791	0.1238
80	25,001	30,000		2,200,042	0.1228
56	30,001	35,000		1,849,064	0.1032
40	35,001	40,000		1,503,829	0.0840
38	40,001	45,000		1,630,774	0.0910
35	45,001	50,000		1,661,858	0.0928
27	50,001	55,000		1,433,762	0.0800
27	55,001	60,000		1,563,540	0.0873
22	60,001	65,000		1,370,500	0.0765
16	65,001	70,000		1,078,921	0.0602
14	70,001	75,000		1,023,075	0.0571
19	75,001	80,000		1,466,117	0.0818
15	80,001	85,000		1,241,307	0.0693
13	85,001	90,000		1,134,344	0.0633
10	90,001	95,000		9,21,365	0.0514
17	95,001	100,000		1,687,177	0.0942
4	100,001	105,000		411,973	0.0230
13	105,001	110,000		1,402,019	0.0783
7	110,001	115,000		783,170	0.0437
8	115,001	120,000		942,853	0.0526
6	120,001	125,000		741,842	0.0414
8	125,001	130,000		1,022,358	0.0571
4	130,001	135,000		532,268	0.0297
5	135,001	140,000		687,572	0.0384
9	140,001	145,000		1,287,920	0.0719
8	145,001	150,000		1,187,266	0.0663
3	150,001	155,000		457,991	0.0256
4	155,001	160,000		629,057	0.0351
9	160,001	165,000		1,466,373	0.0819
1	165,001	170,000		166,000	0.0093
7	170,001	175,000		1,212,524	0.0677
3	175,001	180,000		530,814	0.0296
5	180,001	185,000		915,378	0.0511
3	185,001	190,000		566,892	0.0316
4	190,001	195,000		771,420	0.0431
6	195,001	200,000		1,189,498	0.0664
2	200,001	205,000		400,913	0.0224
2	205,001	210,000		416,468	0.0232
1	210,001	215,000		212,624	0.0119
5	215,001	220,000		1,092,718	0.0610
1	220,001	225,000		221,365	0.0124
2	230,001	235,000		461,751	0.0258
1	235,001	240,000		236,700	0.0132
4	240,001	245,000		484,666	0.0271
4	245,001	250,000		998,292	0.0557
3	250,001	255,000		755,145	0.0422
4	255,001	260,000		1,029,759	0.0575
3	260,001	265,000		789,213	0.0441
3	270,001	275,000		818,484	0.0457
1	275,001	280,000		280,000	0.0156
1	285,001	290,000		288,150	0.0161
2	290,001	295,000		585,900	0.0327
6	295,001	300,000		1,795,747	0.1003
2	300,001	305,000		603,155	0.0337
1	320,001	325,000		324,223	0.0181
3	325,001	330,000		982,968	0.0549
2	335,001	340,000		677,432	0.0378
1	340,001	345,000		341,049	0.0190
2	345,001	350,000		696,000	0.0389
1	350,001	355,000		353,257	0.0197
3	365,001	370,000		1,103,414	0.0616
1	370,001	375,000		374,764	0.0209
2	380,001	385,000		762,991	0.0426
2	385,001	390,000		777,012	0.0434
1	390,001	395,000		393,250	0.0220
2	395,001	400,000		796,786	0.0445
1	400,001	405,000		400,180	0.0223
2	405,001	410,000		819,153	0.0457
1	410,001	415,000		411,729	0.0230
2	415,001	420,000		837,119	0.0467
1	420,001	425,000		425,000	0.0237
2	435,001	440,000		872,770	0.0487
2	440,001	445,000		886,046	0.0495
1	445,001	450,000		448,000	0.0250
2	450,001	455,000		909,947	0.0508
2	455,001	460,000		914,096	0.0510
2	460,001	465,000		921,562	0.0514
1	465,001	470,000		465,200	0.0260
1	480,001	485,000		481,900	0.0269
4	495,001	500,000		1,992,535	0.1112
1	505,001	510,000		506,321	0.0283
1	510,001	515,000		510,900	0.0285
2	515,001	520,000		1,035,000	0.0578
1	530,001	535,000		532,765	0.0297
1	535,001	540,000		539,100	0.0301
1	540,001	545,000		540,442	0.0302
1	545,001	550,000		548,440	0.0306
1	560,001	565,000		563,422	0.0315
2	565,001	570,000		1,136,067	0.0634
1	585,001	590,000		585,378	0.0327
1	590,001	595,000		592,000	0.0330
1	605,001	610,000		608,684	0.0340
1	615,001	620,000		618,673	0.0345
1	625,001	630,000		626,100	0.0350
1	645,001	650,000		650,000	0.0363

