



Meezan Bank
The Premier Islamic Bank



FORM-5

March 5, 2025

MEBL/CS/PSX-20/020/2025

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

TRANSMISSION OF ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2024 - MEEZAN BANK LIMITED

Dear Sir,

السلام عليكم

We have to inform you that the Annual Report of Meezan Bank for the year ended December 31, 2024 have been transmitted through PUCARS and is also available on Bank's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,

Muhammad Sohail Khan
Company Secretary

Encl: As above.

Meezan Bank Ltd.

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



Meezan Bank
The Premier Islamic Bank

A JOURNEY OF **ACHIEVEMENTS**



Annual Report
2024

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Message From the Founding President & CEO

Reflecting on a Legacy of Trust and Purpose

Alhamdulillah. All praise belongs to Allah ﷺ, the Most Gracious, the Most Merciful.

As I pen this milestone message — my final contribution to Meezan Bank's Annual Report as CEO — my heart is filled with profound gratitude, deep humility, and heartfelt reflection.

Gratitude-first and foremost, to Allah ﷺ, who has showered His mercy and barakah upon this institution, guiding us through every challenge and blessing us beyond measure.

Humility-because this success is not mine; it is part of something much greater — a vision beyond any one individual, built by an extraordinary team, strengthened by the trust of our customers and stakeholders, and, above all, guided by an unwavering commitment to Islamic principles that have defined Meezan Bank from the very beginning.

Reflection-as I look back at this incredible journey, I can only marvel at how far we have come.

Meezan Bank has made history this year, becoming the first bank in Pakistan to surpass Rs 100 billion in profit after tax. Yet, as remarkable as this achievement is, true success is not measured in numbers, but in trust — trust from our customers, who believe in our mission; trust from our regulators, who have supported our growth; and trust from our employees, who see their work as more than a job — it is a mission, an amanah, a calling.

From an Idea to an Industry

In the early 90s, Islamic banking was an untested idea — met with skepticism and uncertainty. It was my wife, Dr. Ghazala, who first encouraged me to step away from riba-based finance and seek — or, if necessary, create — a credible, sustainable alternative. In fact, it was she who coined the name "Al Meezan," inspired by Surah Rahman's message of balance and justice.

That conviction led to the founding of Al Meezan Investment Bank in 1997 — at a time when Islamic banking in Pakistan simply did not exist. But Allah's mercy is limitless. With His blessings, barakah, and the dedication of our team, what was once a distant dream is now a defining reality.

Meezan was never just about building a bank — it was about creating an industry. Before Meezan, there was no structured, credible Islamic banking model in Pakistan. From day one, our vision was clear: "Establish Islamic banking as banking of first choice..." Not just for Meezan, but for the entire financial landscape.

Over the past three decades, we have grown organically from a single office to over 1,000 branches. Along this journey, we also strategically acquired the Pakistan operations of two global banks, strengthening our foundation. In 2002, we acquired Societe Generale's four-branch network, which enabled us to secure a commercial banking license and transition from Al Meezan Investment Bank into Pakistan's first full-fledged Islamic commercial bank — Meezan Bank Limited. And in 2014, we acquired HSBC Pakistan's ten-branch network, bringing with it invaluable technical expertise and a standards-based approach. These milestones played a pivotal role in shaping Meezan into the industry leader it is today.

Alhamdulillah, our unwavering commitment to this mission has not only made us the Best Islamic Bank but also the only bank in Pakistan to be recognized as Best Bank by the

Pakistan Banking Awards — four times in the past seven years. This is more than just an accolade; it is proof that ethical, riba-free finance is not only viable but superior.

Today, Islamic finance is flourishing — embraced by regulators, businesses, and millions of customers. And Meezan Bank is more than just a leader in this space — it is the very face of Islamic banking in Pakistan. A benchmark of trust, excellence, and uncompromising Shariah compliance, Meezan has set the standard for what Islamic finance can and should be.

Seeing this industry grow and thrive, with new players entering the market, is deeply fulfilling. What once seemed like an ambitious dream is now an unstoppable movement — one that, insha'Allah, will shape Pakistan's economic future for generations to come.

The Pillars of Meezan's Success

If I were to distill the secret behind Meezan's success, three fundamental principles stand out:

Faith – The Foundation of Everything: Meezan was founded on unwavering faith — not just in the principles of Islamic finance, but in the conviction that if we remained sincere in our purpose, Allah ﷺ would place barakah in our efforts. Every major decision we made — no matter how difficult — was guided by Shariah compliance and integrity.

People – The Heart of Meezan: Meezan's greatest strength is its people. This institution was built not by one person, but by tens of thousands of dedicated individuals who believed in its mission, who worked with sincerity and excellence, and who saw Meezan not as a job, but as a cause. Their dedication, sincerity, and excellence have shaped Meezan into what it is today. Our customers, shareholders, Shariah Board, and Board of Directors have been pillars of trust and support, making it possible for Meezan to not only thrive but redefine banking in Pakistan.

Balance – The Principle of Meezan: The name 'Meezan' means balance, and this principle has guided our journey at every step — balancing faith with professionalism, growth with sustainability, profitability with ethics, and ambition with humility. This equilibrium has been our strength, ensuring that success is not just measured in numbers, but in integrity and impact.

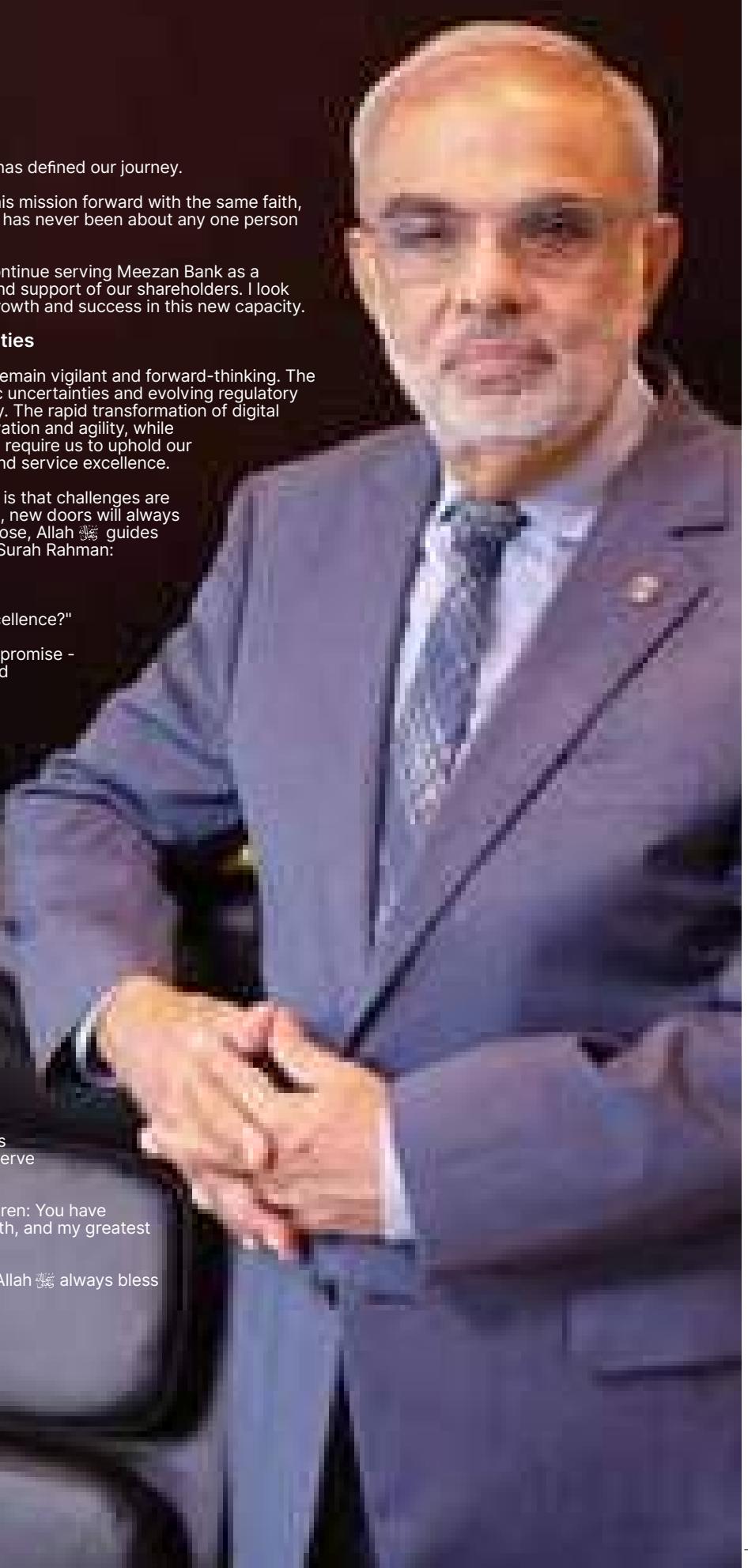
We never chased short-term gains at the cost of long-term integrity — and Allah ﷺ has blessed us for it.

Leadership Continuity – A New Dawn

In accordance with the Code of Corporate Governance of the State Bank of Pakistan, I will, insha'Allah, retire on December 29, 2025, upon reaching the age of 70.

One of the greatest responsibilities of leadership is ensuring a seamless transition — a challenge that many organizations face. It is deeply gratifying to witness this critical process unfolding in a well-planned, structured, and orderly manner, ensuring stability and continuity for Meezan Bank's mission.

As I prepare to pass the baton in December 2025, I do so with absolute confidence that Meezan's future is in strong, capable, and committed hands. Syed Amir Ali, our Deputy CEO and CEO-designate, is not just a seasoned banker — he is a leader deeply aligned with Meezan's values, a firm believer in Islamic finance, and a driving force for innovation and excellence. I have no doubt that, under his leadership, Meezan's dedicated team will continue to scale new heights,



Insha'Allah, while staying true to the mission that has defined our journey.

To the Meezan family — this is your time. Carry this mission forward with the same faith, excellence, and sincerity. Meezan Bank's success has never been about any one person — it is about the mission.

It is an honour for me that post retirement I will continue serving Meezan Bank as a member of the Board, insha'Allah, with the trust and support of our shareholders. I look forward to contributing to the Bank's continued growth and success in this new capacity.

The Road Ahead – Challenges & Opportunities

As we celebrate this historic milestone, we must remain vigilant and forward-thinking. The road ahead will bring new challenges — economic uncertainties and evolving regulatory landscapes will test our resilience and adaptability. The rapid transformation of digital banking and fintech will demand continuous innovation and agility, while intensifying competition in the financial sector will require us to uphold our unwavering commitment to Shariah compliance and service excellence.

Yet, if Meezan's journey has taught us anything, it is that challenges are opportunities in disguise. With faith and resilience, new doors will always open. And when you work with sincerity and purpose, Allah ﷺ guides the way. I am reminded of the powerful words of Surah Rahman:

هَلْ جَرَاءُ الْإِحْسَانِ إِلَّا لِلْإِحْسَانِ

"Is there any reward for excellence other than excellence?"

Meezan Bank stands as living proof of this divine promise - where every sincere effort, guided by integrity and excellence, has been met with rewards beyond imagination.

My Message to the Meezan Family

To my team — past, present, and future: You are the guardians of this mission. Stay true to our values. Never compromise on ethics. Always strive for excellence. Islamic banking is not just an industry — it is a responsibility, an amanah (trust).

To our esteemed Chairman, the Board of Directors, and our distinguished Shariah Board - especially our founding Chairman, Hazrat Mufti Taqi Usmani Saheb — your unwavering guidance, wisdom, and support have been pillars of strength for Meezan Bank. Your dedication to this mission has been instrumental in shaping our journey, ensuring that Meezan remains firmly rooted in both excellence and Shariah compliance. I am deeply grateful for your leadership, commitment, and the trust you have placed in the team, the institution and the cause.

To our customers and stakeholders: Your trust has been our greatest asset, and we will continue to serve you with sincerity, excellence, and humility.

To my family — my late parents, my wife, my children: You have been my biggest supporters, my source of strength, and my greatest blessings.

Remember, Meezan's story has just begun...May Allah ﷺ always bless Meezan Bank, its people and its mission. Ameen!

Irfan Siddiqui

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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 2024. 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 13, 2025 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, 2024 to December 31, 2024 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, 2024 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.

Our Presence

We are serving you with Shariah-compliant banking services nationwide, through:



1,051
Branches

1,219
ATMs

351
Cities

12
Consumer Finance
Centres

23
Bank Booths

15
Premium Banking
Centres

Digital Channels

Meezan
Mobile
App



Meezan
WhatsApp
Banking



Meezan
Internet
Banking



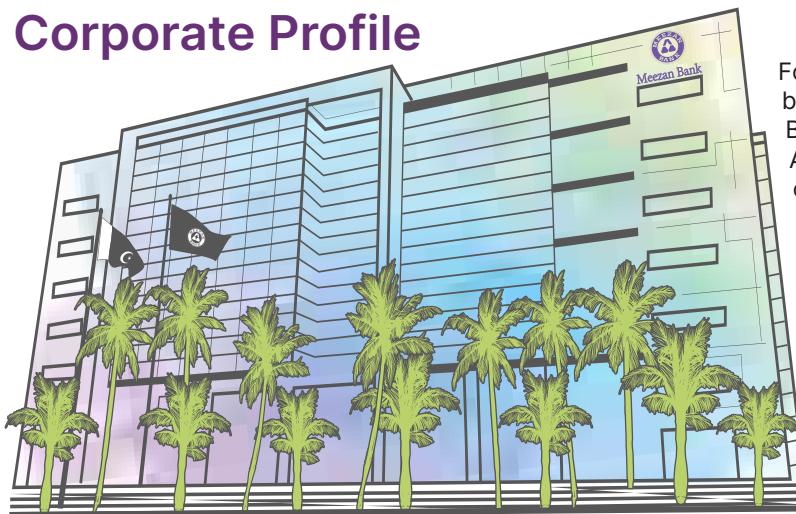
Punjab	Branches	ATMs	Islamabad Capital Territory	Branches	ATMs
Bahawalpur	54	54	Islamabad	55	63
Faisalabad	68	81	Rawalpindi	43	62
Gujranwala	83	45		98	125
Lahore	154	197	Khyber Pakhtunkhwa	87	93
Multan	90	65	Balochistan	40	34
Sargodha Region	36	36	Azad Jammu & Kashmir	14	12
Sahiwal	6	38	Gilgit-Baltistan	5	6
Sialkot	20	43			
	511	559			
Sindh					
Karachi	240	326			
Hyderabad	56	64			
	296	390			



For detailed branch locations, please visit our website:

www.meezanbank.com

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 1,051 branches in 351 cities.

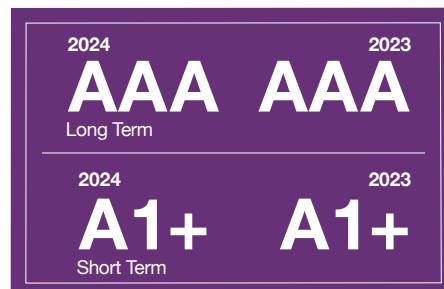
Meezan Bank is a public listed company sponsored by leading financial institutions from Pakistan and the Middle East. The Bank offers a complete range of Islamic banking products and services through an extensive retail banking network.

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

27 January 1997	31 January 2002	20 March 2002	17 October 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 2024

18 April 2024	08 August 2024	21 October 2024	13 February 2025	27 March 2025
1st Quarter Results	2nd Quarter Results	3rd Quarter Results	Annual Results	29th Annual General Meeting scheduled

Corporate Information

BOARD OF DIRECTORS

Riyadh S. A. A. Edrees	Chairman
Bader H.A.M.A. AlRabiah	Vice Chairman
Saad Ur Rahman Khan	
Faisal Fahad AlMuzaini	
Tariq Mahmood Pasha	
Zine Elabidine Bachiri	
Mohammad Abdul Aleem	
Nausheen Ahmad	
Abdulrazzaq T.A.M. Razooqi	President & CEO (Executive Director)
Irfan Siddiqui	

SHARIAH BOARD

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

The profiles of the Board of Directors and Shariah Board members are available on our website and in this report.