No. of Shareholders	No. of Shares		'Shares held'	Percentage
	From	To		
2	655,001	660,000	1,315,267	0.0734
2	660,001	665,000	1,324,542	0.0739
2	665,001	670,000	1,333,699	0.0745
1	685,001	690,000	689,494	0.0385
1	695,001	700,000	700,000	0.0391
1	710,001	715,000	713,431	0.0398
1	720,001	725,000	723,448	0.0404
1	730,001	735,000	733,653	0.0410
2	735,001	740,000	1,476,097	0.0824
1	745,001	750,000	745,344	0.0416
2	755,001	760,000	1,513,790	0.0845
1	785,001	790,000	788,274	0.0440
1	795,001	800,000	795,599	0.0444
3	810,001	815,000	2,438,824	0.1362
1	840,001	845,000	840,052	0.0469
1	845,001	850,000	847,550	0.0473
2	850,001	855,000	1,706,777	0.0953
1	895,001	900,000	896,700	0.0501
1	925,001	930,000	927,179	0.0518
1	985,001	990,000	988,973	0.0552
1	995,001	1,000,000	1,000,000	0.0558
1	1,035,001	1,040,000	1,036,358	0.0579
1	1,085,001	1,090,000	1,089,018	0.0608
1	1,100,001	1,105,000	1,104,766	0.0617
1	1,105,001	1,110,000	1,109,105	0.0619
1	1,140,001	1,145,000	1,140,923	0.0637
1	1,200,001	1,205,000	1,200,232	0.0670
2	1,250,001	1,255,000	2,506,776	0.1399
2	1,265,001	1,270,000	2,538,852	0.1417
1	1,270,001	1,275,000	1,271,339	0.0710
1	1,285,001	1,290,000	1,289,034	0.0720
2	1,290,001	1,295,000	2,583,899	0.1443
1	1,295,001	1,300,000	1,300,000	0.0726
1	1,325,001	1,330,000	1,325,420	0.0740
1	1,355,001	1,360,000	1,357,294	0.0758
3	1,440,001	1,445,000	4,323,726	0.2414
1	1,455,001	1,460,000	1,459,184	0.0815
1	1,470,001	1,475,000	1,471,659	0.0822
1	1,495,001	1,500,000	1,500,000	0.0837
1	1,525,001	1,530,000	1,529,000	0.0854
1	1,540,001	1,545,000	1,541,549	0.0861
2	1,545,001	1,550,000	3,100,000	0.1731
1	1,615,001	1,620,000	1,616,000	0.0902
1	1,62,5001	1,630,000	1,629,267	0.0910
1	1,680,001	1,685,000	1,683,715	0.0940
1	1,695,001	1,700,000	1,695,650	0.0947
2	1,700,001	1,705,000	3,404,973	0.1901
1	1,750,001	1,755,000	1,750,491	0.0977
1	1,815,001	1,820,000	1,819,724	0.1016
1	1,870,001	1,875,000	1,871,284	0.1045
1	1,885,001	1,890,000	1,890,000	0.1055
1	1,920,001	1,925,000	1,920,441	0.1072
2	1,995,001	2,000,000	3,995,318	0.2230
1	2,040,001	2,045,000	2,040,661	0.1139
1	2,055,001	2,060,000	2,058,741	0.1149
1	2,095,001	2,100,000	2,095,980	0.1170
1	2,290,001	2,295,000	2,292,800	0.1280
1	2,300,001	2,305,000	2,304,960	0.1287
1	2,310,001	2,315,000	2,312,612	0.1291
1	2,380,001	2,385,000	2,380,343	0.1329
1	2,430,001	2,435,000	2,433,058	0.1358
1	2,435,001	2,440,000	2,438,756	0.1361
1	2,505,001	2,510,000	2,508,779	0.1401
1	2,605,001	2,610,000	2,608,390	0.1456
1	2,700,001	2,705,000	2,705,000	0.1510
1	2,790,001	2,795,000	2,792,742	0.1559
1	2,885,001	2,890,000	2,885,501	0.1611
1	2,955,001	2,960,000	2,960,000	0.1652
1	2,995,001	3,000,000	3,000,000	0.1675
1	3,135,001	3,140,000	3,135,945	0.1751
1	3,175,001	3,180,000	3,175,584	0.1773
1	3,230,001	3,235,000	3,231,087	0.1804
1	3,285,001	3,290,000	3,287,785	0.1835
1	3,850,001	3,855,000	3,853,755	0.2151
1	4,005,001	4,010,000	4,008,303	0.2238
1	4,220,001	4,225,000	4,221,957	0.2357
1	4,360,001	4,365,000	4,361,365	0.2435
1	4,405,001	4,410,000	4,407,336	0.2460
1	5,580,001	5,585,000	5,584,234	0.3118
1	5,775,001	5,780,000	5,776,732	0.3225
1	6,085,001	6,090,000	6,089,524	0.3400
1	6,235,001	6,240,000	6,236,920	0.3482
1	6,700,001	6,705,000	6,702,838	0.3742
1	8,405,001	8,410,000	8,408,791	0.4694
1	8,425,001	8,430,000	8,427,315	0.4705
1	8,995,001	9,000,000	9,000,000	0.5024
1	9,070,001	9,075,000	9,071,711	0.5064
1	9,680,001	9,685,000	9,684,471	0.5407
1	10,240,001	10,245,000	10,242,717	0.5718
1	10,770,001	10,775,000	10,772,667	0.6014
1	11,185,001	11,190,000	11,186,785	0.6245
1	11,615,001	11,620,000	11,615,182	0.6484
1	14,240,001	14,245,000	14,240,532	0.7950
1	14,995,001	15,000,000	15,000,000	0.8374
1	29,065,001	29,070,000	29,067,063	1.6227
1	29,310,001	2,9315,000	29,311,960	1.6364
1	166,860,001	166,865,000	166,863,457	9.3155
1	536,885,001	536,890,000	536,887,288	29.9727
1	630,815,001	630,820,000	630,819,684	35.2167
Total	9,617		1,791,253,194	100.0000

CATEGORIES OF SHAREHOLDERS FOR THE YEAR ENDED DECEMBER 31, 2023

Particulars	2023			2022		
	Number of Shareholders	Shares held	Percentage	Number of Shareholders	Shares held	Percentage
Directors, Chief Executive, their spouse and minor children	6	14,894,856	0.83%	6	14,861,523	0.83%
Associated Companies, undertakings and related parties	11	1,347,059,126	75.20%	11	1,358,800,867	75.93%
Banks, Development Financial Institutions and Non Banking Finance Companies	22	26,593,014	1.48%	26	40,078,136	2.24%
Insurance Companies	15	42,232,902	2.36%	15	25,973,756	1.45%
Modaraba and Mutual Funds	84	28,411,454	1.59%	84	43,307,471	2.42%
General Public						
a.Local	7,827	97,495,686	5.44%	6,802	99,944,182	5.58%
b.Foreign	1,299	21,029,844	1.17%	1,296	22,719,211	1.27%
Others	353	213,536,312	11.92%	362	183,939,175	10.28%
Total	9,617	1,791,253,194	100.00%	8,602	1,789,624,321	100.00%

Additional Information as at December 31, 2023

Particulars	2023			2022		
	Number of Shareholders	Shares held	Percentage	Number of Shareholders	Shares held	Percentage
Associated Companies & Shareholders with more than 10% shareholding						
Noor Financial Investment Co, Kuwait	1	630,819,684	35.22%	1	630,819,684	35.25%
Pakistan Kuwait Investment Co. (Pvt.) Ltd.	1	536,887,288	29.97%	1	536,887,288	30.00%
Islamic Development Bank, Jeddah	1	166,863,457	9.32%	1	166,863,457	9.32%
CDC Trustee Meezan Islamic Fund	1	6,702,838	0.37%	1	15,079,983	0.84%
CDC Trustee Meezan Balanced Fund	1	302,023	0.02%	1	817,023	0.05%
CDC Trustee Meezan Dlicated Equity Fund	1	171,873	0.01%	1	498,227	0.03%
CDC Trustee Meezan Asset Allocation Fund	1	110,683	0.01%	1	526,683	0.03%
CDC Trustee Al Meezan Mutual Fund	1	1,871,284	0.10%	1	2,871,197	0.16%
CDC Trustee KSE Meezan Index Fund	1	1,471,659	0.08%	1	1,658,338	0.09%
CDC Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund	1	1,819,724	0.10%	1	2,712,724	0.15%
CDC Trustee Meezan Pakistan Exchange Traded Fund	1	38,613	0.00%	1	66,263	0.00%
Directors, Chief Executive, their spouse and minor children						
Mr. Mohammad Abdul Aleem	1	689,494	0.04%	1	689,494	0.04%
Ms. Nausheen Ahmad	1	764	0.00%	1	764	0.00%
Mr. Yousef S.M.A. AlSaad	1	550	0.00%	1	550	0.00%
Mr. Irfan Siddiqui	1	5,776,733	0.32%	1	5,743,400	0.32%
Executives	277	4,568,170	0.26%	51	5,081,580	0.28%
Public Sector Companies, Corporations, Banks, DFIs, NBFCs, Insurance Companies, Modaraba, Mutual Funds and other Organizations	474	310,773,682	17.35%	487	293,298,538	16.39%
General Public	8,851	122,384,675	6.83%	8,049	126,009,128	7.04%
Total	9,617	1,791,253,194	100.00%	8,602	1,789,624,321	100.00%

GLOSSARY

AAOIFI

Accounting and Auditing Organization for Islamic Financial Institutions.

Al-'Aqd

Contract

Al-Bai

A contract of sale which is exchange of thing of value with another thing of value with mutual consent.

Al-Bai' Al-Mu'ajjal

It is a contract of sale in which the seller allows the buyer to pay the price of a commodity at a future date in lump sum or in instalments.

Al-'Ijtihad

Endeavour of an Islamic jurist to derive or formulate a rule of law pertaining to a matter not explicitly mentioned in the Shariah sources.

Al-Kafalah

A contract of surety in which a person adds to his responsibility or liability on behalf of another person in respect of a demand for a loan or debt.

Bai' Al-Dain

Sale of debt.

Bai' Al-'Inah

A contract of sale, where a person sells an asset on credit and then buys back at a less price for cash.

Bai' Al-'Istijrar

A form of sale whereby the buyer keeps on taking the goods from the seller as and when needed without settling the price and then settles the account later on.

Bai' Al-Murabahah

Sale of goods with an agreed price by disclosing cost and profit.

Bai' Al-Musawamah

Sale of goods at a negotiated price without mentioning the cost to the buyer.

Bai Al-Salam

It is a kind of sale of specified homogenous goods in which full payment is in advance spot while the delivery of goods is deferred to a future date.

Bai' Al-Tawliyah

A contract of sale in which the seller agrees to sell a product at his cost by disclosing the cost.

Bai' Al-Wad'liyah

A sales contract in which a seller informs the buyer his actual cost and then gives a further discount on it.

Charity

Means monetarily helping those in need. In IBIs in order to mitigate the risk of delayed payment customer undertakes to pay an amount to IBI as charity in case of delay in payment which the IBI shall donate on behalf of the customer.

Diminishing Musharakah

It is a financing product being practiced by IBIs in which Bank and customer participate in joint ownership of a property. The share of the bank is divided into number of units and the units owned by the Bank are rented to the customer. Customer purchases these units from bank at periodic intervals, thereby increasing his/her share in the undivided property until all the units are purchased by the customer.

Fatwa

A decree by a competent Shariah scholar qualified to issue decrees (mufti) on a matter giving an opinion about the position of a matter in the light of the Shariah rules and principles.

Gharar

It means any element of absolute or excessive uncertainty in a contract

Hiba

Gift/Transfer of ownership of an asset without any consideration.

Ijara/Ijarah

Letting on lease; technically, sale of a definite usufruct in exchange for a definite reward; commonly used for wages. It also refers to a mode of financing adopted by Islamic banks. It is an arrangement under which an Islamic bank leases equipment, a building etc. to a client against an agreed rental for a definite period.

Ijma'

Consensus of the Islamic jurists (mujtahidin) on a certain Shariah issue. after the demise of the Holy Prophet (P.B.U.H.)

Islamic Banking

Banking in consonance with the ethics and value system of Islam as compared to conventional banking that conducts its business of borrowing and lending on the basis of interest.

Islamic Credit Card

It is a Shariah-compliant credit card whereby no riba is involved.

Istisna'a/Istisna

It is a kind of sale where a purchaser orders to a manufacturer to manufacture a specific commodity for the purchaser. It is necessary for the validity of Istisna that the price is fixed with the consent of the parties and that necessary specification of the commodity (intended to be manufactured) is fully settled between them.

Mudarabah

An agreement between two or more persons whereby one or more of them provide finance, while the other provides entrepreneurship and management to carry on the business venture whether trade, industry or service, with the objective of earning profits. They share the profit in an agreed proportion. The loss is borne only by the financier(s) in proportion to their share in total capital.

Mudarabah Al-Muqayyadah

A contract of Mudarabah in which certain conditions like place, season, commodities, credit and techniques of trade are stipulated by the provider of the capital (rabb al-mal).

Mudarabah Al-Mutlaqah

A contract of Mudarabah that does not bind the mudarib about the place, time, season, commodities, credit or techniques of trade.

Mudarib

A working partner; the partner who provides entrepreneurship and management in a Mudarabah agreement.

Musha'

Undivided ownership of two or more persons in an asset.

Parallel istisna

If the seller, after entering into a Istisna contract with buyer, enters into another separate and independent Istisna contract with a third party to manufacture goods of same specification then this arrangement is called Parallel Istisna

Parallel Salam

If the seller, after entering into a Salam contract with buyer, enters into another separate and independent Salam contract with a third party to acquire goods of same quality then this arrangement is called Parallel Salam.

Qard Al-Hasan

A loan with the stipulation to return the principal sum in the future without any increase.

Qimar

Qimar means gambling. Technically, it is an arrangement in which possession of a property is contingent upon the happening of an uncertain event.

Qiyas

To apply a recognized rule of Shariah expressly mentioned in the Holy Quran and Sunnah to a similar situation by way of analogy.

Rabb-ul-Maal

A person who invests capital in a Mudarabah.

Rahn

To pledge or lodge a real or corporeal property of material value, in accordance with the law, as security for a debt or financial obligation, so as to make it possible for the creditor to regain the debt or some portion of the goods or property in case of default.

Riba

Any monetary or non-monetary agreed benefit to the lender on a contract of loan

Shariah Audit

Audit of the operations of an Islamic financial institution to assess the extent to which the institution adhered to the requirements of the Shariah.

Shariah Board

Committee of Islamic scholars in Islamic Banks for guidance and supervision and whose decisions are binding upon the bank.

Shariah

Shariah means a pathway to be followed and can further be explained as a set of divine injunctions and laws that regulates every aspect of human beings in their individual and collective lives.

Shariah-compliant

An act or activity that complies with the requirements of the Shariah, or Islamic law.

Shirkah al-'aqd

A joint enterprise formed for conducting some business in which all the partners share the profit according to a specific ratio while the loss is shared according to the ratio of contribution.

Shirkah al-milk

It means joint ownership of two or more persons in a particular property without commercial intention.

Sukuk/ Sukook

Sukuk are certificates of equal value representing undivided shares in ownership of tangible asset, usufruct and services or (in the ownership of) the assets of particular projects or special investment activity.

Takaful

Islamic Insurance. A scheme of mutual support based on Islamic concept of waqf, wakalah or Mudarabah that provides insurance to individuals against hazards of falling into unexpected and dire need.

Tabarru'

It is a gift, the basic purpose of which is to seek the pleasure of Allah

Tijarah Financing

Sale & Agency based financing facility for customers who sell finished goods on credit basis. This facility enables customers to sell their finished goods stock to the Bank to meet their working capital requirements and enjoy the benefits of cash sales.

Wakalah

A contract of agency in which one person appoints someone else to perform a certain task on his behalf, usually against a certain fee.

Waqf

In Arabic language the word Waqf means preventing something from movement. In Shariah terminology, Waqf refers to making a property invulnerable to any disposition that leads to transfer of ownership and donating the usufruct of that property to beneficiaries.