MANAGEMENT

Irfan Siddiqui	President & 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

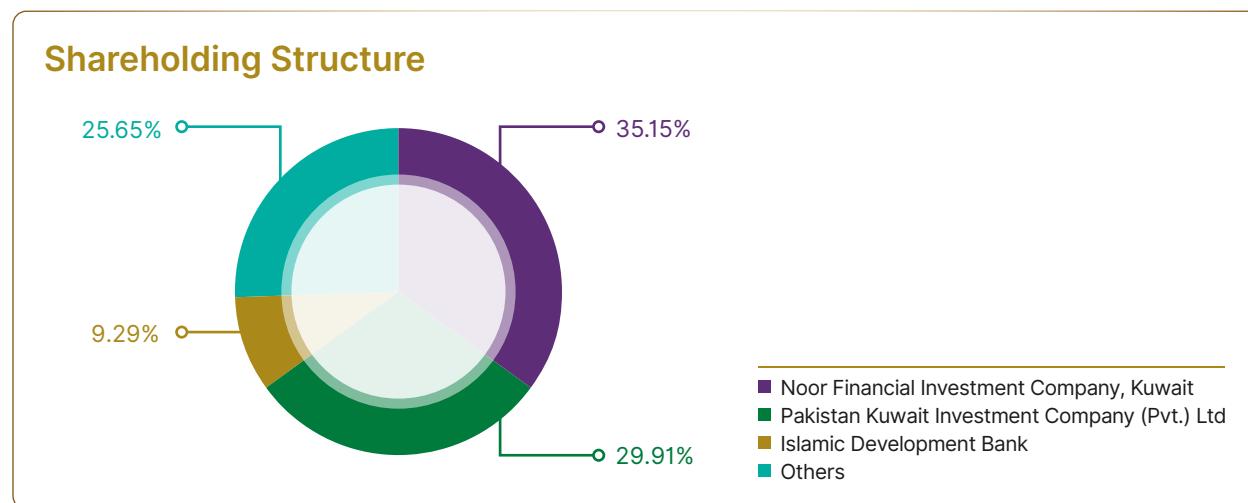
Meezan Bank Share Information

Company Name	Stock Name
 Meezan Bank Limited	 MEBL
Listed on	Financial Year End
 PAKISTAN STOCK EXCHANGE	 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 and 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 (Pvt.) Ltd



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 45 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 & Services

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

Deposit Products	Branchless Banking	Financing Products
Meezan Rupee Current & Savings Accounts PKR	Smart Remittance Wallet Wallet Account	Murabaha Short-Term Facility Procurement of Raw Material & Stock in Trade
Meezan Asaan Current & Savings Accounts PKR	Smart Asaan Mobile Account Wallet Account	Musawamah Short-Term Facility Procurement of Raw Material and Stock in Trade
Meezan Express Current & Savings Accounts PKR	Smart Disbursement Solution Employee Salary Wallet Account	Istisna Short-Term Facility Working Capital Finance for Manufacturers
Meezan Kids Club Savings Accounts PKR	Smart Wallet Wallet Account	Commodity Salam Short-term Facility Working Capital Finance for Agri/ homogeneous products
Meezan Teen Club Savings Account PKR		Tijarah Short-Term Facility Working Capital Solution for Traders and manufacturers
Meezan Asaan Student Current & Savings Accounts PKR		Ijarah Long-Term Rental Facility
Meezan Senior Citizen Savings Account PKR		Running Musharakah Business partnership based on Profit & Loss sharing
Meezan Women First Savings Account PKR, USD, GBP, EUR		Diminishing Musharakah Long-Term Rental Facility Based on Joint Ownership
Meezan Labbaik Savings Account Hajj & Umrah Pilgrimage Facility PKR		Structured Finance Solutions Hybrid Solutions for CAPEX, BMR & Special Financing Requirements
Meezan Kafalah Savings Account PKR		Letter of Credit Services Kafalah & Wakala Based Facility for Import Facilitation
Meezan Bachat Savings Account PKR		Short-Term Import Financing Murabaha Musawamah Based Facility for Financing Letter of Credit Long-Term Import Financing
Meezan Plus Current Remunerative Account PKR		Long-Term Import Financing Ijarah DM Based Facility for Financing Letter of Credit
Karobari Munafa Savings Account PKR		Shariah-compliant Hedging Wa'ad-Based Hedging Facility
Foreign Currency Current & Savings Account USD, GBP, EUR		Alternative To Export Bill Discounting Bai Salam/Musawamah/Tijarah/ Running Musharakah based Facility, Sale of Sukuk against debt
Meezan Roshan Digital Current & Savings Account PKR, USD, GBP, EUR		Islamic Export Refinance Scheme Subsidized Short-Term Financing for Exporters
Meezan Roshan Resident Current & Savings Account USD, GBP, EUR		Islamic Long Term Finance Facility Subsidized Ijarah Diminishing Musharakah Based Financing for Exporters
Meezan Payroll Partner Digital Employee Banking Solution		Guarantee Services Payment & Performance Guarantees Kafalah Based Service
Account Opening Facility for Freelancers Current & Savings Account PKR		Retail Supply Chain Financing Working Capital Financing for Small Scale Retailer
Meezan Digital Asaan Current & Savings Account PKR		Digital Supply Chain Financing Working Capital Financing using Digital platform & FinTech
Meezan Digital Remittance Current & Savings Account PKR		Commercial Vehicles Financing for SME & Corporate Segments
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 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	Transaction & Employee Banking	
Meezan Digital Account Opening App	Meezan eBiz+ Payments & Cash Management Solution	
Meezan Mobile Banking App		
Meezan Internet Banking	Meezan eBiz+ LITE SME Payments Solution	
Meezan WhatsApp Banking		
SMS Alerts	Meezan Payroll Partner Employee Banking	
Meezan ATM Network		

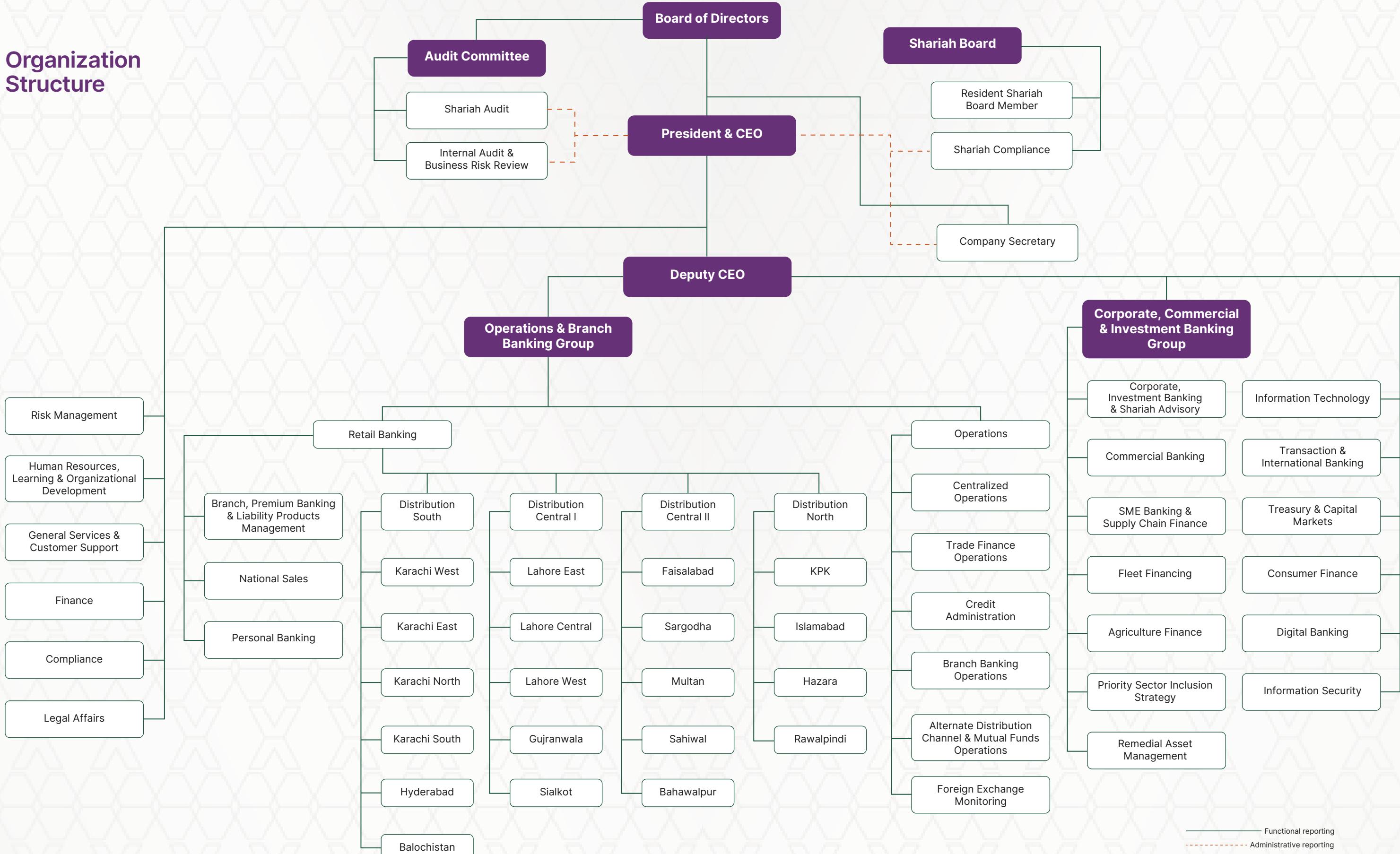


Detailed information is available on our website.



www.meezanbank.com

Organization Structure



Functional reporting

Administrative reporting

Our Leadership

Senior Management Team

Mr. Irfan Siddiqui	President & 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. Rizwan Qamar Lari	Group Head Internal Audit & Business Risk Review
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 Operations
Mr. Javed Ahmed	Chief Compliance Officer & General Manager Compliance
Mr. Shariq Mubeen	Chief Digital Officer & General Manager - Digital Banking
Mr. Muhammad Farhan Ul Haq Usmani	Head Shariah Audit
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

Distributions & Regions

Mr. Anwar Ul Haq	Distribution Head - Central I
Mr. Abid Hussain Abid	Distribution Head - Central II
Syed Salman Ahmed	Distribution Head - South
Mr. Shaikh Raashed Rauf	Distribution Head - North
Mr. Moazzam Saeed Khan	General Manager - Faisalabad
Mr. Rai Shahid Amin	General Manager - Lahore Central
Mr. Amir Ali Durrani	Regional Manager - Balochistan
Chohdry Asif Javed	Regional Manager - Lahore West
Mr. Khurram Behzad Memon	Regional Manager - Hyderabad
Mr. Mashkoor A.G. Khan	Regional Manager - Karachi South
Mr. Muhammad Ejaz Nadeem	Regional Manager - Bahawalpur
Mr. Shaikh Raashed Rauf *	Regional Manager - Islamabad
Mr. Alam Zeb	Regional Manager - Hazara
Mr. Aneeq Ejaz Qureshi	Regional Manager - Rawalpindi
Mr. Arif Aslam Khan	Regional Manager - KPK
Mr. Muhammad Yasir Abaidullah	Regional Manager - Gujranwala
Mr. Ateeq Ur Rehman	Regional Manager - Multan
Mirza Aamir Iqbal	Regional Manager - Karachi East
Mr. Muhammad Akram Zaheer	Regional Manager - Karachi West
Mr. Muhammad Asadullah*	Regional Manager - Sargodha
Mr. Muhammad Saleem	Regional Manager - Sahiwal
Mr. Nadeem Kaleem Sheikh	Regional Manager - Sialkot
Mr. Shoeb Muhammad Shaikh	Regional Manager - Karachi North
Syed Muhammad Imran Shah	Regional Manager - Lahore East

* Officiating

Awards and Recognitions

For almost three decades, 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 2024 are mentioned below:



Mr. Irfan Siddiqui - President & CEO, Meezan Bank while receiving the Best Bank award from Mr. Jameel Ahmed - Governor, State Bank of Pakistan at the 9th Pakistan Banking Awards.



Syed Amir Ali - Deputy CEO, Meezan Bank and his team at the 21st Annual Excellence Awards, CFA Society of Pakistan.



Syed Amir Ali - Deputy CEO, Meezan Bank while receiving the award from Mr. Murad Ali Shah - Chief Minister Sindh, at the Management Association of Pakistan 39th Corporate Excellence Awards.

2024

Pakistan Banking Awards

Best Bank

CFA Society Pakistan

Best Bank of the Year – Large Size Banks

Islamic Bank of the Year

Best Digital Banking Services Award of the Year

Best Transaction of the Year (Runner-up)

Best Investor Relations (Runner-up)

The Banker

Bank of the Year Awards

Bank of the Year, Pakistan

Islamic Banking Awards

Most Innovative Murabaha

Asian Banking and Finance

Retail Banking Awards

Analytics Initiative of the Year – Pakistan

Digital Business Banking Initiative of the Year – Pakistan

Pakistan Stock Exchange

Top 25 Companies for the Year 2023

Employers Federation of Pakistan (EFP)

Employer of the Year - Gold Award – Large National Companies

Recognized for Occupational Health & Safety at OSH Awards by EFP

MAP - Management Association of Pakistan

Best Company in Financial Category

WorkL

World's Happiest Workplaces 2025

ICAP and CA Pakistan

Digital Technology Awards – 'Best Dashboard Prepared' (First Prize)

Global Islamic Finance Awards

Shariah Authenticity Award

Shariah Auditor of the Year

Best Islamic Bank

Islamic Finance News, Malaysia

Best Islamic Retail Bank

Best Islamic Bank in Pakistan

Best Islamic Investment Bank in Pakistan

Best Islamic Corporate Bank in Pakistan

Best Islamic Retail Bank in Pakistan

Best Islamic Digital Offering by a Bank in Pakistan

Global Finance - World's Best Islamic Financial Institutions

Best Islamic Financial Institution in Pakistan

Asset Triple A Islamic Finance Awards

Telecom Deal of the Year – Pakistan

Engro Enfrashare Private Limited 6 billion Rupees Islamic

syndicated term finance facility

Water Deal of the Year – Pakistan

Enertech Water (Private) Limited 51.5 billion Rupees

Islamic project finance facility

Energy Update

International Solar Power Conclave & Technology Excellence Awards

VISA

Highest Visa Debit E-Commerce Spend – 2024

Launch of World's First Financial Inclusion Card – 2024

PayPak

Top Islamic Bank Incremental Card Issuance – 2024

Top PayPak Acquirer – 2024

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	2022
Islamic Banking Awards	Pakistan Banking Awards
Islamic Bank of the Year (Global & Asia-Pacific) Excellence in Digital Islamic Banking (Global)	Best Consumer Bank
Innovation in Digital Banking Awards	CFA Society Pakistan
Winner – Cyber Security	Best Bank of the Year – Large Size Banks Best Islamic Bank of the Year Best Digital Banking Services Award of the Year
Global Finance - World's Best Islamic Financial Institutions	The Asian Banker
Best Islamic Financial Institution in Pakistan	The Asian Banker CEO Leadership Achievement for Pakistan Award – Mr. Irfan Siddiqui, Founding President & CEO, Meezan Bank
Global Islamic Finance Awards	Best Managed Bank in Pakistan – Meezan Bank
Shariah Authenticity Award Shariah Auditor of the Year GIFA Most Outstanding Leader in Islamic Finance	The Banker
Pakistan Society of Human Resource Management	Islamic Bank of the Year, Pakistan
Most Preferred Employer – Financial Services Industry	Islamic Finance Forum of South Asia (IFFSA) Awards
Asian Banking And Finance	Gold Award for Islamic Finance Entity of the Year (Large Category)
Corporate & Investment Banking Awards	Gold Award for Islamic Bank of the Year
Project Infrastructure Finance Deal of the Year, Pakistan Innovative Islamic Deal of the Year, Pakistan	Gold Award for Islamic Investment Bank of the Year
Retail Banking Awards	Gold Award for Islamic Finance Education Provider of the Year
Domestic Retail Bank of the Year, Pakistan	Gold Award for Islamic CSR Project
MAP - Management Association of Pakistan	Asset Triple A - Hong Kong
Best Company in Financial Category	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
ICAP and CA Pakistan	Best Syndicated Loan – Pakistan Pakistan Mobile Communications 10.5 billion rupees Islamic syndicated term finance facility Shariah adviser, mandated lead adviser and arranger
Digital Technology Awards – ‘Best Dashboards’ (First Prize)	Islamic Finance News – Malaysia
Asset Triple A - Hong Kong	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
Islamic Finance Awards	Pakistan Stock Exchange Limited
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	Top 25 Companies of the Year – 2020 (2nd position)
Best Structured Financing, Pakistan Pakistan Telecommunication US \$ 171 million diminishing Musharakah Sales and Lease Back Mandated Lead Adviser and Arranger	Global Islamic Finance Awards
Best Syndicated Loan, Pakistan Trans World Associates (Private) Limited 11.1 billion rupees, Syndicated Islamic finance facility Sharia Structuring Bank, Mandated Lead Adviser & Arranger	Shari'a Authenticity Award Shari'a Auditor of the Year Best Islamic Bank
Sustainable Finance Awards 2024	Global Finance – New York
Best Syndicated Loan, Pakistan Rs 7.5 billion Syndicated Long – Term Debt Facilities Mandated Lead Adviser & Arranger	Best Islamic Financial Institution in Pakistan
Employers Federation of Pakistan	AsiaMoney
1st Pakistan Disability Inclusion Excellence Award	Most Outstanding Company in Pakistan – Banking Sector
Mastercard Mena East Business Forum	Asian Banking and Finance Corporate & Investment Banking Awards
Market Leader Affluent in Pakistan	Innovative Islamic Deal of the Year – Pakistan
VISA	Employers Federation of Pakistan (EFP)
Infinite Possibilities: The Ultimate Visa Issuer	Employer of the Year – Large National Companies (2nd Position)
Outstanding Award for Highest Visa Debit Card Performance	MAP - Management Association of Pakistan
International Finance Awards	Best Company in Financial Category
Best Islamic Bank, Pakistan Best Digital Transformation Bank, Pakistan	ICAP AND ICMAF
The Digital Banker	Best Corporate Reports Awards – Banking Sector (Certificate of Merit)
Global Retail Banking Innovation Awards	12th Annual Fire Safety Awards
Best Retail Bank, Pakistan Best Islamic Retail Bank (Domestic), Pakistan	Fire Safety Award 2022
Islamic Finance News	Shaukat Khanum Social Responsibility Awards
Best Islamic Bank, Pakistan Pakistan Deal of the Year – Ismail Industries' Rupees 10 Million, Syndicated Financing Facility	Shaukat Khanum Corporate Excellence Award



Chairman's Review

“ Alhamdulillah, Meezan Bank achieved record financial performance this year. Profit after tax reached Rs 101.5 billion, making Meezan the first bank in the country's history to surpass Rs 100 billion in profitability. ”

Alhamdulillah, it gives me great pleasure to present the Annual Report of Meezan Bank for the year 2024.

Meezan Bank was established as an Investment Bank in 1997 and granted the first Islamic banking licence of Pakistan in 2002. It is gratifying to see that, over the past twenty-seven years, the Bank has emerged as the undisputed leader in Pakistan's Islamic Banking sector. I am also happy to share that Meezan has once again been recognized as the Best Bank by Pakistan Banking Awards, the country's most prestigious banking recognition. Alhamdulillah, Meezan is the only bank in the country to have received this esteemed accolade four times. The Bank has also been awarded the prestigious 'Best Bank of the Year - Large Size Banks' award by the CFA Society of Pakistan for the fifth consecutive year.

On the international stage, Meezan has won the global award for 'Best Islamic Retail Bank' by Islamic Finance News (IFN), Malaysia, alongside securing five of the six country-level awards for Pakistan conferred by IFN. Furthermore, The Banker magazine, an esteemed publication of the Financial Times, London, has honored Meezan Bank as the Bank of the Year for both the Asia-Pacific region and Pakistan.

All these accolades that the Bank has achieved have only been possible due to the blessings of Allah ﷺ, and we humbly bow our heads to Him in gratitude and thankfulness for enabling our modest efforts to yield such extraordinary results.

Financial Performance and Challenges

Alhamdulillah, Meezan Bank achieved record financial performance this year. Profit after tax reached Rs 101.5 billion, making Meezan the first bank in the country's history to surpass Rs 100 billion in profitability. This growth was driven by a strong increase in deposits, which grew to Rs 2.58 trillion. The Bank's focus on expanding its financing portfolio across diverse customer segments led to a 57% increase in its financing portfolio, taking it to Rs 1.5 trillion.

Looking ahead, the Bank now faces a new set of challenges, including a declining policy rate, imposition of higher income tax and the imposition of Minimum Deposit Rate (MDR) on Islamic banks. Meezan is gearing up to navigate these new set of challenges by further strengthening its core business as well as exploring additional revenue streams to mitigate the impact of these factors.

Although the declining policy rate may present short-term challenges for the banking sector, it is ultimately beneficial for the economy, as lower cost of financing will support business growth, and in turn, boost credit demand, thereby contributing to Bank's long-term profitability.

Leveraging Technology for Transformation

The banking sector is undergoing a transformative era, driven by revolution in Information Technology and Digital Banking. At Meezan Bank, we view technology as a cornerstone for innovation, enhanced security and exceptional customer experience.

We are making significant investments in cutting-edge technologies such as Artificial Intelligence, Robotics Process Automation and Data Analytics and have established specialized units to advance RPA and Generative AI capabilities, enabling the Bank to maintain high responsiveness & service quality even as transaction

volumes grow exponentially. The excellent results of our technology-driven initiatives have enabled us to maintain our leadership in digital transactions, evidenced by the following:

- **Mobile App Transactions** grew from Rs 11.8 trillion in 2023 to Rs 18.1 trillion in 2024, a 52.75% increase in a single year while maintaining the industry leading rating on Google Play Store and Apple App Store.
- **Number of Active Mobile App Users** increased from 1.6 million to over 2.3 million in 2024.
- **Raast Payments** volume grew from Rs 688 billion in 2023 to Rs 2.7 trillion in 2024, a remarkable 297% growth.
- **Digital Bill Payments** increased by 54%, from Rs 716 million to over Rs 1.1 trillion in 2024.

Commitment to Sustainability & Responsible Growth

Meezan Bank remains committed to sustainability, integrating Environmental, Social, and Governance (ESG) principles into its strategy. In 2024, the Bank expanded its renewable energy initiatives, converting 166 branches and part of its Head Office to solar power, cutting carbon emissions by 1,000 metric tons annually—equivalent to planting 50,000 trees. It also advanced green financing, supporting wind and hydropower projects and providing Rs. 223 million in solar financing as well as promoting electric mobility through its Electric Bike Financing portfolio.

On the social front, Meezan Bank enhanced financial inclusion and community well-being by supporting small businesses, entrepreneurs, and the agricultural sector with tailored financing solutions. It also championed water conservation through recycling and rainwater harvesting initiatives.

Our Commitment to People

Meezan Bank remains dedicated to employee engagement and well-being through various initiatives. The Employee Benevolent Fund Trust (EBFT) provided over Rs 300 million in financial assistance for medical, marriage, education, and emergency needs, benefiting more than 660 employees and their families.

The Meezan Scholar Policy, now extended to also include employees up to EVP grade, sponsored 146 children in higher education, including 136 Bachelor's and 10 Master's/MPhil programs. Additionally, the Annual Hajj Sponsorship Program continued, sending 10 employees with one dependent each on the pilgrimage with 100% sponsorship for employees and 50% for their dependents.

To strengthen long-term engagement, the Employee Share Option Scheme (ESOS) was continued, supporting talent retention and motivation.

Board's Performance and Effectiveness

The Board of Directors of Meezan Bank has continued to demonstrate excellent leadership, strategic foresight, and governance throughout the year and has played a pivotal role in steering the Bank to its present levels of growth and success. The effectiveness of the Board's performance is reflected in the Bank's ability to navigate challenges, capitalize on growth opportunities, and maintain its position as the leading Islamic bank in Pakistan.

Leadership Transition – A New Era for Meezan Bank

Meezan Bank stands at a historic transition as we prepare to bid farewell to our visionary founding CEO, Irfan Siddiqui, in December 2025. Under his exemplary leadership, Meezan Bank has grown from an ambitious idea into Pakistan's largest and most successful Islamic bank, setting new benchmarks in ethical banking, financial performance, and customer trust. His unwavering dedication, deep-rooted

commitment to Islamic banking, and relentless pursuit of excellence have shaped Meezan into an institution that is not just a bank but a movement. As he steps down, we express our deepest gratitude for his unparalleled contributions and the lasting legacy he leaves behind.

At the same time, we are pleased to welcome Syed Amir Ali as the next President & CEO of Meezan Bank. Amir is no stranger to Meezan—having started his banking career here and later making a significant mark as the CEO of BankIslami. With his deep expertise in Islamic banking, strategic foresight, and proven leadership, we are confident that Amir will carry forward Meezan's legacy and lead it to even greater heights, Insha'Allah. This carefully planned leadership transition underscores Meezan's commitment to continuity, stability, and long-term growth, ensuring that our journey of excellence continues seamlessly.

Alignment with National Goals

The Government of Pakistan's commitment to transitioning the entire banking system to Islamic banking aligns seamlessly with our Vision of establishing 'Islamic banking as banking of first choice....' As the largest Islamic bank in Pakistan and pioneer in the industry, Meezan Bank is uniquely positioned to benefit from this transformation, as it will drive an increase in demand for our products and services.

Our proven expertise, robust infrastructure, and dedicated workforce position us to effectively meet the anticipated surge in demand for Shariah-compliant products and services, ensuring continued sustainable growth and value creation for our shareholders.

A Heartfelt Thank You to Our Stakeholders

I would like to take this opportunity to congratulate the State Bank of Pakistan (SBP) for being recognized as the 'Best Central Bank in Promoting Islamic Finance' by Islamic Finance News – Malaysia. This is, Masha 'Allah, the seventh time in the past decade that SBP has won this award. This global recognition is a testament to the leadership and strong support provided by the State Bank in fostering a conducive environment for the growth of Pakistan's Islamic banking industry. I would like to thank the State Bank of Pakistan, the Ministry of Finance and the Securities & Exchange Commission of Pakistan for their ongoing efforts to establish a viable Islamic financial system in the country.

I extend my heartfelt gratitude to our shareholders, members of the Shariah Board, my fellow Board members and the entire Meezan team for their hard work and dedication in making Meezan Bank not only a leading financial institution in the country but also a symbol of excellence in the global arena.

Lastly, I would like to thank our customers for their trust and confidence in Meezan Bank and in the cause of Islamic banking. Your support has been instrumental in driving the growth and success of Meezan Bank and in advancing the establishment of a Riba-free financial system in Pakistan.



Riyadh S. A. A. Edrees
Chairman

February 13, 2025

Directors' Report to the Members

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِيْمِ

On behalf of the Board of Directors, we are pleased to present the twenty-eighth Annual Report of Meezan Bank for the year ended December 31, 2024.

Economy

Following a period of economic turbulence, 2024 marked a turning point for Pakistan's economy, as a series of well-calibrated policy measures and structural reforms by the Federal Government set the stage for recovery. Decisive actions to stabilize macroeconomic fundamentals, coupled with efforts to restore investor confidence, played a pivotal role in reversing the downturn. These measures not only addressed immediate fiscal and external imbalances but also laid the groundwork for long-term, sustainable growth. As a result, the country's GDP grew by 2.5% in FY 2024, rebounding from a contraction of 0.2% in FY 2023. This recovery was fuelled by increased industrial activity, robust agricultural output, easing inflationary pressures, and an improving current account balance. With these positive economic fundamentals in place, the growth momentum is expected to continue into FY 2025.

Inflationary pressures eased significantly in 2024, with Consumer Price Index (CPI) inflation dropping to single digits after peaking at 38% in May 2023. By December 2024, inflation had fallen to 4.1%, its lowest level in nearly seven years. This sharp decline allowed the State Bank of Pakistan (SBP) to cut the policy rate by a cumulative 900 basis points, bringing it down from 22% at the start of the year to 13% by year-end. The Pakistan Stock Exchange (PSX) also delivered a record-breaking performance, surpassing the historic milestone of 100,000 points for the first time. The KSE-100 index closed the year at 115,127 points, reflecting an exceptional 84% growth from its 2023 closing level of 62,451 points, ranking it among the world's best-performing indices. This remarkable rally was primarily driven by improving economic fundamentals and strong investor confidence.

In FY 2025, foreign remittances have surged, playing a key role in maintaining a current account surplus in recent months. Workers' remittances totalled USD 17.8 billion in the first six months of FY2025, marking a robust 33% year-on-year increase. The country's foreign exchange reserves also strengthened, rising to over USD 16 billion as of December 2024, compared to USD 12.7 billion a year earlier. This improvement was supported by strong remittance inflows and a new USD 7 billion Extended Fund Facility (EFF) agreement with the IMF. Meanwhile, structural reforms introduced by the Government to curb the sharp depreciation of the Pakistani Rupee (PKR) have helped stabilize the currency with Pak Rupee marginally appreciating to Rs 278.6/USD by the end of 2024 as compared to Rs 281.9/USD at the end of last year.

Overall, the country appears well-positioned for a sustained economic recovery, supported by sharply declining inflation, a lower policy rate that encourages economic activity, rising foreign exchange reserves, the elimination of the current account deficit, and a new 37-month funding facility agreed with the IMF.

Our Performance

Profit After Tax

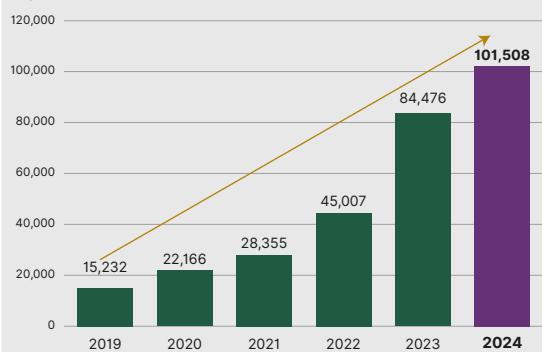
Alhamdulillah, Meezan Bank has achieved historic financial performance in 2024, accomplishing several milestones. Our Profit After Tax (PAT) experienced a growth of 20% over the previous year, surpassing the landmark figure of Rs 100 billion, reaching Rs 101.5 billion. Meezan maintains the distinction of being the most profitable bank in Pakistan. The basic Earnings per Share (EPS) increased to Rs 56.62 in 2024 from Rs 47.18 per share in 2023. This milestone was achieved despite tax rate applicable on banking companies increasing from 49% to 54% during the year.

Dividend Per Share

We are delighted to announce that the Board has approved a final cash dividend of Rs 7.00 (70%) per share for the fourth quarter of 2024. This results in a cumulative cash dividend payout of Rs 28.00 (280%) per share for the year, which includes Rs 21.00 (210%) interim cash dividend 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 expand its equity base.

Profit After Tax

Rupees in million



Profit and Loss Summary

Meezan maintained its position as the most profitable bank in Pakistan with an unprecedented Profit After Tax (PAT) of over Rs 100 billion in 2024.

Profit and Loss Account	2024	2023
Profit / return earned on financing, investments and placements	494,296	431,722
Return on deposits and other dues expensed	(207,257)	(205,293)
Net spread earned	287,039	226,429
Fee, commission and other income	22,528	18,713
Foreign exchange income	830	3,095
Dividend income and gain on securities - net	5,520	299
Non-funded and other income	28,878	22,107
Total Income	315,917	248,536
Operating and other expenses	(84,611)	(71,788)
Profit before provisions	231,306	176,748
Provisions and write offs - net	(9,221)	(7,340)
Profit before taxation	222,085	169,408
Taxation	(120,577)	(84,932)
Profit after taxation	101,508	84,476
Basic earnings per share - Rs	56.62	47.18
Diluted earnings per share - Rs	56.30	47.13

Profitability

Net Spread

The return on financings, investments and placements increased by 14% to Rs 494 billion in 2024 from Rs 432 billion in the previous year. This growth, driven by an increase in the average earning assets base, was partially offset by a decline in the underlying benchmark rate which averaged 19.6% in 2024 compared to 20.7% in 2023. Despite significant growth in profit earned, the Bank's focus on growing its low-cost deposits portfolio resulted in the return on deposits and borrowings being maintained largely at last year's levels (Rs 207 billion in 2024 as compared to Rs 205 billion in 2023).

31% Growth in Other Income

Fees, commission and other income increased by 20%, reaching Rs 22.5 billion compared to Rs 18.7 billion in the previous year. This growth was primarily driven by a higher volume of debit card issuances, increased trade volumes and improved branch banking income.

In 2024, we set a new industry record with debit card spend surpassing Rs 300 billion, reflecting a 30% YoY growth. We also reached a historic milestone of over Rs 30 billion in monthly spend, achieved in the month of December 2024, the highest in the industry. The Bank issued 1.2 million new debit cards in 2024, with the overall portfolio reaching approximately 4 million debit cards, a growth of 22% over December 2023. Additionally, Meezan Bank launched the FCY Debit Card in 2024, tailored for freelancers and IT exporters, providing seamless services for international payments. Resultantly, the Bank's debit card related fee income was recorded at Rs 9.6 billion in 2024, growing by 18% YoY.

Meezan Bank solidified its position as a leader in digital fund transfers, playing a pivotal role in driving the digitalisation of payments in Pakistan. Our Mobile Banking App and Internet Banking platforms continue to be the preferred choice for customers to send and receive funds efficiently and in a secure manner. In 2024, these channels processed an impressive number of over 350 million fund transfer transactions, amounting to Rs 20 trillion, reflecting a remarkable growth of 47.5% in volume and 54% in value compared to the previous year. These figures underscore not only Meezan Bank's leadership in digital banking but also the increasing reliance of customers on its secure and efficient digital channels for fund transfers. Meezan Bank remains committed to delivering fast, reliable, and secure money transfer solutions, empowering customers to always manage their financial transactions seamlessly.

In 2024, the Bank's home remittance volumes exceeded USD 1.2 billion, resulting in 144% growth in commission income, which reached Rs 603 million. With focus on striking a balance between import and export businesses, the Bank was able to grow its trade-related income by 22% to Rs 5.2 billion in 2024. The Bank also realised capital gains of Rs 3.5 billion this year, mainly on its GoP Ijarah Sukuk portfolio.

On an overall basis, the Bank's total non-funded and other income demonstrated a robust growth of 31%, reaching Rs 28.8 billion in 2024.

Operating Expenses

Meezan Bank's operating and other expenditures increased by 18% over the previous year, reaching Rs 84.6 billion from Rs 71.8 billion. The Bank opened 47 new branches across the country, taking the branch network size to 1,051 branches. Despite the increase in expense base, the cost to income ratio improved from 29% in 2023 to 27% in 2024 due to significant expansion in the Bank's overall revenues.

Taxation – Contribution to the National Exchequer

The Bank recorded a tax charge of Rs 120.6 billion for 2024 (2023: Rs 84.9 billion) due to historic high profitability as well as the applicable tax rate increasing from 49% to 54%. Additionally, we also collected / withheld and deposited Rs 61.0 billion (2023: Rs 37.5 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 and Provincial Tax Authorities.

Balance Sheet Insights

The Bank's total assets reached Rs 3.9 trillion by the end of 2024, marking a growth of 29% compared to the previous year end. This increase was driven by a significant rise in the Bank's financing portfolio and continued investments in Federal Government securities.

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

Key Business Results	2024	2023	Variation
Total Assets	Rs 3.90 Trillion	Rs 3.01 Trillion	29% ▲
Investments			
Sovereign	Rs 1.84 Trillion	Rs 1.54 Trillion	19% ▲
Others	Rs 27 Billion	Rs 29 Billion	6% ▼
	Rs 1.87 Trillion	Rs 1.57 Trillion	19% ▲
Islamic Financing and Related Assets - Gross	Rs 1.56 Trillion	Rs 992 Billion	57% ▲
Deposits	Rs 2.58 Trillion	Rs 2.22 Trillion	17% ▲
Equity	Rs 247 Billion	Rs 185 Billion	34% ▲
Capital Adequacy Ratio	20.35%	22.39%	2% ▼
Dividend per Share:			
Cash Dividend - Rs	28.00	20.00	40% ▲
Bonus Issue	-	-	-
Branch Network	1,051 Branches	1,004 Branches	5% ▲
Presence	351 Cities	334 Cities	5% ▲
Trade Business (Imports and Exports)	Rs 2.74 Trillion	Rs 2.16 Trillion	27% ▲

Growth in Investments

Meezan Bank's investment portfolio closed at Rs 1.87 trillion in December 2024, a growth of 19% compared to December 2023. The regular issuance of GoP Ijarah Sukuk has been a key driver in expanding the investment book, with overall sovereign / Government guaranteed securities comprising 99% of the Bank's total investment portfolio.



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's (IBI) day-to-day liquidity management, for which we remain grateful to the GoP and the SBP.

Significant Expansion of Gross Financing Portfolio

Meezan Bank continued to expand its intermediation role in the economy and its Gross ADR rose to over 60% in December 2024 compared to 45% as in December 2023.

The Bank's Consumer segment delivered strong growth in 2024 with a record Rs 39 billion gross disbursements within the Car Ijarah segment.

Meezan Bank has made SME financing a key priority, demonstrated by a 42% growth in its SME banking portfolio, which reached Rs 29 billion in December 2024. The Bank has been supporting SMEs through various initiatives including the Islamic SME Asaan Finance Scheme (I-SAAF), enabling customers to access the capital needed to expand their businesses and foster economic growth.

Digital financing has played a crucial role in this growth, with the launch of Pakistan's first-ever Digital Supply Chain Financing (DSCF) platform, facilitating over Rs 32 billion in disbursements through 37,000+ transactions. By streamlining financing processes and providing easier access to credit, the platform has empowered SMEs, enabling them to optimize supply chains, enhance productivity, and contribute to the broader economy.

Non-performing Financings and Provisions

At the end of 2024, the Bank's non-performing financings stood at Rs 25.2 billion against total credit loss provisions of Rs 41.6 billion. A total provision charge of Rs 9.2 billion was recorded in 2024 as against Rs 7.3 billion last year, mainly against the Bank's financing portfolio. The Bank maintains a non-performing financing coverage ratio of 165% - one of the highest in the banking industry.