Zakah (zakat)

A certain portion of wealth levied on Muslims having wealth above an exemption limit (nisab) at a rate fixed by the Shariah to purify wealth. Zakat is one of the five pillars of Islam. The objective is to take away a part of the wealth of the well-to-do and to distribute it among the poor and the needy.

NOTICE OF 28th ANNUAL GENERAL MEETING

Notice is hereby given that the 28th Annual General Meeting of the Members of Meezan Bank Limited (the 'Bank') will be held Insha'Allah on Friday, March 29, 2024 at 09:00 a.m. at Meezan House C-25, Estate Avenue, SITE, Karachi, Pakistan, (physical and virtual meeting) to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 27th Annual General Meeting held on March 29, 2023.
2. To receive, consider and adopt the Annual Audited Accounts of the Bank, Audited Consolidated Accounts for the year ended December 31, 2023, together with the Auditors' Report, Directors' Report and Chairman's Review Report thereon.

In accordance with Section 223 of the Companies Act, 2017 and pursuant to the S.R.O. 389(I)/2023 dated March 21, 2023, the financial statements of the Bank can be accessed through the following weblink and QR enabled code.

<https://www.meezanbank.com/annualreport/>



3. To appoint auditors of the Bank for the year ending December 31, 2024 and to fix their remuneration. The present auditors, M/s. A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.
4. To consider and, if thought fit, approve as recommended by the Board of Directors, final cash Dividend at the rate of Rs. 8/- per share i.e. 80% in addition to Rs. 12/- per share i.e. 120% interim cash Dividend already declared / paid for the year December 31, 2023.

SPECIAL BUSINESS

5. To consider and, if thought fit, approve the amendments in Directors' Remuneration Policy of the Bank and to pass the following resolution as an ordinary resolution:

"RESOLVED THAT the amendments in the Directors' Remuneration Policy of the Bank, as presented to the shareholders, be and is hereby approved."

6. To transact any other business with the permission of the Chair.

Statements under section 134 (3) of the Companies Act, 2017 pertaining to special business are enclosed.

By Order of the Board

Muhammad Sohail Khan
Company Secretary

Karachi
February 15, 2024

Notes:

1. CLOSURE OF SHARE TRANSFER BOOKS

The Members' Register will remain closed from March 25, 2024 to March 29, 2024 (both days inclusive). Transfer received at the Share Registrar office, by the close of business on March 22, 2024 will be treated in time for the purpose of entitlement to receive the 80% cash dividend and attend, vote and speak in the 28th Annual General Meeting.

2. Requirements to attend the AGM through Video-Link

- As per SECP circular 4 of 2021 dated February 15, 2021, the Bank is providing a video link facility for participation in the AGM. This facility is in addition to holding a physical AGM at a designated venue. Members or their proxy holders who wish to attend the AGM through the Video-Link are required to register themselves by providing the following information, along with a valid CNIC/Passport (both sides) copy, board resolution, or power of attorney as applicable, via email at agm@meezanbank.com, by the close of business hours (1:00 PM) on Friday, March 22, 2024.

Name of Shareholders/Proxy	CNIC / Passport No.	Folio No./CDC Participant ID No.	Cell No.	Email Address
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- Link to video connectivity will be sent to the shareholders on their e-mail addresses after necessary verification from the records.
- Shareholders will be able to log in and participate in the Annual General Meeting proceedings through their smartphones or computer devices.

- The login facility will be available from 08:50 a.m. till the end of the Annual General Meeting on March 29, 2024, enabling the participants to join the proceedings which will start at 09:00 a.m. sharp, Insha'Allah.
 - In addition to the above, Shareholders can also give their suggestions/comments on the proposed agenda of the Annual General Meeting by e-mailing at the designated e-mail address agm@meezanbank.com
3. Copies of the Minutes of the 27th Annual General Meeting held on March 29, 2023, of Meezan Bank Limited, are available for inspection by Members as required under Section 152 of the Companies Act, 2017.

4. GUIDELINES FOR CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED (CDC) INVESTOR ACCOUNT HOLDERS

CDC Investor Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan (SECP).

FOR ATTENDING THE GENERAL MEETING

- A member entitled to attend the Annual General Meeting may appoint any other person as his/her proxy to attend the meeting through video-link. A proxy form is enclosed.
- In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the Annual General Meeting.
- In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Annual General Meeting.

5. VIDEO CONFERENCE FACILITY FOR ATTENDING GENERAL MEETINGS

If the Bank receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 07 days prior to the date of the Annual General Meeting, the Bank will arrange a video conference facility in that city subject to availability of such facility in that city.

To avail this facility, a request to be submitted to the registered address of the Bank 07 days before holding of the Annual General Meeting.

6. POSTAL BALLOT / E-VOTING FACILITY

Shareholders will be allowed to exercise their right to poll in accordance with the requirements of Sections 143 to 145 of the Companies Act, 2017 and the Companies (Postal Ballot) Regulations, 2018.

7. AVAILABILITY OF ANNUAL ACCOUNTS ON BANK'S WEBSITE

As required under Section 223 (7) of the Companies Act 2017, audited Financial Statements of the Bank have been uploaded on website of the Bank which can be downloaded from the Bank's website: www.meezanbank.com

Furthermore, in accordance to the S.R.O. 389(I)/2023 dated March 21, 2023, the financial statements of the Bank can also be accessed through the weblink and QR enabled code mentioned in agenda No. 2.

8. TRANSMISSION OF ANNUAL REPORTS

The Securities and Exchange Commission of Pakistan (SECP) through S.R.O. 389(I)/2023 dated March 21, 2023 has provided an option for shareholders to receive Annual Report along with the notice of Annual General Meeting electronically through E-mail and in hard copy. Hence, members who are interested in receiving the Annual Reports and notice of Annual General Meeting electronically in future are requested to send their request on the prescribed form placed on the Bank's website, which can be accessed from the following link, to the Bank's Share Registrar.

<https://www.meezanbank.com/wp-content/themes/mbl/downloads/Annual-Report-Request-Form.pdf>.

THE FOLLOWING CIRCULARS / NOTIFICATIONS REQUIRE SPECIAL ATTENTION OF THE SHAREHOLDERS

9. PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE (E-DIVIDEND) - MANDATORY

Under section 242 of the Companies Act, 2017, and Regulation No. 4 of the Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.

In order to receive dividend directly into the bank account, shareholders are requested to fill the 'E-Dividend Mandate Form' available on Bank's website and send it duly completed and signed along with a copy of his / her valid CNIC to the Bank's Share registrar, THK Associates (Pvt.) Ltd., Plot No. 32-C, Jami Commercial Street 2, D.H.A. Phase VII, Karachi -75500, Pakistan UAN 111-000-322.,(in case of physical shares).

In case shares are held in CDC then the 'E-Dividend Mandate Form' must be submitted directly to shareholder(s)'broker/participant/CDC account services.

Shareholders can directly register for e-Dividend Services by visiting CDC Portal: <https://eservices.cdcaccess.com.pk/public/index.xhtml>

E-Dividend Mandate Form

Folio Number/CDC Sub Account Number	
Name of Shareholder	
Title of the Bank Account	
International Bank Account Number (IBAN)	
Name of Bank	
Branch Name, Branch Code, Address	
Cell and Landline number	
CNIC/ Passport No. (Attach copy)	
Signature of Shareholder	

10. SUBMISSION OF VALID CNIC COPY (MANDATORY)

In terms of Regulation No. 06 of the Companies (Distribution of Dividends) Regulations, 2017 read with Section 243(3) of the Companies Act, 2017, listed Companies are entitled to withhold payment of dividend, if shareholders have not provided copies of their valid Computerized National Identity Cards (CNIC)/ Passport Number as well as complete and valid details of designated bank accounts (IBAN) for direct credit of cash dividend.

The shareholders are therefore requested to submit a copy of their valid CNIC/NTN/Passport Number within ten (10) days from the date of this Notice to the Bank's Registrar and Share Transfer Agent/CDC (as the case may be). In case the same have already been provided, then these instructions may be ignored.

The shareholders while sending copies of their CNICs must quote their respective folio numbers and names for identification purpose.

11. TAX IMPLICATION ON DIVIDENDS

The Government of Pakistan has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies/banks. These rates are as per law.

To enable the Bank to make tax deduction on the amount of Cash Dividend, all the members whose names are not entered into the Federal Board of Revenue's (FBR) Active Tax-Payers List (ATL), despite the fact that they are tax return filers, are advised to make sure that their names are entered into ATL, before the date of book closure for cash dividend; otherwise, tax on their cash dividend will be deducted as non-filer.

12. TAX ON JOINT SHAREHOLDING

All shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Shares Registrar, in writing as follows:

Folio/CDS	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

The required information must reach our Shares Registrar by the close of business (01:00 pm) on March 22, 2024 otherwise it will be assumed that the shares are equally held by principal shareholder and joint holder(s) and tax will be deducted according to the proportionate holding of each shareholder as clarified by the FBR vide its clarification letter No. I(54) Exp/2014-132872-R, dated September 25, 2014.

13. TAX EXEMPTION CERTIFICATE

Shareholders claiming tax exemption under clause 47(B) of Part IV of the Second Schedule of Income Tax Ordinance, 2001 are requested to provide a valid exemption certificate under section 159 (1) of the Income Tax Ordinance, 2001 latest by March 21, 2024, to our Shares Registrar before the date of Book closure as required vide FBR clarification letter No. 1(43) D.G. (W.H.T.) / 2008-Vol.II-66417-R dated May 12, 2015.

14. INTIMATION OF CHANGE OF ADDRESS AND DECLARATION OF NON-DEDUCTION OF ZAKAT

Members are requested to immediately notify regarding the change, if any, in their registered and/or e-mail addresses, in writing, and their declaration for the non-deduction of Zakat (if applicable), to the Share Registrar and Transfer Agent of the Bank i.e. THK Associates (Pvt.) Ltd., Plot No. 32-C, Jami Commercial Street 2, D.H.A. Phase VII, Karachi -75500, Pakistan, UAN 111-000-322 (in case of Physical scrips) whereas Members/CDC Account holders are requested to contact their CDC Participant/CDC Account Services for the same, but no later than close of business hours (01:00 p.m.) on March 22, 2024.

15. CONVERSION OF PHYSICAL SHARES INTO BOOK-ENTRY FORM

The Securities and Exchange Commission of Pakistan (SECP) through its letter No. CSD/ED/Misc/2016- 639-640 dated March 26, 2021 has advised the listed companies to adhere with the provisions of section 72 of the Companies Act, 2017 (the 'Act') by replacing shares issued by them in Physical Form with the shares to be issued in the Book-Entry Form. Meezan Bank Limited (the 'Bank'), being a listed company is also required to comply with aforesaid provisions of Act.

The shareholders of Meezan Bank Limited having physical folios/share certificates are requested to convert their shares from physical form into Book Entry Form as soon as possible. The shareholders may contact their Broker, a PSX Member, CDC Participant or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent induction of the physical shares into Book Entry Form.

It would facilitate the shareholders in many ways including safe custody of shares, no loss of shares, avoidance of formalities required for the issuance of duplicate shares and readily available for sale and purchase in open market at better rates. The shareholders of Bank may contact the Share Registrar and Transfer Agent of the Bank, namely THK Associates (Pvt.) Limited at the following address for the conversion of physical shares into Book-Entry Form.

THK Associates (Pvt.) Limited,
Plot No. 32-C, Jami Commercial, Street 2, D.H.A,
Phase VII, Karachi -75500. Tel # 021-353101091-6
UAN: 021-111-000-322 Email: secretariat@thk.com.pk and
sfc@thk.com.pk

16. UN-CLAIMED DIVIDENDS / SHARES

The shareholders are hereby informed that in accordance with section 244 of the Companies Act, 2017 and the unclaimed shares, Modaraba certificates, Dividend, other instruments and undistributed Assets Regulations, 2017, the companies are required to deposit cash dividends to the credit of the Federal Government and shares to the Commission, which are undelivered/unclaimed for a period of three (3) years or more from the date it is due and payable.

The details of unclaimed dividends, undelivered bonus, and right shares are available on the bank's website, which can be accessed at <https://www.meezanbank.com/unclaimed/>

STATEMENTS OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 IN RESPECT OF SPECIAL BUSINESS

This statement sets out the material fact concerning the resolution contained in agenda No. 5 of Notice pertaining to the special business to be transacted at the Annual General Meeting of the Bank to be held on March 29, 2024.

17. AMENDMENTS IN DIRECTORS' REMUNERATION POLICY

In terms of SBP's BPRD Circular No. 3 of 2019 dated August 17, 2019, the shareholders of Meezan Bank approved the Bank's Directors' Remuneration Policy in their 24th Annual General Meeting held on March 26, 2020. The State Bank of Pakistan, vide its BPRD Circular No. 05 of 2021 dated November 22, 2021, issued the Corporate Governance Regulatory Framework (CGRF), wherein said Circular, Prudential Regulations, definitions, and annexures related to corporate governance have been consolidated and superseded.

Accordingly, the Board of Directors in their 102nd meeting held on April 18, 2023 recommended the amendments in Directors' Remuneration for Shareholder approval. The amendments mainly relate to aligning the Policy with SBP Corporate Governance Regulatory Framework (CGRF) issued vide BPRD Circular No. 5 of 2021 dated November 22, 2021. A complete revised Directors' Remuneration policy is available in Annual Report 2023

In order to align the policy with the CGRF, the shareholders of the Bank are requested to approve the amendments in Directors' Remuneration policy.

The non-executive directors are interested in the payment of remuneration and the remaining members of the Board have no interest in the matter.