Deposit Base of over Rs 2.5 Trillion – Growth Stemming from Core Current & Savings Accounts

Meezan Bank's deposits increased by 17% to Rs 2.6 trillion as at December 2024. Current and Saving Accounts (CASA) comprised 93% of total deposits in line with Bank's strategy of growing low cost deposit base. Meezan Bank's total deposits comprised 8.5% of the overall banking industry deposits. The Bank's growing deposit portfolio is a testament to the trust and confidence its customers have placed in the Meezan brand. This achievement underscores the collective efforts of our team consistently working 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.

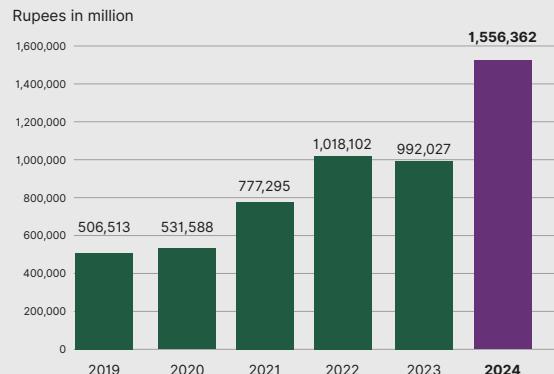
The Bank's Current Account deposits marked a growth of Rs 130 billion or 12% over the previous year. Savings Account (SA) deposits crossed the landmark figure of Rs 1 trillion to stand at Rs 1.2 trillion at the end of the year, reflecting a growth of Rs 293 billion or 33% over December 2023.

Roshan Digital Account (RDA)

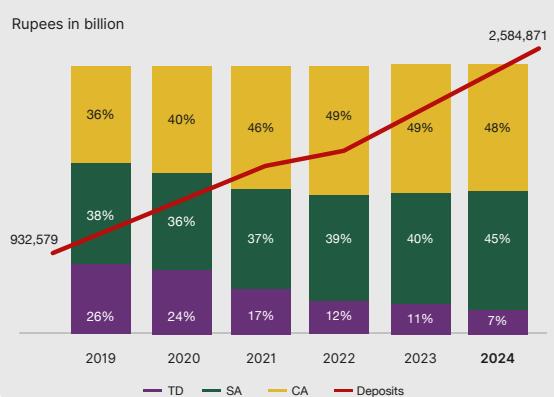
Meezan Bank continues to maintain its leadership position in the market, demonstrating impressive growth in the Roshan Digital Account (RDA) initiative. In 2024, the Bank secured total inflows exceeding USD 2.5 billion, representing 27% of the total industry inflows. This solidifies Meezan's position as a key player in the RDA segment. Currently, over 126,000 Meezan RDA accounts are operational, providing seamless and efficient banking services to overseas Pakistanis in more than 144 countries around the world.

We would like to express our sincere appreciation to the Pakistani diaspora for placing their trust in Meezan Bank as their preferred banking partner. Their continued support is integral to our success, and we remain committed to serving their banking needs with excellence.

Gross Financing

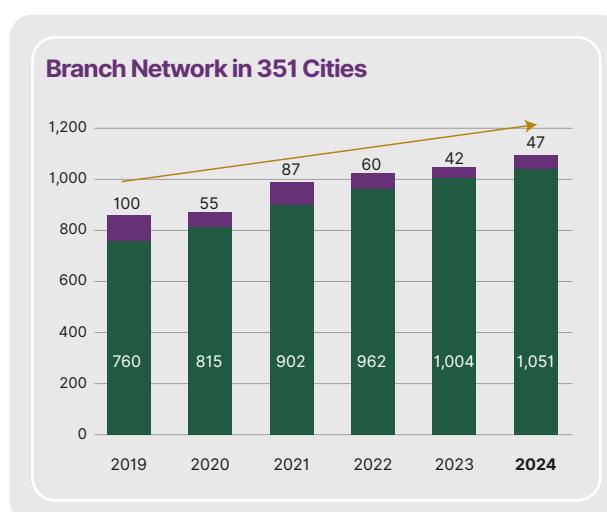


Deposits



Rich Physical Presence with 1,051 Branches in 351 Cities

Meezan Bank's physical branch network increased by 47 branches to a total of 1,051 branches in 351 cities as of the year-end 2024. We continue to believe that sustained growth across both physical and digital channels remain essential to serve the 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.



Meezan Mobile App

Meezan Bank's Mobile App continues to set new standards in digital banking, maintaining its reputation for simplicity, intuitiveness, speed, and high availability. With over 3.1 million users, the app remains a trusted and essential medium for customers seeking seamless banking services.

In 2024, the app achieved a significant milestone of processing 395 million financial transactions, a remarkable growth of 43% YoY in volumes. The total value of these transactions surged to an industry-leading Rs 18.1 trillion, achieving a strong growth of 56% compared to last year.

The app's exceptional performance is evident by its popularity, reflected in its consistent and industry leading ratings on both Google PlayStore and Apple App Store for the last five years. With its seamless performance and user-friendly interface, Meezan Mobile App has earned the trust and loyalty of our customers.

Meezan Bank has cemented its leadership position in processing digital transactions by retail customers, as highlighted in 1Link's Monthly Ranking Reports. The Bank captured over 20% of all transactions passing through 1Link's grid in 2024, reaffirming its status as the number one bank in overall digital transactions throughput on 1Link. This feat is primarily driven by the robust performance and widespread adoption of the Meezan Mobile App, which continues to redefine digital banking experience in Pakistan.

ATM Network

Meezan Bank has significantly grown its ATM network over the years. The network currently comprises of 1,219 ATMs across 334 cities with 1,054 On-site ATMs and 165 Off-site ATMs. In order to enhance customer convenience and ease, we have also installed dual ATMs at 57 of our branches. The network has maintained an uptime of 97.64% in 2024 with a total of 118.9 million transactions performed via our ATMs, signifying an 11% increase as compared to last year. Furthermore, over Rs 2.1 trillion were withdrawn from our ATMs, representing a notable 14% growth over the previous year.

With the key focus on digitalisation of services and offerings as well as shifting customers towards digital channels, we have also deployed Cash Deposit Machines at branches with high deposit volumes. This has enabled the Bank to not only shift customers towards digital channels but also provide the convenience of fast and easy deposits, even beyond banking hours.

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 approx. 45% of the overall acquiring volumes originated from SME vendors emphasizing our commitment to reaching lower-tier merchants and aligns with our goal of fostering financial inclusion in the untapped market.

The Bank's transaction volumes across POS Acquiring and E-Commerce Platforms crossed the Rs 200 billion landmark this year, reaching Rs 226 billion, recording an impressive increase of 81% YoY, crossing the monthly volumes threshold of Rs 25 billion in the month of December 2024.

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 remains an adequately capitalized institution with a Capital Adequacy Ratio (CAR) of 20.35% (December 2023: 22.39%), well above the regulatory minimum requirement of 11.50% for the year 2024:

Capital Adequacy Ratio (CAR)	Dec 31, 2024	Dec 31, 2023	Minimum Requirement
Common Equity Tier I – (CET I)	16.36%	18.18%	7.50%
Tier I	16.88%	18.93%	9.00%
CAR	20.35%	22.39%	11.50%

Human Capital

Alhamdulillah, Meezan Bank continued its quest to identify and nurture potential Islamic banking talent in the country and added over 1,400 staff on a net basis to its expanding workforce, in both rural and urban regions, with the Bank's human capital now standing at over 18,600 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. The Bank remains committed to inclusivity through its 'Roshnaas' program, a trainee initiative for Persons with Disabilities (PWDs), helping enhance PWDs' employability and developing a more inclusive workforce.

Meezan Bank maintained its focus on learning and development throughout the year and conducted learning activities through a blend of Virtual Instructor-Led Trainings (VILTs), Learning Management System (LMS), and in-person sessions, with over 16,000 staff participations in 2024. The Bank continued to hold sessions for enhancing Islamic finance expertise, offer certifications in Islamic banking and Shariah standards.

Performance of Subsidiary – Al Meezan Investment Management Limited

The Bank's subsidiary, Al Meezan Investment Management Limited (Al Meezan) is the largest Asset Management Company (AMC) in Pakistan with Assets under Management (AUMs) crossing Rs 718 billion as at December 2024, including Separately Managed Accounts (SMAs) for corporate and high-net worth individuals and investor base of over 392,000 customers. These AUMs represent around 16% of the total mutual funds industry and 35% of the Shariah-compliant mutual funds industry in the country. Al Meezan also manages the largest Voluntary Pension Fund in Pakistan, Meezan-Tahaffuz Pension Fund, with net assets of approximately Rs 30 billion as at December 2024.

This year, Al Meezan has received the 'Asset Management Company of the Year - Pakistan' award at the prestigious 9th IFFSA Awards, 'Best Asset Management Company of the Year' award at the 18th Consumer Choice Award, and 'Asset Manager of the Year - Pakistan' at Asset Triple A Islamic Finance Awards. These awards were 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 26 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 30 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.

Performance of Subsidiary – Meezan Currency Exchange Limited

During the year, Bank's subsidiary Meezan Exchange Company (Private) Limited (the Company) has obtained license for commencement of operations from the State Bank of Pakistan (SBP) on March 22, 2024 for a period of three years. The Company commenced its operations on May 14, 2024 and is currently operating through a network of 10 branches.

Outlook

Meezan Bank remains committed to fostering the economic growth and stability of our nation through the development of the Islamic Banking Industry. We are aligned with the Government's strategic focus on Islamic finance, in accordance with the recent amendment in the Constitution of Pakistan to transition the economy to a Shariah-compliant financial system. Our strategy prioritizes balanced growth, sector diversification, and exceeding regulatory stability benchmarks. We are expanding our presence through both physical and digital channels, with a strong focus on delivering exceptional digital services to maintain our industry leadership.

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, 2025.

Awards and Recognitions

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



Pakistan Banking Awards

Meezan Bank was acknowledged as the Best Bank of Pakistan for the fourth time and twice in two years at the Pakistan Banking Awards - 2024, the most prestigious awards in the country's financial sector. The award ceremony is organised by the Institute of Bankers Pakistan, in partnership with the Dawn Media Group and A.F. Ferguson & Company. The judging panel consists of highly respected luminaries with substantial experience in the financial sector. Meezan was previously recognized at the same platform as the Best Bank for the years 2018, 2020 and 2023.

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 fifth 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 Digital Banking Services for the Year award.

Management Association of Pakistan

Meezan Bank was also awarded with the prestigious Best Company in the Financial Category award at the 39th Corporate Excellence Awards, hosted by the Management Association of Pakistan (MAP). The Bank won this prestigious award, for the third consecutive year, a testament to its contributions to the success of Islamic banking in 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 10.2 billion has been transferred to Statutory Reserves for the year 2024 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, 2024;
- Corporate Social Responsibility.

Directors

The Board consists of ten (10) Directors, including one Female Director and the CEO as an Executive Director:

S. No.	Name of Directors	Category
1.	Mr. Riyadh S.A.A. Edrees	Non-Executive Director
2.	Mr. Bader H.A.M.A. AlRabiah	Non-Executive Director
3.	Mr. Saad ur Rahman Khan	Non-Executive Director
4.	Mr. Faisal Fahad AlMuzaini	Non-Executive Director
5.	Mr. Tariq Mahmood Pasha	Non-Executive Director
6.	Mr. Zine Elabdine Bachiri	Non-Executive Director
7.	Mr. Mohammad Abdul Aleem	Independent Director
8.	Ms. Nausheen Ahmad	Independent Director/ Female Director
9.	Mr. Abdulrazzaq T.A.M. Razooqi	Independent Director
10.	Mr. Irfan Siddiqui (President & CEO)	Executive Director

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. Bader H.A.M.A. AlRabiah	Non-Executive Director	4	4
Mr. Faisal Fahad AlMuzaini	Non-Executive Director	4	4
Mr. Tariq Mahmood Pasha	Non-Executive Director	4	4
Mr. Mohammad Abdul Aleem	Independent Director	4	4
Ms. Nausheen Ahmad	Independent/ Female Director	4	4
Mr. Irfan Siddiqui – President & CEO	Executive Director	4	4
Mr. Faisal A.A.A. AlNassar - Vice Chairman ¹	Non-Executive Director	4	4
Mr. Mohamed Guermazi ¹	Non-Executive Director	4	4
Mr. Yousef S.M.A. AlSaad ¹	Independent Director	4	4

¹Retired with effect from November 18, 2024.

The Board has constituted the following five 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

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 2024, please refer to the 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, 2021 and 2024.

Acknowledgement

We extend our heartfelt appreciation to the State Bank of Pakistan, the Ministry of Finance and the Securities and Exchange Commission of Pakistan for their unwavering commitment to establishing a sustainable Islamic financial system in the country. Our significant accomplishments would not have been possible without the proactive support of our diverse customer base, to whom we are deeply indebted. We also express our gratitude to the Board of Directors, members of the Shariah Board, our shareholders, holders of Additional Tier I Sukuk and Subordinated Sukuk (Tier II) for their continuous patronage for establishing Meezan Bank as the leading Islamic bank in the country.

We convey our appreciation to every member of our devoted team for their diligent efforts and steadfast dedication to furthering the mission of Islamic banking. Above all, we humbly acknowledge and offer gratitude to Allah Almighty for His continuous blessings upon our Bank and each one of us, which have enabled our notable achievements within a relatively brief timeframe. We beseech Him for His continued support, granting us the fortitude and insight to continue advancing our Vision of establishing 'Islamic banking as the banking of first choice...'

On behalf of the Board



Riyad S.A.A. Edrees
Chairman



Irfan Siddiqui
President & CEO

Karachi:
February 13, 2025

وکلہ ادا کے بھروسے سخت احتمام مذکورات کے اس کے لیے ایک اٹھ پانچی رکھتا ہے۔ اس پانچی کے تحت اکتوبر 2024ء تا 2025ء کے درمیان میں اٹھ کے جانے والے اگر صاف طبقہ نہیں تو اس مذکوری مذکور کیا جائے۔ اس پانچی پر سخت خواہیں پر گل داداں کو پہنچاتے اس سال مذکور پانچی کی کوئی تغیرت نہیں تھیں لیکن۔

مذکور کارکرکی ۶۴ کا ملحوظ

مذکور کارکرکی مذکور کی زندگی کی خصوصیات میں پوشیدگی مذکور کے اعلیٰ احترام کے انتہا پر مذکور کے شکری، ۷۰٪، مذکور اپنی سب سے کھجوری میں جو چیز کو دیکھتا ہے۔ اس ایڈنڈر کارکر کی کوئی کارکری پڑھاتے۔ اس کے مقابلہ میں اکتوبر 2024ء تا 2025ء کے درمیان میں اس پانچی کے اعلیٰ احترام کے انتہا پر مذکور کی ایک جانشینی کی واقعیت ہے۔ اس کارکر کی ایک سب سے کھجوری میں جو چیز کو دیکھتا ہے اس پانچی کے اعلیٰ احترام کے انتہا پر مذکور کی ایک جانشینی کی واقعیت ہے۔ اس پانچی کے اعلیٰ احترام کے انتہا پر مذکور کی ایک جانشینی کی واقعیت ہے۔

مذکور کارکر کی مذکور کے اعلیٰ احترام کے انتہا پر مذکور کی ایک جانشینی کی واقعیت ہے۔

- بندی کی جانشینی

- CEO کی جانشینی

مذکور کارکر کی ایک جانشینی کی واقعیت ہے۔ اس پانچی کے اعلیٰ احترام کے اعلیٰ احترام کے انتہا پر مذکور کی ایک جانشینی کی واقعیت ہے۔ اس پانچی کے اعلیٰ احترام کے انتہا پر مذکور کی ایک جانشینی کی واقعیت ہے۔ اس پانچی کے اعلیٰ احترام کے انتہا پر مذکور کی ایک جانشینی کی واقعیت ہے۔ اس پانچی کے اعلیٰ احترام کے انتہا پر مذکور کی ایک جانشینی کی واقعیت ہے۔

مذکور کارکر کی ایک جانشینی کی واقعیت ہے۔ اس پانچی کے اعلیٰ احترام کے انتہا پر مذکور کی ایک جانشینی کی واقعیت ہے۔ اس پانچی کے اعلیٰ احترام کے انتہا پر مذکور کی ایک جانشینی کی واقعیت ہے۔

مذکور

مذکور کارکر کی ایک جانشینی کی واقعیت ہے۔ اس پانچی کے اعلیٰ احترام کے انتہا پر مذکور کی ایک جانشینی کی واقعیت ہے۔ اس پانچی کے اعلیٰ احترام کے انتہا پر مذکور کی ایک جانشینی کی واقعیت ہے۔ اس پانچی کے اعلیٰ احترام کے انتہا پر مذکور کی ایک جانشینی کی واقعیت ہے۔ اس پانچی کے اعلیٰ احترام کے انتہا پر مذکور کی ایک جانشینی کی واقعیت ہے۔ اس پانچی کے اعلیٰ احترام کے انتہا پر مذکور کی ایک جانشینی کی واقعیت ہے۔

مذکور کارکر کی ایک جانشینی کی واقعیت ہے۔ اس پانچی کے اعلیٰ احترام کے انتہا پر مذکور کی ایک جانشینی کی واقعیت ہے۔ اس پانچی کے اعلیٰ احترام کے انتہا پر مذکور کی ایک جانشینی کی واقعیت ہے۔ اس پانچی کے اعلیٰ احترام کے انتہا پر مذکور کی ایک جانشینی کی واقعیت ہے۔

خاتمه

رعایتی
ریاض الیس۔ اے۔ اے۔ ادیس
چیئرمین
کراجی
13 فروری، 2025ء

ریاض الیس۔ اے۔ اے۔ ادیس
چیئرمین
کراجی
13 فروری، 2025ء

نمبر شمار	ڈاکٹر کیمپنیز کے نام	درجہ
.1	جناب ریاض الحسین اے۔ اے۔ ادہیں	نان اگر کیلیوڈاٹ ائر کیمپنی
.2	جناب بدرانق۔ اے۔ ایم۔ اے۔ الریبیہ	نان اگر کیلیوڈاٹ ائر کیمپنی
.3	جناب سعد الرحمن خان	نان اگر کیلیوڈاٹ ائر کیمپنی
.4	جناب قیصل نہد المأوزینی	نان اگر کیلیوڈاٹ ائر کیمپنی
.5	جناب طارق محمود پاشا	نان اگر کیلیوڈاٹ ائر کیمپنی
.6	جناب زین العابدین باقری	نان اگر کیلیوڈاٹ ائر کیمپنی
.7	جناب محمد عاصیم	اللہ پرہنڈٹ ڈاکٹر کیمپنی
.8	محترم مذشویشان احمد	اللہ پرہنڈٹ ڈاکٹر کیمپنی / خاتون ڈاکٹر کیمپنی
.9	جناب عبدالرازاق اٹی۔ اے۔ ایم۔ رزو قی	اللہ پرہنڈٹ ڈاکٹر کیمپنی
.10	جناب عرفان صدیقی (پرہنڈٹ اورتی ای او)	اگر کیلیوڈاٹ ائر کیمپنی

۲۰۱۷ء میں اس کے پانچ بھائیوں میں سے ایک کرنگلہ لارڈ بکری تھا جنہیں کے علاقے:

[IFRS 9 Implementation Oversight Committee] IFRS 9-5

بیان کردن مطلب در مکالمه ایجاد میکند و این مطلب را میتوان با توجه به محتوا و مکالمه ایجاد شده در آن مکالمه بررسی کرد.

ایک ایجاد کردہ ملکی طرف سے تعلیم کا چار حصہ میں صحنِ رانگوں کی طرف تعلق رکھتی ہے۔ جنہیں انہی پرستی ملکیں کی جیل کے لئے بنا دیتیں۔ تعلیمی پلٹ پر نکالی اور بکھر دیتے ہوئے ہوس میں افراد کو لے کر جس کے بعد کوئی مدد نہیں کر سکتے۔ اگر یہ ملکوں کے مکالمہ، اور کوئی ملک کے لئے ہوس سے حملہ ہو جائے تو گھنی کر سکتا۔ پس ان یونیورسٹیوں کو بخوبی اپنے ہوس میں افراد کو لے کر جس کے بعد کوئی مدد نہیں کر سکتے۔ اگر یہ ملکوں کے مکالمہ، اور 2024ء میں یونیورسٹیوں کے ہوس کی تحریک کے ناتھ میں اس کی تحریک ایسا ہو جائے تو گھنی کر سکتا۔



کارکرد ملکیت این سازمان در سال 2024 تا 2025 میان ساله است و این سازمان می‌تواند از این مدت برای این سازمان استفاده کند. این سازمان می‌تواند از این مدت برای این سازمان استفاده کند. این سازمان می‌تواند از این مدت برای این سازمان استفاده کند.

CFRA کی اپنے ایک سالانہ کمیٹی کی ترجیب میں اپنے ایک اگرچہ سادھا رہنے والے کمیٹی کی ترجیب کی تین تجسسیں پکڑ آئیں کہ کمیٹی کے ۲۰۱۷ء میں اپنے اپنے ایک سالانہ کمیٹی کی اپنی صورت میں ۲۰۱۸ء کی طبقہ کی ترجیب کی ترجیب کے لئے کام کرنے والے کاموں کو دوست کیا جائے۔ مسلسل

مکانیزموں کی ایجاد کے لئے ایک مکانیزمی ملکیت پاٹ (MAP) کی مدد میں مدد و معاونت پر بحث کرنے کا اعلیٰ انتہائی امیدوار گھنیمہ ہے۔

2

- پاکستان ایک سرمه کے سامنے میرے بھائیوں کی بھائیوں کی خوبی تھیں اور ہے :
 - ڈیکھو (ڈیکھو) کا ایک بڑا چوتھا حصہ ہے اس کا تاریخ 1949ء تا 2019ء تک ہے جو اپنے کام کے طبقہ کا ہے۔
 - پاکستان کی ایک ایسا ایسا 1 کا کامن کیا تھا جو 2024ء کی 10.2 میلیوں پر پھر پھر جمعیتی
 - پاکستان کے مدد و مبارکوں کا
 - ایک ایک ایسا ایسا کامن کیا تھا جو اپنے ہاتھ پر نہیں کھول سکتے تھے جو ایسا
 - 2024ء کے ٹھیک ٹھیک ایسا
 - کوئی بھی ایسا ایسا کامن کیا تھا جو اپنے ہاتھ پر نہیں کھول سکتے تھے جو ایسا

466 *W. H. Dugay*

≤ 2024), CARF-5, → inadequately capitalized (CARF-CAR) → 2023.07.01 22.39 : 2023.07.01 23.35 → 2023.07.01 22.39 : 2023.07.01 23.35 → 2023.07.01 22.39 : 2023.07.01 23.35

کم از کم ضرورت	2023 دیسمبر 31	2024 دیسمبر 31	کپیتل آیلند کوئیت ریشن (CAR)
7.50%	18.18%	16.36%	(CET I) Tier I
9.00%	18.93%	16.88%	Tier I
11.50%	22.39%	20.35%	CAR

پرستاری کے نتیجے میں اسی وجہ سے کام کے لئے مکمل آمادگی کرنے کا انتہا پہنچا۔ اسی وجہ سے اسی طبقہ کے 10,000 سے زیاد افراد کو اپنے کام کے لئے آمادگی کرنے کا انتہا پہنچا۔ اسی وجہ سے اسی طبقہ کے 10,000 سے زیاد افراد کو اپنے کام کے لئے آمادگی کرنے کا انتہا پہنچا۔

کے نتیجے میں اس سال ایجاد کی جائے گی اور اس سے آٹھ کارہیے ششیں بر جیں پہنچائی جائیں گے۔ اسی میں 2024ء کی 16,000 حصہ بنتے ہوئے ہیں۔

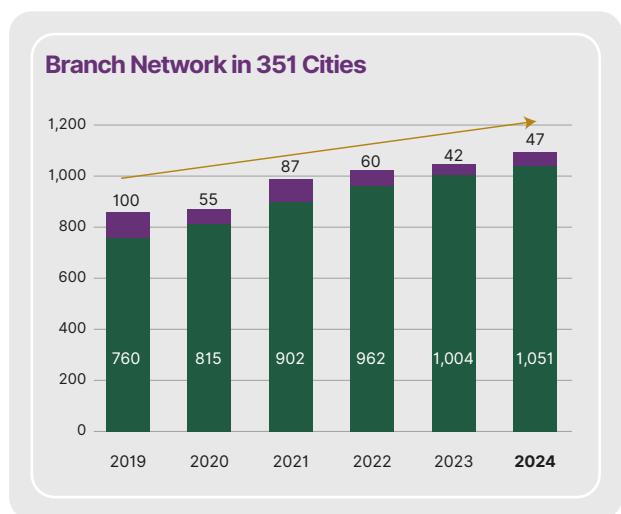
کو اپنے مالکی کمپنیوں کے حوالہ سے گذشتہ مالکیت کا انتقال کرنے والے افراد کے لئے ایک اپنے اپنے حساب سے گذشتہ مالکیت (AMC) پر مالکیت کے انتقال کا تاریخ 2024ء میں 718 فروری کو ہے۔ اسی کے بعد اپنے اپنے حساب سے گذشتہ مالکیت کے انتقال کا تاریخ 2024ء میں 392,000 فروری کو ہے۔ اسی کے بعد اپنے اپنے حساب سے گذشتہ مالکیت کے انتقال کا تاریخ 186 فروری کو ہے۔ اسی کے بعد اپنے اپنے حساب سے گذشتہ مالکیت کے انتقال کا تاریخ 35 فروری کو ہے۔ اسی کے بعد اپنے اپنے حساب سے گذشتہ مالکیت کے انتقال کا تاریخ 2024ء میں 20 مارچ کو ہے۔ اسی کے بعد اپنے اپنے حساب سے گذشتہ مالکیت کے انتقال کا تاریخ 2024ء میں 27 مارچ کو ہے۔ اسی کے بعد اپنے اپنے حساب سے گذشتہ مالکیت کے انتقال کا تاریخ 2024ء میں 30 مارچ کو ہے۔

امنیتی ادارے اپنے اپنے حساب سے گذشتہ مالکیت کے انتقال کا تاریخ 18 جولائی کو ہے۔ اسی کے بعد اپنے اپنے حساب سے گذشتہ مالکیت کے انتقال کا تاریخ 2024ء میں 24 جولائی کو ہے۔ اسی کے بعد اپنے اپنے حساب سے گذشتہ مالکیت کے انتقال کا تاریخ 2024ء میں 31 جولائی کو ہے۔ اسی کے بعد اپنے اپنے حساب سے گذشتہ مالکیت کے انتقال کا تاریخ 2024ء میں 14 اگسٹ کو ہے۔ اسی کے بعد اپنے اپنے حساب سے گذشتہ مالکیت کے انتقال کا تاریخ 2024ء میں 21 اگسٹ کو ہے۔ اسی کے بعد اپنے اپنے حساب سے گذشتہ مالکیت کے انتقال کا تاریخ 2024ء میں 28 اگسٹ کو ہے۔ اسی کے بعد اپنے اپنے حساب سے گذشتہ مالکیت کے انتقال کا تاریخ 2024ء میں 4 ستمبر کو ہے۔ اسی کے بعد اپنے اپنے حساب سے گذشتہ مالکیت کے انتقال کا تاریخ 2024ء میں 11 ستمبر کو ہے۔ اسی کے بعد اپنے اپنے حساب سے گذشتہ مالکیت کے انتقال کا تاریخ 2024ء میں 18 ستمبر کو ہے۔ اسی کے بعد اپنے اپنے حساب سے گذشتہ مالکیت کے انتقال کا تاریخ 2024ء میں 25 ستمبر کو ہے۔ اسی کے بعد اپنے اپنے حساب سے گذشتہ مالکیت کے انتقال کا تاریخ 2024ء میں 2 دسمبر کو ہے۔ اسی کے بعد اپنے اپنے حساب سے گذشتہ مالکیت کے انتقال کا تاریخ 2024ء میں 9 دسمبر کو ہے۔ اسی کے بعد اپنے اپنے حساب سے گذشتہ مالکیت کے انتقال کا تاریخ 2024ء میں 16 دسمبر کو ہے۔ اسی کے بعد اپنے اپنے حساب سے گذشتہ مالکیت کے انتقال کا تاریخ 2024ء میں 23 دسمبر کو ہے۔ اسی کے بعد اپنے اپنے حساب سے گذشتہ مالکیت کے انتقال کا تاریخ 2024ء میں 30 دسمبر کو ہے۔

کوئٹہ، پاکستان
2024 10 نومبر (۱۰) کو
کوئٹہ کے گلزاری میں
پاکستانی افسوس کا
دھنیانی کیا جائے گا۔

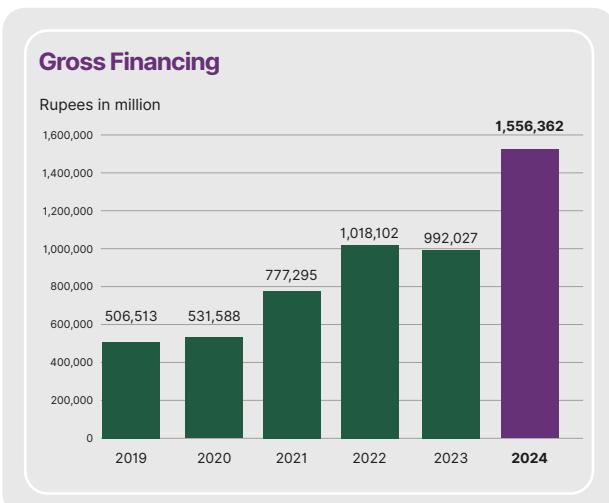
لے کر نے پڑھیں چوکنگی کی تھی۔

کے مطابق اپنے گھر کی خود کو 2023ء کی تاریخ پر ہے۔ اسی وجہ سے اپنے گھر کی خود کو 2023ء کی تاریخ پر ہے۔ اسی وجہ سے اپنے گھر کی خود کو 2023ء کی تاریخ پر ہے۔



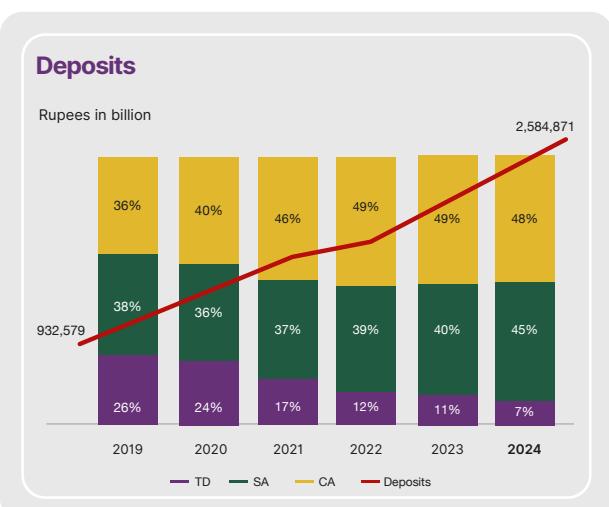
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وکلیتی 2023 کے لئے 200 ملین روپے کا بودھی پکٹی اور 2024 کے لئے 230 ملین روپے کا بودھی پکٹی



جی کے (DSOF) پیشہ وار کارکر کے ساتھ، جس نے 37,000 تک پہنچا دیا، اور 324 ملین روپے تک حکومتی سرمایہ کا حصہ (اممی)۔ جنگ کے پہلے دو سال کے دوران میں

میراں ایک گورنمنٹ ہوائی اڈے پر واقع ہے جس کی بھتی کرنے والے اس پروجئے کا سال 2024 کے انتاری میں 41.6 بھیروپے کے علاوہ چین، سال 2024 میں بھتی کرنے والے اس پروجئے کے لئے پکی 165 بھتی کی تجویزیں لانگر کر دیے گئے ہیں۔ اس سب بڑی کام کا نام میراں ہے۔



સુરત કોડ

بڑی دنیا کے ساتھ ملکیت اور حکومت کی بے شمار امور 2024 تک اپنے
گھر سے ای روزگار کے لئے خوبیوں کا سامانہ کرے۔

وکل کے کچھ مکتب لے گئے اور انہوں مکتب میں بھی پڑھنے والوں کی تعداد 299 ملکیتی ہے۔

Editorial Committee: A. V. Gulyaev, N. N. Kostylev, V. V. Likhachev, V. V. Tikhonov

لکھاڑیا 37,000 لے کر دیکھ لے چکا (DSOF) کے
کامیابی کے نتائج میں اپنے بھروسے کو پہنچانے کا

گردشگری ایران - آنلاین پیش خرید بلیط هواپیما

بکار لئے اکتوبر 2023ء تک اپنی ملکی کامپنیوں کا حساباتی سال (Current Account) کے مطابق 130.45 کروڑ روپے کا احتسابی مجموعہ ایجاد کیا گی۔ اس سال کی ایجاد کی تین ملکی کامپنیوں کا حساباتی سال (Financial Year) 14 نومبر 2023ء تک اکتوبر 2023ء کے درمیان 1.2 کروڑ روپے کا احتسابی مجموعہ ایجاد کیا گی۔

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گلزاری ملکیت این مقاله میان 31 اکتوبر 2024 و 28 آوریل 2026 میگیرد.

— 10 —

مکالمہ

لے کر رکھ دیا جائے گا اور اس کی تحریک میں پولیس کو بھی مدد کر کے دیا جائے گا۔

2014

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تبدیلی کی شرح	2023	2024	اہم کاروباری متناج
29% ▲	3.01 ٹریلیون روپے	3.9 ٹریلیون روپے	مجموعی اٹاٹے
19% ▲	1.54 ٹریلیون روپے	1.84 ٹریلیون روپے	سرمایہ کاریاں (Sovereign)
6% ▼	29 بیلین روپے	27 بیلین روپے	دیگر
19% ▲	1.57 ٹریلیون روپے	1.87 ٹریلیون روپے	اسلامی فنا-سکندر اور متعلقہ اٹاٹے - مجموعی
57% ▲	992 بیلین روپے	1.56 ٹریلیون روپے	جمع شدہ رقوم
17% ▲	2.22 ٹریلیون روپے	2.58 ٹریلیون روپے	اکیوٹی
34% ▲	185 بیلین روپے	247 بیلین روپے	کمپیوٹل ایڈیکٹس کارپوریشن (CAR)
2% ▼	22.39%	20.35%	ڈیویڈنڈ فی حصہ:
40% ▲	20.00	28.00	نقدی ڈیویڈنڈ - روپے
-	-	-	بونص حصہ
5% ▲	1,004 برابر اچھیں	1,051 برابر اچھیں	برائخ نیٹ ورک
5% ▲	334 شہر	351 شہر	موجودی
27% ▲	2.16 ٹریلیون روپے	2.74 ٹریلیون روپے	تجارتی کاروبار (دآمدات و برآمدات)



بے کاری کا ایک ایسا مسئلہ ہے جو اپنے ساتھ بے کاری کے علاوہ اسے کم کرنے والے نتائج پیدا کر سکتا ہے۔ اسی وجہ سے، ایک ایسا دارvesh اپنے ساتھ بے کاری کے علاوہ اسے کم کرنے والے نتائج پیدا کر سکتا ہے۔ اسی وجہ سے، ایک ایسا دارvesh اپنے ساتھ بے کاری کے علاوہ اسے کم کرنے والے نتائج پیدا کر سکتا ہے۔

304 C. M. L.

مکانیکی ایجاد کرنلیں کے لئے 2024ء کا نتیجہ ملکیت ایجاد کرنلیں کے لئے 2023ء کا نتیجہ ملکیت ایجاد کرنلیں کے لئے 2022ء کا نتیجہ ملکیت ایجاد کرنلیں کے لئے 2021ء کا نتیجہ ملکیت ایجاد کرنلیں کے لئے 2020ء کا نتیجہ

۱۰۷

جوابیہ پاکستانی تحریک (PAT) کو ۱۰۰ سے ۲۰۲۴ تک اپنے

روپے ملین میں

2023	2024	نفع نقصان کھاتہ
431,722	494,296	فنا نگلو، سرمایہ کاری اور تعین سے حاصل شدہ آمدی / منافع
(205,293)	(207,257)	میکن شدہ قوم پر منافع کی ادائیگی اور دیگر واجب الادامصارف
226,429	287,039	اصل منافع
18,713	22,528	فیس، کیش کی آمدی اور دیگر آمدی
3,095	830	غیر ملکی کرنی میں لین دین پر آمدی
299	5,520	ڈیپو یڈ مذکی آمدی اور سکیور ریٹریٹ پر منافع۔ اصل
22,107	28,878	نان- فنڈ اور دیگر آمدی
248,536	315,917	گل آمدی
(71,788)	(84,611)	انتظامی اور دیگر اخراجات
176,748	231,306	پردو یہ نزدیک سے قبل منافع
(7,340)	(9,221)	پردو یہ نزدیک قسمیں کی معافی۔ اصل
169,408	222,085	قبل از یک منافع
(84,932)	(120,577)	تکمیل
84,476	101,508	بعد از یک منافع
47.18	56.62	فی حصہ آمدی۔ اضافہ شدہ سرمائے پر۔ روپے Basic
47.13	56.30	فی حصہ آمدی۔ اضافہ شدہ سرمائے پر۔ روپے Diluted