DIRECTORS' REMUNERATION POLICY

Purpose of Policy

The State Bank of Pakistan, as annexures to BPRD Circular No. 1 of 2017 dated January 25, 2017 issued "Revised Guidelines on Remuneration Practices" (the "Guidelines") and to BPRD Circular No. 5 of 2021 dated Nov 22, 2021 issued Corporate Governance Regulatory Framework ("CGRF"). The Guidelines require that the Board of Directors should constitute a Board Remuneration Committee (the "BRC") and the Regulation G-14(2)(ii) of CGRF requires that the BRC shall formulate a comprehensive and transparent remuneration policy for the Chairman and other Directors.

The Board's Human Resource Remuneration and Compensation Committee (BHRR&C), after due deliberation revise the policy to ensure transparency and fairness as per the said SBP Guidelines and CGRF. The purpose of Directors' Remuneration Policy (hereinafter referred as "the Policy") is to set out the guidelines for determination of remuneration of the Board of Directors of Meezan Bank Limited (hereinafter referred to as 'Bank'), for attending Board and its Committees' Meetings as per Companies Act, 2017, Article of Association of the Bank, State Bank of Pakistan (SBP)'s Corporate Governance Regulatory Framework (CGRF) and SBP's Instructions / Circulars issued from time to time.

The Policy applies to all members of the Board, who are entitled to remuneration for attending Board and its committees' meetings. The remuneration of the directors, including the Chairman, for attending meetings of the Board and its committees, will be determined by the Board of Directors and approved by the shareholders. It is clarified that this Policy does not deal with the remuneration of executive directors, who are to be paid usual TA/DA as per the Bank's standard rules and regulations.

Maintenance & Updation

This Policy in its entirety shall be reviewed by the Board HRR&C Committee after every three (03) years or otherwise as and when required. However, any regulatory requirement (as and when issued) contrary to this Policy shall supersede this Policy and must be complied at all times.

Approval and Implementation

The policy will be presented to the Board of Directors (BOD) of the Bank on the recommendation of the Board HRR&C Committee & Shariah Board.

The Policy will be reviewed and approved by the Shareholders in the AGM/EOGM preferably on a pre facto basis on the recommendation of the Board of Directors, as per SBP CGRF Regulation G-14 (2)(i).

The Board HRR&C Committee will take the policy to the Board for their review and recommendation. All subsequent reviews of the document shall continue to be approved at the same level.

Guidelines for Directors' Remuneration

1. General

- 1.1. Remuneration to Non – Executive Directors (including Chairman) shall be paid in accordance with relevant laws and regulations.
- 1.2. Remuneration shall be fixed in Pakistani Rupees (PKR) invariably; nevertheless, payment of the same can be made to foreign Directors in equivalent foreign currency(ies), where necessary, subject to prior regulatory approvals/regulatory instructions as may be required from time to time.
- 1.3. Income Tax, at applicable rates will be deducted from the payment of Meeting fee.
- 1.4. No single member of the Board of Directors shall determine his/her own remuneration.
- 1.5. Accountability of the Directors shall be ensured through their periodic performance evaluation.

2. Disclosure Requirements

- 2.1 Proper and transparent disclosure of remuneration and other benefits/ facilities provided to the Board members shall be made in the annual financial statements of the Bank, as per SBP instructions issued from time to time.
- 2.2 All regulatory disclosure requirements regarding Directors' Remuneration will be complied with.

3. Provisions to deal with remuneration of underperforming Director(s)

The performance evaluation of (a) overall Board, (b) the Chairperson and (c) individual directors will be done in accordance with the 'Performance Evaluation Mechanism' as per the Guidelines issued vide SBP's BPRD Circular No. 11 of 2016 dated August 22, 2016 and Regulation G-13 of SBP CGRF issued vide BPRD Circular No. 5 of 2021 dated Nov 22, 2021, as amended from time to time.

A Director whose average score during the Board's Performance Evaluation exercise is below 60% shall be considered as an 'underperforming Director'. His/her case will be referred to the Board Human Resource Remuneration and Compensation (BHRR&C) Committee for consideration. The BHRR&C Committee will decide and recommend the

course of action in such cases to the Board for approval. The decision of the Board will be valid till the next Board performance evaluation is conducted.

4. Remuneration of Non-Executive and Independent Directors for attending Board / Committee Meetings

Components of Remuneration

SBP, vide CGRF Regulation G-14 issued vide BPRD Circular No. 5 of 2021 dated November 22, 2021, has fixed the maximum limits of Remuneration for attending a Board / Committee Meeting as under:

Banks which have above Rs 500 billion Assets size or above Rs 1 billion after tax profit (as per last audited annual accounts) up to Rs.800,000/- (Rupees Eight Hundred Thousand only) and for other banks up to Rs 500,000/- (Rupees five hundred thousand only).

SBP has authorized the banks to determine their own maximum remuneration limits for their board members (including Chairman) taking into consideration the level of responsibility and expertise of the concerned directors, however the remuneration of Directors (including Chairman) shall not exceed the maximum limit specified by the Regulator. Accordingly, the following fee structure is approved:

4.1. The Fees for attending the Board and its Committee meetings shall be as follows:

	Board meeting Fee (Rs per meeting)	Committee meeting Fee (Rs per meeting)
Chairman	960,000	650,000
Other Non-executive Directors	800,000	650,000

4.2. The meeting fee, in any case, shall not exceed the limits prescribed by the Regulators.

4.3. The Chairman's fee for attending a Board meeting is higher than that of other non-executive Directors within the limit prescribed by law i.e. up to 20% of the normal fee limit, as the office of the Chairman requires investment of additional time and effort to ensure the focus and effectiveness of the Board meetings and to ensure that the Board is effective in its task of setting and implementing the Bank's direction and strategy.

4.4. A Director may be allowed to attend Board meeting via telephone or video conference for a maximum of two meetings per annum. The meeting fee for such participation would be 50% of the normal meeting fee.

4.5. A Director may attend any number of Committee meetings via telephone or videoconference. Normal fee for Committee meeting will be paid to every Non-Executive Director for attending Committee meeting physically or via telephone or Video conference.

4.6. All traveling/boarding/lodging expenses of the Directors related to Attendance of Board Meeting(s)/ Committee Meetings will be borne by the Bank at actuals. Expenses such as hotel stay, etc. incurred due to personal reason or reason other than performance of Bank' duties and business will be borne by the concerned Director.

4.7. The Committee meeting fee for the Chairman would be the same as that for other Directors.

4.8. No additional payments or prerequisites will be paid to the Non-Executive Directors and Chairman except as mentioned in above clauses.

4.9. No consultancy or allied work shall be awarded to a Director or to the firm(s), institution(s) or company(ies) etc. in which he/she individually and/or in concert with other Directors of the Bank, holds substantial interest.

5. Remuneration of the Executive Directors for attending Board / Committee Meetings

5.1 No remuneration under this policy would be paid to the Executive Directors except travel and boarding costs as per the Bank's standard rules and regulations and relevant laws.

أَلْحَمْدُ لِلَّهِ



Meezan Bank
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Meezan Bank Limited

E-Dividend Mandate Form

According to Section 242 of Companies Act, 2017 and Circular No. 18/2017 dated August 1, 2017 issued by Securities and Exchange Commission of Pakistan (SECP), from November 1, 2017 all listed companies are to pay dividend only through electronic mode directly into the bank accounts designated by the entitled shareholders.

In view of above, Shareholder(s) are advised to provide their complete bank account / IBAN detail as per format given below required under clause 7,8 and 9 (ii) of the Companies (Distribution of Dividends) Regulations, 2017 issued under S.R.O.1145 (I) / 2017 dated November 06, 2017 by SECP enabling us to comply with the above Section/Circular.

For physical Shareholder(s):

THK Associates (Pvt) Limited, Plot No. 32-C Jami Commercial Street 2, DHA, Phase VII, Karachi-75500, Pakistan.

For CDC Account holder (s)

in case of CDC account holder / Sub-account holder, please provide said details to CDC / to respective member Stock Exchange.

Company Secretary

E-Dividend Mandate Details

It is requested that all my cash Dividend amounts declared by the Bank may be credited into the following bank account:

Folio Number / CDC Participants ID A/c No.	
Name of Shareholder(s)	
Title of the Bank Account	
Bank Account Number (Complete) / IBAN	
Bank's Name, Branch Name, Branch Code and Address	
Cell Number	
Landline Number, if any	
Email Address	
CNIC Number/ Passport Number (in case of foreign Shareholder) (attach copy)	
It is stated that the above mentioned information is correct, that I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar/Participant/CDC Investor Account Services as soon as these occur.	
<hr/> Signature of Shareholder (Please affix company stamp in case of a corporate entity)	
Note: Please provide complete IBAN, after checking with your concerned bank branch to enable electronic credit directly into your bank account. The payment of cash dividend will be processed on the basis of the IBAN alone. Meezan Bank is entitled to rely on the IBAN information as per your instructions (provided by you). The Bank shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and /or due to any event beyond the control of the Bank.	

میزان بینک لمیٹڈ

ای ڈیویڈنڈ مینڈیٹ فارم

کمپنیز ایکٹ، 2017 کی شق 242 اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 18/2017 بتاریخ یکم اگست، 2017 کے ذریعے تمام لسٹڈ کمپنیوں کو ہدایت کی گئی ہے کہ یکم نومبر، 2017 کے بعد سے ادا ہونے والے ڈیویڈنڈ کی رقم الیکٹرانک طریقہ کار سے براہ راست شیئر ہولڈرز کی طرف سے فراہم کردہ بینک اکاؤنٹ میں منتقل کی جائے۔

درج بالا ہدایات کے پیش نظر، آپ سے گزارش کی جاتی ہے کہ اپنے مکمل "انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN)" کی تفصیل درج ذیل نمونہ کے مطابق کمپنی کو فراہم کریں۔ جس کی ہدایت 6 نومبر، 2017 کو SECP نے جاری کردہ SRO 1145(I)/2017 میں Companies (Distribution of Dividends) Regulations, 2017 کی شق 8، 7 اور 9(ii) کے مطابق کی ہے، تاکہ ہم درج بالا شق پر عمل پیرا ہو سکیں۔ سی ڈی سی اکاؤنٹ ہولڈر/سب اکاؤنٹ ہولڈر یہ تفصیل متعلقہ ممبر اسٹاک ایکسچینج کو مہیا کریں۔

فزیکل شیئر ہولڈرز کے لئے
ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پلاٹ نمبر C-32، جہاں کمرشل اسٹریٹ 2، ڈی ایچ اے، فیئر VII، کراچی-75500، پاکستان
سی ڈی سی اکاؤنٹ ہولڈرز کے لئے
اگر آپ سی ڈی سی اکاؤنٹ ہولڈر/سب اکاؤنٹ ہولڈر ہیں تو برائے مہربانی نیچے دی گئی تفصیلات سی ڈی سی/اسٹاک ایکسچینج کے معزز ممبر کو فراہم کریں۔

کمپنی سیکریٹری

ای ڈیویڈنڈ مینڈیٹ کی تفصیل:

درخواست کی جاتی ہے کہ بینک کی جانب سے اعلان کردہ میرے ڈیویڈنڈ کی تمام رقم مندرجہ ذیل بینک اکاؤنٹ میں منتقل کی جائے:

فونو نمبر/سی ڈی سی پارٹیکلپیشن آئی ڈی نمبر:	
شیئر ہولڈر کا نام:	
بینک اکاؤنٹ جس نام سے ہے:	
مکمل بینک اکاؤنٹ نمبر (IBAN):	
بینک کا نام، برانچ کا نام، کوڈ اور پتہ:	
موبائل نمبر:	
فون نمبر (اگر ہے):	
ای میل:	
کمپیوٹرائزڈ شناختی کارڈ نمبر/ پاسپورٹ نمبر (اگر غیر ملکی شیئر ہولڈر ہوتو) (کاپی منسلک کریں):	

بیان کیا جاتا ہے کہ درج بالا معلومات درست ہیں، اور یہ کہ میں درج بالا معلومات میں کوئی بھی تبدیلی واقع ہونے کی صورت میں کمپنی اور متعلقہ شیئر رجسٹرار پارٹیکلپنٹ ای ڈی سی انویسٹر اکاؤنٹ سروسز کو فوری طور پر مطلع کروں گا/گی۔

دستخط شیئر ہولڈر

(برائے مہربانی کارپوریٹ ادارے کی صورت میں کمپنی کی مہر ثبت کریں)

نوٹ: برائے مہربانی اپنے اکاؤنٹ میں برادراست الیکٹرانک کریڈٹ کا اہل بننے کے لئے اپنا مکمل IBAN اپنی متعلقہ بینک برانچ سے تصدیق کے بعد فراہم کریں۔

نقد ڈیویڈنڈ کی ادائیگی کی کارروائی صرف IBAN کی بنیاد پر کی جائے گی۔ میزان بینک کو صرف آپ کی ہدایات کے مطابق IBAN کی (آپ کی جانب سے فراہم کردہ) معلومات پر اصرار کرنے کا اختیار ہے۔ میزان بینک اس معاہدہ کے تحت اپنی کسی بھی ذمہ داری کی ادائیگی میں غلطی، تاخیر یا ناکامی کی وجہ سے بلا واسطہ یا بواسطہ ہونے والے کسی بھی ضرر، نقصان، ذمہ داری یا دعوئی کے لئے جوابدہ نہیں ہوگا اگر آپ کی جانب سے ادائیگی کی غلط ہدایات اور/یا بینک کے کنٹرول سے باہر کسی واقعہ کی وجہ سے پیش آئے ہوں۔



FORM OF PROXY

The Company Secretary
Meezan Bank Limited
Meezan House
C-25, Estate Avenue S.I.T.E,
Karachi, Pakistan.