سنافع چات

1

کتابیں ملکیت ایک دوسرے کی نہیں۔ اسی وجہ سے ایک دوسرے کی کتابیں ملکیت ایک دوسرے کی نہیں۔ اسی وجہ سے ایک دوسرے کی کتابیں ملکیت ایک دوسرے کی نہیں۔

پریوریتی ۱ کے ۳۰٪ میں اگرچہ ۲۰۲۴ء کے پہلے ۶ میсяں میں ۱۸٪ کا پیش نظر ہے، لیکن اس کے بعد ۲۰۲۴ء کے باقی میں ۳۰٪ کا پیش نظر ہے۔

میں ملک کے تجارتی اور صنعتی کامپنیوں کے لئے بھی ایک ایسا پروگرام ہے جس کا نام 2024ء کا ایک سالانہ ایکسپریس ٹریننگ پروگرام ہے۔

ڈاکٹر یکٹرز کی رپورٹ برائے نمبر ان

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

ہذا آں انکار کی جب تے 31 اگسٹ 2024 کو ملک میں اسلام کے پیغمبر اکرم ﷺ کے مقابلہ میں اسلام کو دینا اور اسلامیت کو پڑھنا پڑے۔

معاشی جائزہ

2025ء کے لئے ایک بڑا تغیرت ہے جو 2024ء کے مقابلے میں 17.8 میلین ایکڑ کی تعداد پر 33.3 میلین ایکڑ کی تعداد پر تغیرت کی گئی ہے۔ اسی وجہ سے 2024ء میں 16 میلین ایکڑ کے علاوہ 12.7 میلین ایکڑ کی تعداد پر ہائی ایکٹی ایجاد کیا گی جو اسی وجہ سے 2025ء کے مقابلے میں 33.3 میلین ایکڑ کی تعداد پر ہائی ایکٹی ایجاد کیا گی۔

ہماری کارکردگی

10

اندھر پردیکٹ لے 2024ء کی تاریخ 10 جولائی کے بعد اپنے مالکیت میں
کم از کم ۱۰٪، ۲۰٪، ۳۰٪ اور ۴۰٪ (PAT) میں اگرچہ اس کے حصے میں
کم از کم 100.5٪، 200٪، 300٪ اور 400٪ (PAT) میں اگرچہ اس کے حصے میں
کم از کم ۱۰۰٪، ۲۰۰٪، ۳۰۰٪ اور ۴۰۰٪ (PAT) کا ساتھ دیکھنا پڑے۔
۱۰٪، ۲۰٪، ۳۰٪ اور ۴۰٪ (PAT) کا ساتھ دیکھنا پڑے۔
۱۰٪، ۲۰٪، ۳۰٪ اور ۴۰٪ (PAT) کا ساتھ دیکھنا پڑے۔
۱۰٪، ۲۰٪، ۳۰٪ اور ۴۰٪ (PAT) کا ساتھ دیکھنا پڑے۔

فی حصص دلیل مذکور

سکھا پر 250 کے لئے اعلیٰ اسکن سوسائٹی نے کامیابی کی تھی۔ 2020 کی تاریخ پر اسکے
لئے 700 پر 7,700 کا اگرچہ خوبصورتی ملکی ملکیت ہے اور اس کے ساتھ ہے۔

بھی اپنے 21 کی بھتی 28,000 روپے میں سے 2300 روپے کا سوچ کر کھینچ کر 21,000 روپے کی اپنی اکاؤنٹ پر لے کر رکھ دیتے۔

Business and Operations Review

BUSINESS REVIEW

Financials

The Bank delivered strong performance in 2024 despite a challenging macroeconomic environment, achieving key milestones and further solidifying its position as a leader in the banking industry. Key financial highlights of the Bank for 2024 were as follows:

	2024	2023
Total Assets	Rs 3.90 trillion	Rs 3.0 trillion
Islamic Financing & Related Assets – Gross	Rs 1.56 trillion	Rs 992 billion
Investments	Rs 1.87 trillion	Rs 1.57 trillion
Deposits	Rs 2.58 trillion	Rs 2.22 trillion
Total Equity	Rs 247 billion	Rs 185 billion
Asset to Equity Leverage	Rs 15.79 Times	Rs 16.29 Times
Total Branches	1,051	1,004

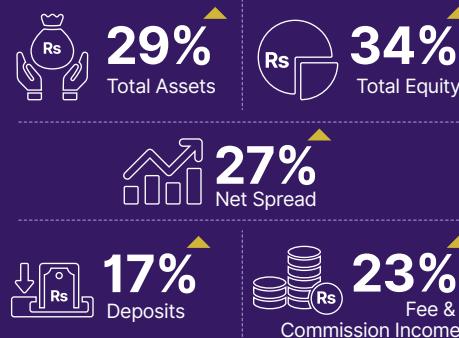
Total Deposits of the Bank surpassed the Rs 2.5 trillion milestone for the first time, reaching Rs 2.58 trillion from Rs 2.22 trillion in 2023, marking a growth of 17% that outpaced the industry's deposit growth of 9%. A major accomplishment last year was expanding the branch network to 1,051 across 351 cities, enhancing the Bank's physical presence. This expansion supports the Bank's commitment to increase financial inclusion and provide Islamic banking services to underserved areas, covering both rural and urban locations across the country. The strategic geographical expansion, coupled with a strong digital infrastructure, has been instrumental in boosting the Bank's growth and reinforcing its brand value.

The Bank's total assets exceeded Rs 3.9 trillion, driven by an investments portfolio of over Rs 1.87 trillion and gross financing of Rs 1.56 trillion. The total assets grew by 29%, while the equity rose by 34%, reaching Rs 247 billion, reflecting higher profitability and strategic capital retention. The Bank's Capital Adequacy Ratio remains strong at over 20%, which underscores the Bank's commitment to maintaining a resilient financial position that exceeds the industry standards.

The Bank's net spread increased by 27%, growing to Rs 287 billion from Rs 226.4 billion in 2023, driven by volumetric growth in earning assets. Fee and Commission income grew by 23%, with key contributions from digital services, branch banking fees and trade finance services. The Bank reported a profit after tax of Rs 101.5 billion in 2024, maintaining its position as the most profitable bank in the industry and among the most valuable banks by market capitalization. Meezan Bank has delivered a stellar Return on Average Equity of 47% in 2024.

Through a strategic focus on growth, financial inclusion and operational excellence, the Bank continues to strengthen its leadership in the banking sector while reinforcing its commitment to delivering sustainable value for stakeholders.

Growth in 2024



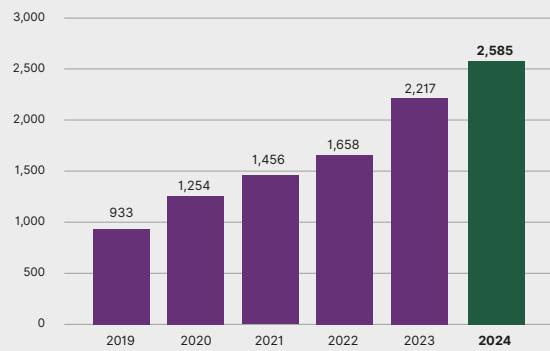
CREDIT RATING

The Bank's credit ratings were reaffirmed at AAA/A-1+ for long-term and short-term respectively.

The 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.

Deposits

Rupees in billion



Retail Banking

Meezan Bank has demonstrated remarkable growth over the past two decades, establishing itself as a leader in Islamic banking in Pakistan. The Bank's performance is driven by its commitment to provide market-competitive and Shariah-compliant financial solutions, tailored to meet the evolving needs of its customers. Its success is further fuelled by its strong focus on product innovation, service excellence and a robust governance framework that ensures adherence to Islamic principles whilst fostering sustainable growth.

2024 Highlights

***Rs 6.9** billion
Investment through
Roshan Equity Accounts

****27%**
Market Share in
Roshan Digital Account

*Since commencement

***USD 2.5** billion
Inflows in RDA

***Rs 2.2** billion
Disbursed for Roshan Apni Car

**Total Funds Inflow

Launch of
Meezan
Digital Account

***420,000+**
Meezan Digital Accounts

During the year 2024, Meezan Bank accomplished two significant milestones: its deposit base crossed Rs 2.5 trillion and its branch network expanded to 1,051 branches covering 351 cities of Pakistan. The Bank has significantly impacted the Islamic banking landscape of Pakistan by opening branches in underbanked and rural areas of Pakistan. From taking 18 years to mobilize the first Rs 1 trillion in deposits, Meezan Bank managed to attract the next Rs 1.5 trillion in the subsequent four years, Alhamdulilah!

Enhanced Product Features of Meezan Current Account

Meezan Rupee Current Account is a customer-focused product that offers value, ease, convenience and flexibility of financial transactions to a wide range of customers, providing them easy access to funds. To enhance customer convenience in terms of transactions and withdrawal of their funds, the following value-added features are offered, in addition to its market-competitive benefits:

- No charges on Debit Card issuance (one free primary card per account)
- No charges on SMS Alerts subscription (1st time only)
- No charges on Cheque Book issuance

Commercial Launch of Meezan Digital Account (MDA)

Instant account opening is a significant stride in Meezan Bank's digital transformation journey, enabling customers to initiate account opening online without visiting a physical branch. In February 2024, the Bank commercially launched its first-ever digital banking solution with the name of Meezan Digital Account (MDA). MDA is a full-fledged digital account offered to all individuals residing in Pakistan, opened through a user-friendly account opening process, as it does not require any physical signature, biometric verification, or physical documentation. The solution not only offers a hassle-free banking relationship but also the convenience of making financial transactions to millions of Pakistanis.



Meezan Bank, having the highest market share in the industry, has successfully managed to onboard over 420,000 new banking relationships with deposits exceeding Rs 16 billion.

Free Debit Card Issuance on Meezan Digital Account (MDA)

Meezan Bank's growing digital penetration is essential for reaching underserved populations, improving operational effectiveness and enhancing customer convenience. To enhance the value of its digital offerings, the Bank provides free of charge debit card to customers opening a digital account. This feature allows customers to make secure and efficient financial transactions digitally, while saving on card issuance fees.



Revitalization of Meezan Plus Account

Meezan Bank successfully rebranded its existing Meezan Business Plus Account during the year 2024. Meezan Plus is a remunerative Mudarabah-based current account which provides a bundle of exciting features while adhering to Shariah principles. With continuous social media marketing, Meezan Plus Account successfully onboarded 39,000 banking relationships with deposits exceeding Rs 24 billion. The product offers a range of following value-added benefits:

- No charges on Debit Card issuance
- No Annual Fee on debit cards
- Free on-demand Account Statements
- Free Intercity Clearing through NIFT
- No charges on Stop Payment requests
- Free SMS Alerts (all transactions)
- No charges for Balance Maintenance Certificate/ Account Maintenance Certificate
- No charges on Pay Order cancellation

Roshan Digital Account (RDA)

Meezan Bank continues to hold its top position in the Roshan Digital Accounts (RDA) space, playing a significant role in contributing to Pakistan's economy. The Bank has 126,000 RDA accounts with a market share of 15% in terms of number of accounts and 27% in terms of total inflows of funds. Key achievements in 2024 include:

- Inflows surpassing USD 2.5 billion since commencement
- Leading position in terms of the highest Roshan Equity accounts
- Investment through Roshan Equity Accounts exceeding Rs 6.9 billion since commencement
- Investment in Mutual Funds exceeding Rs 2.7 billion since commencement
- Disbursement exceeding Rs 2.2 billion for Roshan Apni Car since commencement

Enhanced Product Offering for Freelancers

Meezan Bank has taken multiple initiatives to enrich the banking proposition for freelancers. Freelancers can now easily open their accounts in a branch using a digital onboarding application followed by easy steps with no extra documentation related to income proof. This account continued to be a well-performing offering with deposits totalling over Rs 10 billion.



Countrywide Training of Banking on Equality

In line with the State Bank of Pakistan's (SBP) Banking on Equality Policy, Meezan Bank has over 800 women champions placed in designated branches across Pakistan, who play a key role in assisting female customers and promoting the Bank's products and services. To equip these women champions with relevant product knowledge and insights, the Bank has conducted multiple training sessions across the country.



Meezan Kids & Teens Club Account Ramadan Campaign

During the year 2024, Meezan Bank initiated a dedicated campaign for Meezan Kids & Teens Club accountholders to engage them during the holy month of Ramadan. The accountholders were asked to make a short video, send it to the Bank and win exciting prizes. A total of 10 customers won the campaign.



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's state-of-the-art ADC infrastructure is an integral part of its comprehensive digital solutions catering to the banking needs of its diverse customer base.

ATM Network

Meezan Bank has significantly grown its ATM network which currently comprises of 1,219 ATMs across 334 cities with 1,054 on-site ATMs and 165 off-site ATMs. In order to enhance customer convenience and ease, the Bank has also installed dual ATMs at 57 of its branches. Additionally, the Bank's branch at UP Morh, Karachi, has been equipped with triple ATMs to ensure prompt service to customers.

The network has maintained an uptime of 97.6% in 2024 with a total of 118.9 million transactions performed via our ATMs, signifying an 11% increase as compared to last year. Furthermore, Rs 2.1 trillion were withdrawn from our ATMs, representing a growth of 14% over the previous year.

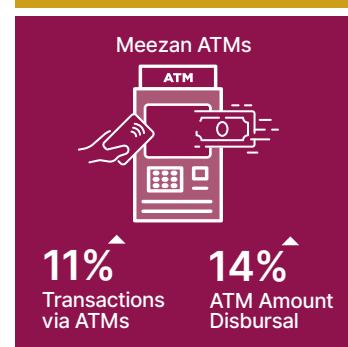
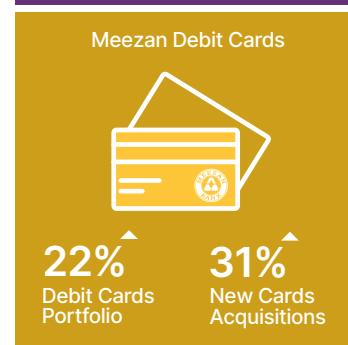
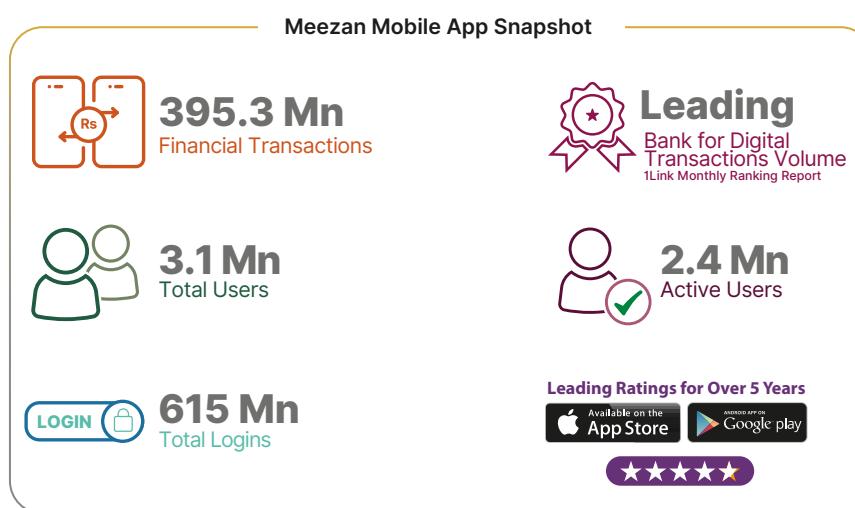
As per 1Link's Industry Ranking, Meezan Bank's network was ranked 3rd out of 35 in Acquiring volume, Acquiring income and Acquiring value within the ATM banking industry. Moreover, Meezan Bank was also ranked 2nd out of 35 financial institutions in Issuing volume and 4th in Issuing value.

With a key focus on digitization of services and offerings as well as shifting customers towards digital channels, the Bank has also deployed Cash Deposit Machines at branches with high deposit volumes. This not only enables us to shift customers towards digital channels but also ensure fast and easy deposits even after banking hours.

Meezan Mobile App

Meezan Bank's mobile app continues to set new standards in digital banking, maintaining its reputation for simplicity, intuitiveness, speed and high availability. With over 3.1 million users, the app achieved a significant milestone by processing 395.3 million financial transactions, representing a remarkable 43% growth compared to the previous year. The total value of these transactions surged to an industry-leading Rs 18.1 trillion, an impressive 56% increase from 2023.

The app's exceptional performance is matched by its popularity, as reflected in its consistent and industry-leading ratings on both Google Play Store and Apple App Store for over five years. Furthermore, Meezan Bank has reinforced its leadership position in digital transactions by capturing over 20% of the transactions passing through 1Link's grid in 2024.





Meezan Mobile App

2.1+ Million
Downloads in 2024

26% Increase
in Monthly Active Users

43% Growth
in Financial Transactions

35% Increase
in Registered Users

100 Million
more Logins in 2024 vs. 2023

Received
100,000 Positive Reviews in 2024

Available on the App Store

Available on Google play



Launch of New Meezan Mobile App

In 2024, Meezan Bank took a major leap forward by launching a new Mobile App built on a modern platform-based architecture. This innovative approach allows rapid addition of new features, ensuring the app adapts to the evolving needs of its users. The new app maintains the simplicity and ease-of-use of the existing Mobile App while introducing advanced features and enhanced security measures.

Looking ahead, Meezan Bank envisions the new app as a one-stop digital solution for all banking needs with a roadmap that includes integrating services to enable customers to perform all transactions and banking activities without physically visiting the branch. Both apps are currently available for new customers, while customers of the existing app are being gradually migrated to the new app.

Debit Cards

Meezan Bank offers one of the most extensive debit card portfolios in the industry, featuring a wide range of product offerings and advanced payment technologies. These include NFC, Chip & PIN security, mobile-based contactless payments and 3D Secure e-commerce payments, ensuring customers benefit from best-in-class solutions.

In 2024, Meezan Bank renewed its strategic partnership with Mastercard to introduce premium cards with exclusive benefits and advanced digital features, providing secure and Shariah-compliant solutions for the Bank's affluent customer segment.

In 2024, Meezan Bank's debit cards portfolio increased by 22% reaching 3.99 million cards, with new card acquisitions increasing by 31% YoY. This exceptional growth underscores the Bank's effective customer acquisition strategy and its continued expansion in the market. Additionally, Meezan Bank continues to lead the market in e-commerce spending, holding over 32% of the industry's total e-commerce spend, as per the SBP – Payment Systems Review for Q1 2024-25. The total spend volume for 2024 surged by 30%, reaching Rs 307 billion, with POS spend volume increasing by 45% to Rs 225 billion.

In line with its commitment to meeting the needs of freelancers and IT exporters, Meezan Bank launched the USD denominated FCY Debit Card this year. Linked to the Exporters' Special Foreign Currency Account (ESFCA), the card facilitates secure global transactions, including international cash withdrawals, as well as POS and e-commerce facilities, both within Pakistan and internationally. This offering enhances financial flexibility and provides users with greater convenience.

Key features of the new app include:

- Integration with AI Meezan Mutual Funds
- Comprehensive Card Management
- Payoneer Wallet Integration
- Transactional Limit Management
- Real-time In-App Notifications
- Improved interface for routine banking experiences such as viewing account statements and conducting transactions.

Our oldest user is
91 years old,
highlighting the
App's ease of use.





Loyalty & Alliances

This year, Meezan Bank's strategic alliances have seen remarkable growth, achieving significant milestones across a diverse range of sectors. With over 150 alliance partners onboard, the Bank has strengthened its presence in key segments including dining, golf, lifestyle, health & fitness, retail and CIP lounges.

The Bank's strategic collaborations with value-driven, premium brands like Café Flo, Xander's, GAI'A, Rina's Kitchenette, TriFit, Legends Arena and Fresh Basket have not only fostered mutual growth but also enhanced customer engagement and brand visibility.

Looking ahead, Meezan Bank remains committed to sustaining this growth momentum by expanding its alliance network, with a focus on integrating more high-quality brands that align with the Bank's strategic objectives.

POS Acquiring

In 2024, Meezan Bank achieved unprecedented growth, expanding its POS network to over 28,000 terminals and 24,000 unique merchants across 334 cities. Leveraging the deployment efforts of its branches, the Bank realized an impressive 82% YoY increase in POS transaction volume, reaching Rs 214 billion, with a record monthly POS volume of Rs 24.2 billion processed in December 2024.



With a diverse merchant portfolio, Meezan Bank continued to drive financial inclusion with mid-sized merchants and SMEs accounting for approx. 45% of the total POS volume. This growth highlights the Bank's commitment to supporting business growth and bridging gaps in financial accessibility. Key achievements of 2024 include:

- Enabled dynamic Raast QR payments across the entire POS network
- Expanded payment capabilities through static Raast QR codes for Tier 2 and Tier 3 merchants
- Simplified school fee payments via Meezan POS terminals
- Introduced Pakistan's first-ever digital parking solution for cashless payments, in partnership with AJCL Private Limited and the Capital Development Authority

E-commerce Payment Gateway

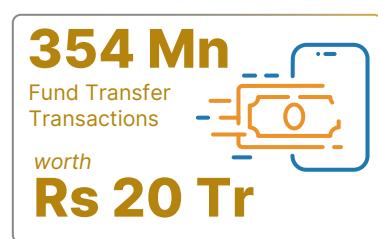
Meezan Bank's E-Commerce Payment Gateway provides merchants a trusted platform to process payments through websites and mobile applications. The Bank successfully onboarded over 1,200 direct merchants and five aggregators, achieving a total transaction volume of Rs 12.2 billion, marking a 65% YoY increase. In December 2024, the gateway processed a record monthly transaction volume of Rs 2.1 billion, reflecting the rapid shift towards digital payments. Key achievements of 2024 include:



- Strengthened online retail payment options through a strategic partnership with Daraz
- Collaborated with Bookme for simplified travel and event bookings
- Onboarded Multan Electric Power Company (MEPCO) and introduced a new platform for utility bill payments

Digital Fund Transfers

Meezan Bank has solidified its position as a leader in digital fund transfers, enabling secure and efficient transactions across Pakistan. In 2024, the Meezan Mobile App and Internet Banking platforms processed 354 million fund transfer transactions worth Rs 20 trillion, reflecting a remarkable growth of 47.5% in volume and 54% in value compared to the previous year.



Of these transfers, 121 million transactions worth Rs 10.5 trillion were conducted within Meezan Bank accounts, while 232 million transactions amounting to Rs 9.5 trillion were processed with other banks through 1Link and Raast.

Bill Payments & Services

Meezan Bank continues to lead the market with its extensive range of bill payment services. In 2024, the Bank processed 49 million bill payments worth Rs 1.1 trillion, reflecting a growth of 20% in volume and 53% in value compared to the previous year. With over 3,000 bill payment options available through direct services and strategic partnerships, customers can pay utility bills, mobile top-ups, Government taxes, challans, school and university fees and more, making Meezan Bank one of the most trusted bill payment platforms.



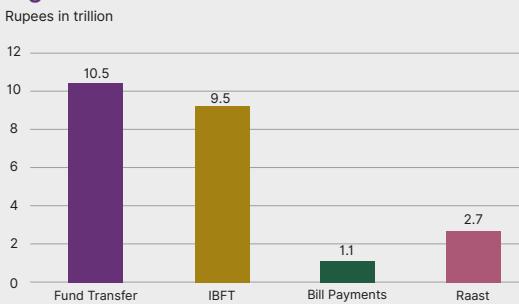
Raast Payments

In 2024, Meezan Bank emerged as one of the leading banks in Pakistan for processing Raast payments. The Bank processed an impressive 38.8 million transactions worth Rs 2.7 trillion, representing over a 3-fold increase compared to 2023, when 10.1 million transactions totaling Rs 688 billion were processed.

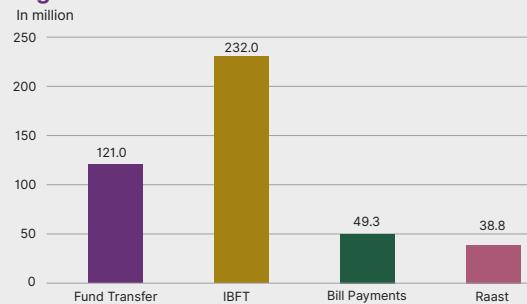


To enhance customer convenience, Meezan Bank introduced QR-based peer-to-peer (P2P) payments via Raast in 2024, enabling customers to make seamless, instant payments through the mobile app, reinforcing the Bank's commitment to advancing digital banking in the country.

Digital Transactions Value



Digital Transactions Volume



Fintech Collaboration

Meezan Bank actively collaborates with fintechs to enhance its offerings and drive financial inclusion across the country. Through API-based services, the Bank empowers fintechs to deliver advanced features at affordable costs. These services include:

- BIN Sponsorship & Settlement Services
- Account-Based Debit Services
- Fintech Wallet Unlock & Upgrade
- Cash Withdrawal via ATMs
- Trust Account Services

By fostering partnerships with fintechs and startups, Meezan Bank continues to drive innovation and digital transformation in Pakistan's financial landscape.

Home Remittance

Meezan Bank plays a key role in facilitating international remittances through the Pakistan Remittance Initiative (PRI) and non-PRI programs under its 'Meezan Easy Remit' brand. The Bank offers instant fund transfer to beneficiary accounts and wallets, Cash over the Counter (CoC) transactions and the issuance of Electronic Pakistan Remittance Certificates (E-PRCs) for tax compliance. The Bank also provides remittance-specific products such as the Meezan Express Account and Meezan Smart Wallet.

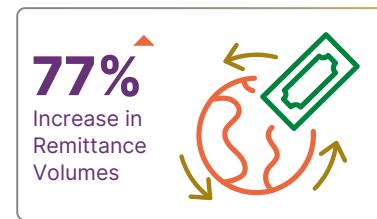
To promote financial inclusion, the Bank is actively involved in training initiatives at embassy offices to guide expatriates on sending remittances through the banking network. The Bank is also onboarding partners from major remittance corridors and has conducted various marketing campaigns to increase remittance volumes.



Syed Amir Ali, Deputy CEO and Mr. Muhammad Abdullah Ahmed, Group Head Transaction & International Banking – Meezan Bank along with their team at the 4th Pakistan Remittance Summit (Rome, Italy).

In 2024, the Bank achieved 77% growth in remittance volumes compared to the previous year, solidifying its position as one of the fastest-growing banks for remittances in the industry.

The Bank also hosted a remittance-focused event titled 'Hawala Hundi Say Inkar', for remittance beneficiary families in the Gujrat District, raising awareness about legal remittance channels. Additionally, the Bank co-sponsored the 4th Pakistan Remittance Summit in Rome, Italy and participated in another key remittance event in Barcelona, Spain, further strengthening its ties with the global Pakistani diaspora.



Financing Portfolio

2024 Highlights

Rs 1,148 billion
Corporate Banking Portfolio

Rs 293 billion
Commercial Banking Portfolio

Rs 189 billion
Investment Banking Transactions

SME Financing

2024	Rs 28.2 billion
2023	Rs 20.3 billion

Supply Chain Financing

2024	Rs 7.1 billion
2023	Rs 3.9 billion

165

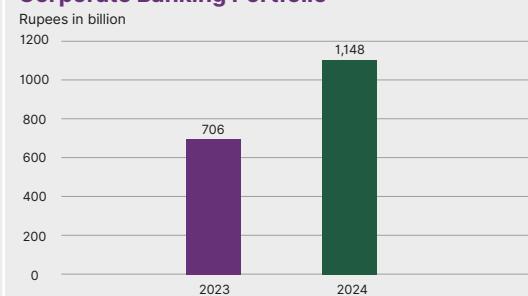
Farmer Awareness
Programs

Corporate Banking

Meezan Bank offers an extensive range of Shariah-compliant financial services to both multinational corporations and public sector entities. By leveraging the expertise of in-house product specialists and Shariah scholars, the Bank provides tailored solutions in working capital finance, import finance, export re-finance, commodity operations financing, long-term finance, project financing and documentary credit facilities.

Driven by a focused strategy, Meezan Bank's Corporate Banking funded portfolio grew by 63%, from Rs 706 billion in 2023 to Rs 1,148 billion in 2024, while maintaining non-performing financing at a commendably low rate of under 2%.

Corporate Banking Portfolio



Trade Business

In 2024, Meezan Bank recorded trade business of Rs 2.74 trillion, marking an increase of 27% from Rs 2.16 trillion in 2023. The export business volume reached Rs 1.14 in 2024, achieving a growth of 14% YoY. This growth trajectory underscores the Bank's commitment to fostering financial activities and achieving strategic milestones.



Investment Banking

Meezan Bank's Investment Banking has consistently maintained its prominent position in Pakistan's financial sector. The Bank provides a complete suite of Investment Banking services and structured solutions through dedicated specialist teams.

Despite economic challenges in 2024, the Bank successfully led and closed transactions totalling over Rs 189 billion across sectors including telecom, power generation & transmission, oil & gas, infrastructure, sugar, textile and pharmaceuticals.

The execution of large-scale transactions contributes towards national progress, strengthening local capacities, fostering economic development and attracting foreign direct investment in the country.

Meezan Bank has consistently prioritized Environmental, Social and Governance (ESG) considerations, with focus on financing renewable energy projects to reduce climate disruptions and decrease reliance on costly imported fuels.

Key transactions during the year are highlighted below:

Customers	Sector	Facility Size (Rs in Billion)
Pakistan Mobile Communication Limited	Telecom	75.0
Enertech Water Company Limited	Infrastructure	51.5
Sui Southern Gas Company Limited	Oil & Gas	20.0
JDW Sugar Mills Limited	Sugar	10.0
Lucky Electric Power Company Limited	Power	8.0
Nishat Denim	Textile	7.0
Martin Dow Limited	Pharma	4.5
The Hub Power Company Limited	Power	2.5
RYK Sugar Mills	Sugar	2.5
Stylers International Limited	Textile	2.3
Unicol Limited	Others	2.0
Thal Sugar Mills	Sugar	1.8
Nishat Hotel	Others	1.5
Al Moiz Sugar Mills	Sugar	0.6
Total		189.2

Key Awards and Recognitions

Key Awards for the year 2024 are as follows:

Islamic Finance News Malaysia

- Best Islamic Investment Bank in Pakistan

CFA Society Pakistan

- Best Transaction of the Year (Runner up) – 2024

Asset Triple A – Islamic Finance Awards

- Telecom Deal of the Year – Pakistan
Engro Enfrashare Private Limited Rs 6 billion Islamic syndicated term finance facility
- Water Deal of the Year – Pakistan
Enertech Water (Private) Limited Rs 51.5 billion Islamic project finance facility



Commercial Banking

Despite economic challenges, Meezan Bank's Commercial Banking segment delivered strong growth in 2024. Through a disciplined credit approach and proactive risk management, the Bank expanded its commercial financing portfolio by an impressive YoY growth of 63%, reaching Rs 293 billion by December 2024. By adopting prudent risk and remedial management strategies, the Bank reduced NPLs for this segment and successfully recovered stuck-up finances.



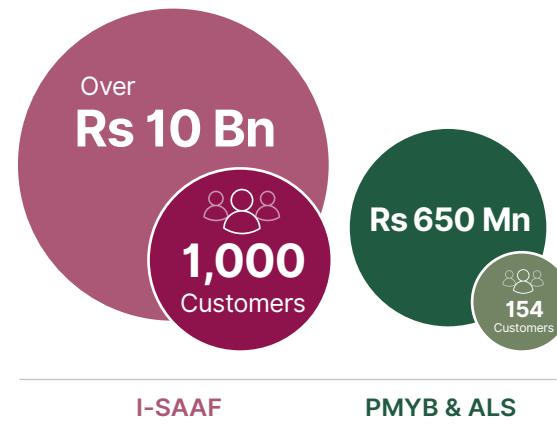
The Bank led Shariah-compliant financing innovations in aquaculture and renewable energy sectors, financing Pakistan's first shrimp farm as well as wind turbine and biomass energy projects.

To enhance outreach to SMEs and improve financial access, the Bank segregated its Commercial and SME financing books in 2024, which allowed for a more targeted approach to facilitating businesses of different scales.

Small & Medium Enterprises (SMEs) & Supply Chain Financing

In 2024, Meezan Bank's SME Banking portfolio grew by 38% from Rs 20.38 billion in 2023 to Rs 28.2 billion in 2024, including Supply Chain Financing (SCF) clients. Under the Islamic SME Asaan Finance Scheme (I-SAAF), the Bank disbursed over Rs 10 billion to 1,000 customers, while Rs 650 million were disbursed under the Prime Minister's Youth Business and Agriculture Loan Scheme (PMYB & ALS), benefiting 154 customers.

The SCF portfolio increased from Rs 3.9 billion in 2023 to Rs 7.1 billion in 2024, with seven new corporate anchors joining the program. During the year, the Bank partnered with a leading OEM in the two-wheeler segment, involving fintech for vendor financing. The Bank also entered into an MoU with a leading corporate anchor to develop its first in-house digital platform, which will enhance the efficiency and accessibility for buyer finance under SCF Program.



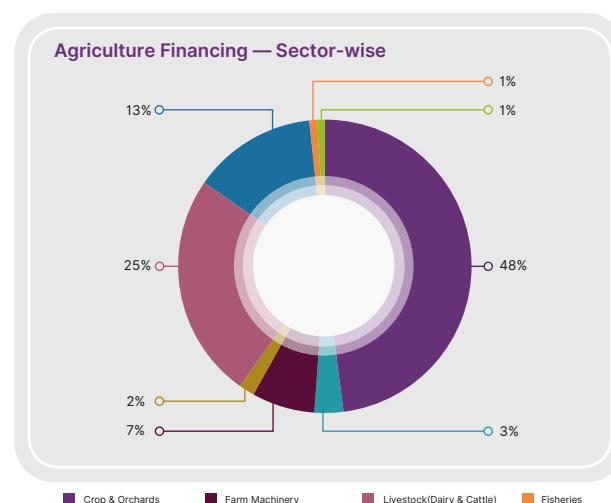
Agriculture Financing

Meezan Bank provides Shariah-compliant financing solutions to support the agriculture sector through its extensive branch network across Pakistan. In 2024, the Bank surpassed its SBP Credit Disbursement target, disbursing Rs 87.1 billion, with a focus on small farmers through inclusive financing models in collaboration with microfinance institutions and value chain partners, such as sugar mills.

The Bank also conducted over 165 Farmer Awareness Programs, educating 3,674 farmers on Islamic banking and Shariah-compliant agricultural products. In 2025, Meezan Bank aims to expand its outreach with over 500 programs, targeting underserved rural areas.



Farmers Awareness Session – Sadiqabad



To enhance rural financing in 2025, the Bank will focus on offering financing and digital solutions to farmers for crop, tractors, farm machinery, solar tube wells, warehouse receipt financing and non-farm sectors such as livestock farming, dairy, meat processing, packaging and transportation. These initiatives will enable farmers to scale operations and increase their earnings.

Consumer Finance

Meezan Bank continues to lead the market in providing Shariah-compliant consumer financing in the country, offering a comprehensive range of products including Car Ijarah, House Finance, Bike Finance, Solar Finance and Consumer Ease.

The Bank prioritizes digital transformation to provide seamless banking experience through its user-friendly online platforms, allowing customers to apply for any consumer product with robust security measures in place.

Rs 78,499 Mn

Total Consumer Finance Portfolio



2024 Highlights

Rs 60,873 million
Car Ijarah Portfolio

Rs 16,864 million
Housing Finance Portfolio

Rs 429 million
Solar Financing Portfolio

Rs 257 million
Meezan Apni Bike Portfolio

Rs 76 million
Consumer Ease Portfolio

1st Position
in Govt. Hajj Application Collection

Car Ijarah

Meezan Bank's Car Ijarah product continues to be the premier Riba-Free car financing solution in Pakistan, structured on the Islamic financing principle of Ijarah (leasing). To enhance customer experience, the Bank has launched a user-friendly Lead Management System, enabling customers to digitally submit their leads. Additionally, the adoption of advanced IT techniques has significantly improved operational efficiency by automating the retrieval of customer bureau data and CNIC verification through NADRA. The Bank also introduced subsidized profit rate financing options for Kia and Honda customers including a 0% profit rate offer, making car ownership more accessible and affordable.