I/We _____ of _____ being a member(s) of Meezan Bank Limited and holder of _____ ordinary shares as per Share Register Folio No. _____ and/or CDC Investor Account No. / Participant I.D No. _____ and Sub Account No. _____ do hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to attend, speak, vote and act for me/us on my/our behalf at the 28th Annual General Meeting of Meezan Bank Ltd. to be held on Friday, March 29, 2024 at 9:00 a.m. at Meezan House, C-25, Estate Avenue, S.I.T.E., Karachi, Pakistan and at any adjournment thereof.

Signed this _____ day of _____ 2024.

Please affix
revenue
stamp of
appropriate
value

Signature of Member(s)/Attorney
The Signature should agree
with the specimen registered
with the Company

Witness 1

Signature: _____
Name: _____
Address: _____
CNIC or Passport No: _____

Witness 2

Signature: _____
Name: _____
Address: _____
CNIC or Passport No: _____

NOTES:

- Proxies in order to be effective must be received by the Company not later than 48 hours before the time of the meeting.
- A member entitled to attend and vote at the Meeting may appoint another person as his/her proxy to exercise all or any of his rights to attend, speak and vote for him/her.
- Members are required to timely notify any change in their address to Bank's Shares Registrar THK Associates (Pvt.) Ltd. Plot No. 32-C Jami Commercial Street 2, DHA, Phase VII, Karachi-75500, Pakistan.
- Shareholders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
- If any member appoints more than one proxy and more than one instruments of proxies for any one meeting are deposited with the Company, all such instruments of proxy shall be rendered invalid.

For Attending the Meeting:

- In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.

- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

For Appointing Proxies:

- The Proxy form be signed by the appointer or his attorney duly authorized in writing, or if the appointer is a body corporate, be under its seal or be signed by an officer or any attorney duly authorized by it.
- In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted along with proxy form to the Company.
- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of CNIC or the passports of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.

Please affix
correct
postage

The Company Secretary
Meezan Bank Limited
Meezan House, C-25,
Estate Avenue, SITE,
Karachi, Pakistan.



نمائندگی فارم

جناب کمپنی سیکرٹری
میزان بینک لمیٹڈ
میزان ہاؤس،
۲۵-C، اسٹیٹ ایونیو، سائٹ،
کراچی، پاکستان۔

میں/ہم _____ کا/کے _____ بحیثیت رکن
میزان بینک لمیٹڈ اور شیئر رجسٹر فولیو نمبر _____ یاسی ڈی سی انویسٹر اکاؤنٹ نمبر/سی ڈی سی پارٹنیشن آئی ڈی نمبر _____
اور ذیلی اکاؤنٹ نمبر _____ کے مطابق _____ عمومی حصص کا/کے مالک،
_____ کے/کی _____ یا بصورت دیگر _____
_____ کے/کی _____ کو اپنا/ہمارا نمائندہ مقرر کرتا ہوں/کرتی ہوں/کرتے ہیں اور
میزان بینک لمیٹڈ کے ۲۹ مارچ ۲۰۲۳ بروز جمعہ بوقت ۹:۰۰ بجے صبح کو میزبان ہاؤس، ۲۵-C، اسٹیٹ ایونیو، سائٹ، کراچی، پاکستان میں منعقد ہونے والے ۲۸ ویں سالانہ اجلاس عام
یا اس کے ملتوی شدہ اجلاس میں شرکت کرنے، رائے دینے اور اپنی/ہماری جگہ ووٹ دینے کا اہل قرار دیتا ہوں/دیتی ہوں/دیتے ہیں۔

براہ کرم مناسب قیمت
والے ریونیو اسٹیپ
چسپاں کریں۔

رکن (اراکین) کے دستخط

دستخط بینک میں رجسٹرڈ
نمونے سے مطابقت رکھنے چاہئے۔

گواہ 2:

_____ دستخط
_____ نام
_____ پتہ
_____ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر

دستخط _____ ویں روز _____ ۲۰۲۳ کو کئے گئے۔

گواہ 1:

_____ دستخط
_____ نام
_____ پتہ
_____ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر

نوٹس:

- 1- نمائندگی کا تقرر نامہ مؤثر ہونے کے لئے اجلاس سے کم از کم 48 گھنٹے پہلے کمپنی کو موصول ہو جانا چاہئے۔
- 2- سالانہ اجلاس میں حاضر ہونے اور ووٹ دینے کا حق دار کوئی بھی ممبر کی دوسرے ممبر کو اجلاس میں حاضر ہونے ارانے اور ووٹ دینے کے اپنے کسی ایک یا تمام حقوق استعمال کرنے کے لئے اپنی/اپنا نمائندہ مقرر کر سکتا ہے۔
- 3- ممبران سے درخواست ہے کہ اپنے پتے میں کسی بھی قسم کی تبدیلی کی صورت میں بینک کے شیئر رجسٹرار THK ایبوسی ایٹس (پرائیویٹ) لمیٹڈ، پلاٹ نمبر C-32، جانی کرشیل اسٹریٹ 2، ڈی ایچ اے، VII کراچی-75500، پاکستان کو فوراً مطلع کریں۔
- 4- مزید برآں، شیئر ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر 1 مجریہ 26 جنوری 2000 میں فراہم کردہ ہدایات کی پیروی کرنی ہوگی۔
- 5- اگر کوئی ممبر ایک سے زائد نمائندے مقرر کرتا ہے اور کسی ایک اجلاس کے لئے ایک سے زائد پراسی فارم موصول ہوتے ہیں، ایسی صورت میں تمام پراسی فارم فیورٹو ترجیحے جائیں گے۔

اجلاس میں شرکت کرنے کے لئے:

- 1- انفرادی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا جن کی سیکورٹیز رجسٹر گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق آپ لوڈ ہوں، کو اجلاس میں شرکت کے وقت اصل قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھانا ہوگا۔
- 2- کارپوریٹ ادارے کی صورت میں، اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرارداد یا بورڈ آف انارنی امیدوار کے شخصی دستخط کے ساتھ کمپنی کو پراسی فارم کے ساتھ جمع کروانی ہوگی (تا وقتیکہ پہلے فراہم نہ کی گئی ہو)۔
- 3- کارپوریٹ اداروں کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد یا بورڈ آف انارنی امیدوار کے شخصی دستخط کے ساتھ جن دو افراد سے پراسی فارم کی تصدیق کروانی جائے گی ان کے نام، پتے کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم میں درج کیے جائیں گے۔
- 4- اصل مالکان اور ان کے نمائندوں کی کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول پراسی فارم کے ساتھ منسلک کی جائیں گی۔
- 5- نامزد شخص کو اجلاس میں شرکت کے وقت اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوں گے۔

برائے مہربانی
درست ڈاک ٹکٹ
چسپاں کریں

محترم کمپنی سیکریٹری
میزان بینک لمیٹڈ
میزان ہاؤس C-25، اسٹیٹ ایونیو
سائٹ، کراچی، پاکستان



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Meezan Bank
The Premier Islamic Bank

Head Office: Meezan House, C-25, Estate Avenue, SITE, Karachi - Pakistan.

PABX: (92-21) 38103500 **UAN:** 111-331-331 & 111-331-332

www.meezanbank.com