Meezan Apni Bike

Meezan Apni Bike product continues to be a leading Riba-Free motorcycle financing solution in Pakistan, structured on the Islamic financing mode of Musawamah. To make motorcycle ownership more accessible, Meezan Bank introduced ground-breaking 0% profit rate financing options for both gasoline and electric bikes. This initiative has attracted thousands of new customers and solidified the Bank's position as a preferred choice for motorcycle financing.



Furthermore, the Bank made significant system enhancements, including the integration of approval and disbursement systems, leading to a faster and smoother disbursement process.

Meezan Easy Home

In Housing Finance, Meezan Bank processed disbursements of Rs 2.08 billion for regular cases, with an outstanding portfolio of Rs 16.86 billion as of December 31, 2024. In collaboration with Pakistan Mortgage Refinance Company (PMRC), the Bank offers three-year fixed-rate financing at discounted profit rates, promoting affordable and Shariah-compliant housing finance. Additionally, Meezan Bank serves overseas Pakistanis through the Roshan Apna Ghar product under the Roshan Digital Account.



To promote financial inclusion, Meezan Bank offers preferential housing finance rates and added benefits for female customers under its Meezan Women First initiative. A total of 262 women have secured financing amounting to Rs 1.73 billion through this program.

To streamline operations and improve turnaround time, the Bank has digitalized its Housing Finance Approval System, improving efficiency from onboarding to Musharakah property execution.

Meezan Solar Financing

Meezan Bank introduced 'Meezan Solar' in August 2021, aligning with the SBP's Islamic Financing Facility for Renewable Energy (IFRE) scheme. 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.

By December 2024, the Bank has financed over 635 customers with net financing amount of Rs 689 million, with an active portfolio of 615 units and Rs 429 million.

Total installed capacity to date is 7,214 kilowatt (approx. 7.2 megawatt) which helped reducing carbon emission of 5,504 metric tons per year which is equal to planting approximately 275,816 trees per year.

Consumer Ease Durable Financing

Meezan Bank re-launched its 'Consumer Ease - Durable Financing' product in June 2024, which allows customers to utilize the limits assigned by the Bank to shop from a menu of over 500 products, with a 3-years limit. This menu includes items such as smartphones, LEDs, electronics, home appliances and more. As of 31 December 2024, the active portfolio reached 940 units and Rs 76 million outstanding finance, serving over 363 customers. This product is currently offered to Meezan Bank's staff and Meezan Payroll Partner customers.



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 with 12-months easy instalment plans.



Meezan Bank retained its top position (1st) among the 15 participating Pakistani banks in the Government's Hajj application collection initiatives for 2024. Overall, 73,571 Hajj applications were collected by all banks, out of which Meezan Bank's share stood at 21.4% with 15,723 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), Asset Management Companies (AMCs), stock exchanges, Takaful companies, Microfinance Institutions (MFIs), brokerage houses 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 and transaction structures and products, catering to the specific requirements of customers and addressing complex business needs. The Shariah Advisory Unit also provides Shariah compliance review, Shariah audit, capacity building and training services to its clients.



Mr. Urooj ul Hasan Khan – Group Head, Corporate, Investment Banking & Shariah Advisory, Meezan Bank and Mr. Muhammad Murtaza – CEO, Rural Community Development Program (RCDP) and their respective teams.

In 2024, Meezan Bank provided Shariah Advisory services to various microfinance companies including Rural Community Development Program, CSC Empowerment & Inclusion Program, Damen Support Program and SAFCO Microfinance Company. The services included an initial review of business and operations, policies and procedures and the development of Shariah-compliant products catering to the diverse needs of microfinance customers. The Bank also conducted training for their staff on Islamic finance and Shariah-compliant products.

The Bank extended Shariah Advisory services and support for upcoming digital Islamic bank and delivered institution-wide frameworks, policies, procedures and manuals. It also presented the case study on Meezan Bank's success to their senior management.

The Bank provided Shariah technical services and support to ZLK Islamic Financial Services (Private) Limited, to launch the first SECP-approved Shariah-compliant stock brokerage in Pakistan and to Burj Clean Energy Modaraba, to mark the listing of the first green energy fund at PSX GEM Board. The Bank's Shariah Advisory Unit has developed a number of corporate Sukuk structures to raise Shariah-compliant redeemable capital. The Bank continued providing Shariah advisory services to one of the cooperative finance institutes in Australia.

The Bank continued to provide Shariah advisory services to 43 funds and plans of Al Meezan Investment Management Limited and 15 funds and plans of NBP Fund Management Limited with total funds under management of Rs 695.3 billion and Rs 139.7 billion respectively. The Bank also conducted a workshop on Islamic finance and Shariah-compliant mutual funds for leadership team of Al Meezan Investment Management Limited.



Further details about the Shariah Advisory initiatives of the Bank are provided in the Shariah Board Report 2024.

Treasury

Meezan Bank has maintained its leading position in both the foreign exchange and money markets by serving as an active market maker and a key participant. The Bank now acts as an active market maker in all listed GoP Ijarah Sukuk issued by the PSX. It also services the foreign exchange needs of its customers, offering products across import, export, outward remittance, inward remittance, forward and Bai Salam, available in both local and foreign currencies.

Market Maker for the

Government of Pakistan Ijarah Sukuk

In a landmark move, the Ministry of finance conducted its first Sukuk auction program through Pakistan Stock Exchange. A total of 15 auctions were conducted in 2024, in which Rs 1.95 trillion was successfully raised, including Meezan Bank's participation of Rs 535 billion. Moreover, 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 multiple tenors, including 1-year, 3-years and 5-years options with both fixed & variable rental rates. This year, a 10-years tenor with both fixed and variable rates was also introduced.

Meezan Bank actively participated in the SBP's Shariah-compliant open market operations for shorter and longer tenors for effective liquidity management. Additionally, the Bank also raised liquidity from the interbank market to support its operations.

The USD-PKR remained range bound within the range of 277-278.5. The Bank efficiently managed its foreign exchange flows to meet the needs of its diverse customer base, alongside enhancing the Bank's overall trade business.

Financial Institutions and Correspondent Banking

The Bank, through its Financial Institutions and Correspondent Banking department, focuses on building and expanding correspondent banking relationships globally, with a network spanning 79 countries and over 600 correspondents. These correspondents offer a spectrum of services, including advising, confirmation, discounting of Letters of Credit (LC), reimbursement undertakings, standby LCs and guarantees.

In October 2024, Meezan Bank participated in SIBOS 2024 in Beijing China, marking its first appearance at one of the largest international banking conferences, attended by over 10,000 participants from 150+ countries.



Mr. Abdullah Ahmed - Group Head Transaction and International Banking with the Meezan team at SIBOS 2024 in Beijing China.



Signing ceremony with the International Islamic Trade Finance Corporation (ITFC)

In November 2024, Meezan Bank entered into a strategic partnership with the International Islamic Trade Finance Corporation (ITFC), a member of the Islamic Development Bank (IsDB) Group, for the ITFC Letter of Credit (LC) Confirmation product. This product facilitates import trade flow by allowing foreign exporters to gain assurance from ITFC to secure payment and thus eliminate credit risk. This will also enable the Bank to extend geographical coverage by leveraging the ITFC network, both in IsDB member and non-member countries and facilitate longer term LC Confirmation transactions (6 to 12 months).

Transaction and Employee Banking

Meezan Bank provides seamless cash management and payroll solutions, including on-site account opening services.

In cash management, the Bank has demonstrated remarkable growth, securing its position as a leading solution provider. The Bank's eBiz+ corporate internet banking platform empowers clients across corporate, commercial, SME and institutional sectors to transact securely anytime, anywhere. In 2024, transactions grew by 25%, increasing cash management throughput from Rs 4.4 trillion in 2023 to Rs 6.4 trillion in 2024, marking a growth of 45%, showcasing the Bank's commitment to building strong client relationships.

In employee banking, Meezan Bank has not only entered but firmly established its presence with over 90,000 accounts, with a book size of around Rs 4 billion. The Bank's focus on innovation and customer-centric solutions continues to drive growth in the evolving financial landscape.



90,000
Employee Banking Accounts

Meezan Bank's Subsidiary Al Meezan Investment Management Limited

Meezan Bank's subsidiary, Al Meezan Investment Management Limited (Al Meezan), continues to hold its position as the largest Asset Management Company (AMC) in Pakistan, with a strong track record of 29 years in fund management operations. As of December 31, 2024, Al Meezan's Assets Under Management (AUMs) crossed Rs 718.4 billion, including Separately Managed Accounts (SMAs) for corporate clients and high-net-worth individuals. This represents approximately 16% of the total mutual funds industry and an impressive 35% share of the Shariah-compliant mutual funds industry. Al Meezan also manages Pakistan's largest Voluntary Pension Fund, the Meezan Tahaffuz Pension Fund, with net assets of around Rs 30 billion as of December 31, 2024. The investor base has grown significantly, now serving over 392,000 customers.

In 2024, Al Meezan's outstanding performance was recognized with several prestigious awards, including the 'Asset Management Company of the Year - Pakistan' at the 9th IFFSA Awards, 'Best Asset Management Company of the Year' at the 18th Consumer Choice Award and 'Asset Manager of the Year - Pakistan' at the Asset Triple 'A' Islamic Finance Awards. These accolades highlight Al Meezan's commitment to delivering best-in-class, Shariah-compliant and innovative investment solutions, further cementing its leadership in the asset management industry.

Awards

Al Meezan earned following accolades in 2024:



Asset Management Company of the Year



Best Asset Management Company of the Year



Asset Manager of the Year – Pakistan

2024 Highlights

Rs 718.4 billion
Assets Under Management

392,000+
Investors

35% share of
Shariah-compliant Mutual Funds Industry

Al Meezan continues to expand its reach, operating through a network of 26 branches across 13 cities in Pakistan, complemented by Meezan Bank's extensive branch network. Additionally, the company leverages digital channels to enhance accessibility, with services available to overseas Pakistanis through the RDA initiative. Al Meezan also holds the distinction of being the first AMC in Pakistan to be awarded the highest management quality rating of AM1 by both VIS and PACRA, reflecting its strong governance, robust risk management framework and operational excellence.

OPERATIONS REVIEW

Service Quality

Service Excellence is one of Meezan Bank's core values, alongside 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 and take proactive measures to enhance customer experience. 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 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 prevent issues in the future. Ensuring fair treatment of customers is of utmost importance for the Bank, guided by Shariah principles and SBP guidelines. Conducting staff training and customer awareness campaigns helps the Bank identify gaps and areas of improvement.

The Bank uses a scorecard mechanism 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 design thinking, process optimization and performance measurement against standards.

To foster a culture of continuous improvement, the Service Quality Department collaborates closely with other departments, sharing customer feedback through meetings, dashboards and emails to drive the value of Service Excellence across the Bank.

Information Technology

In 2024, Meezan Bank achieved several milestones in the area of Information Technology, advancing Meezan Bank's strategic goals by enhancing operational efficiency, strengthening cybersecurity measures and deploying innovative technology to support business growth.

With Artificial Intelligence (AI), Machine Learning and Generative AI reshaping the digital landscape, the Bank remains focused on investing in digital capabilities to ensure long-term success. Key achievements during the year include:

Digital Transformation

Expanded digital services by launching new products and features across multiple channels, including Meezan WhatsApp Banking and the Meezan Mobile App, enhancing the overall customer experience.

Implemented Robotic Process Automation (RPA) to streamline workflows, enhancing operational efficiency, minimizing errors and accelerating processing times.

Data & Analytics Advancements

Introduced self-service Business Intelligence (BI) tools, empowering business users with real-time data insights.

Improved operational visibility through predictive analytics and real-time dashboards.

Integrated advanced business intelligence tools to improve reporting and facilitate data-driven decision-making.

Journey towards Cloud

Adopted a hybrid cloud strategy, balancing agility, scalability and cost efficiency while ensuring regulatory compliance.

Successfully migrated the Human Resource System from an on-premises setup to a cloud-based platform, enhancing operational efficiency and accessibility.

Focused on making the existing infrastructure cloud-compatible and laying the groundwork for future cloud-based initiatives.

Cybersecurity Enhancements

Implemented multi-factor authentication to enhance access security.

Deployed endpoint protection to safeguard devices against potential threats.

Conducted continuous threat monitoring to proactively detect and mitigate cyber risks.

Conducted regular security audits and employee training programs to reinforce cybersecurity awareness.

Future Direction

Meezan Bank remains committed to driving innovation & maintaining technological leadership. Future priorities include:

- Further integration of AI and automation to enhance efficiency and streamline operations.
- Expansion of cloud-based services to improve scalability, flexibility and cost-effectiveness.
- Continued investment in cybersecurity to safeguard critical assets and mitigate emerging threats.
- Strengthening IT governance and compliance to align with regulatory requirements and industry best practices.

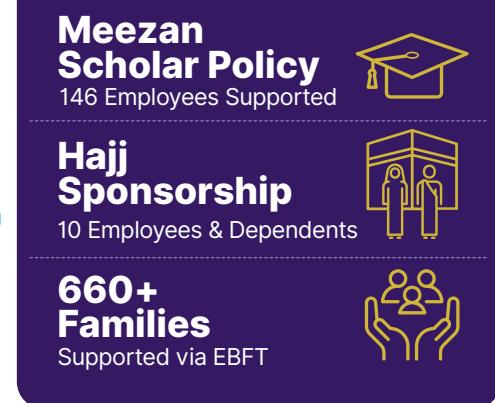
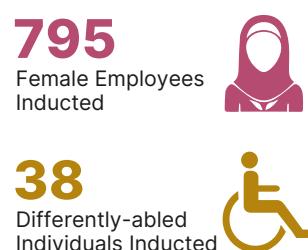
By prioritizing technological advancements and maintaining a forward-thinking approach, Meezan Bank will continue to drive digital transformation and operational excellence ensuring long-term success in a rapidly evolving digital landscape.



Syed Amir Ali - Deputy CEO, Mr. Faizur Rehman - Group Head Information Technology - Meezan Bank and their team at The Institute of Chartered Accountants of Pakistan's (ICAP) Digital Technology Awards.

Human Resources

Meezan Bank focuses on building a skilled workforce to provide world-class banking experience to its customers.



In 2024, the Bank inducted 3,385 employees, including 1,533 through a nationwide batch-hiring initiative. The Bank also focused on diversity, hiring 795 female employees and 38 differently-abled individuals to develop an inclusive workplace.

Transforming Employee Experience through Oracle HCM Cloud

In 2024, the Bank upgraded its HR processes with Oracle HCM Cloud. Phase 1 (Oracle Recruiting Cloud) streamlined recruitment and onboarding, processing 2,800+ requisitions and onboarding 2,600+ employees. Phase 2, Oracle Performance Management (with go-live in Jan 2025), improved performance management with 83,000+ goals set across 15,000 employees. Future initiatives, including AI-powered HR Helpdesk and personalized learning, aim to further empower employees and enhance employee experience.

Internal Career Development and Elevations

The Bank elevated several employees within Retail Banking, including 4 Distribution Heads, 8 Regional Managers, 21 Area Managers and 45 Branch Managers, showing its commitment to internal career development. A total of 95 employees were moved through the Internal Job Posting (IJP) system, with 86 transferred and 9 elevated, highlighting the Bank's commitment to talent development.



Meezan Scholar Policy: Supporting Higher Education of Employees' Children

The policy provides financial support for university expenses for the children of employees at the VP level and below. In 2024, the policy was extended to include SVPs and EVPs. During 2024, 146 cases were sponsored, including 136 Bachelor's and 10 Master's/MPhil programs.

Annual Hajj Sponsorship Program

In 2024, the Bank sponsored 10 employees and their dependents for Hajj, covering 100% of the expenses for employees and 50% for dependents.

Promoting Inclusion: Roshnaas Program for Persons with Disabilities (PWDs)

Meezan Bank is committed to inclusivity through its 'Roshnaas' program, a trainee initiative for Persons with Disabilities (PWDs). In 2024, 13 interns were inducted, with 5 successfully transitioning into full-time roles, helping enhance PWDs' employability and developing a more inclusive workforce.



ACCA Trainee Program 2024

The Bank onboarded 50+ trainees for the ACCA Trainee Program 2024 (9th batch) across Karachi, Lahore and Islamabad. The program offers ACCA students career growth in areas like Finance, Investment Banking, Commercial Banking, Compliance and Audit.

Ex-Gratia Bonuses for Achievements

Meezan Bank awarded two Ex-Gratia Bonuses: one for achieving the Rs 2 trillion CASA target and the other for winning the Best Bank Award at the Pakistan Banking Awards (PBA).

Employee Benevolent Fund Trust (EBFT) Support

In 2024, Meezan Bank's Employee Benevolent Fund Trust (EBFT) approved 660+ cases, totaling more than Rs 300 million, for providing medical support, marriage assistance, educational aid and financial assistance to the families of deceased employees.

Rs 300 Mn

Granted



Learning & Organizational Development

In 2024, a total of 16,020 employees participated in various developmental programs through a blend of Virtual Instructor-Led Trainings (VILTs), Learning Management System (LMS) and in-person sessions.

332 REGULATORY AND COMPLIANCE TRAININGS
6,371 PARTICIPANTS



286 ISLAMIC BANKING DEPOSIT REFRESHER SESSIONS
14,478 PARTICIPANTS



16,020 STAFF TRAINED VIA VILTS, LMS & IN-PERSON SESSIONS



Empowering Frontline Managers

The Bank conducted key development programs for managers:

Area Manager Development Program (AMDTP): A 4-day program for newly promoted Area Managers, focusing on competencies and soft skills.

Branch Manager Development Program (BMDP): A 5-day program for 198 Branch Managers, covering leadership and business insights.

Area Operations Manager Development Program (AOMDP): A 3-day program for 96 Area Operations Managers, focusing on operational efficiency and compliance.

Islamic Finance and Specialized Training

To enhance Islamic banking knowledge, the Bank organized:

286 Islamic Banking Deposit Refresher sessions for 14,478 employees, along with Consumer and Asset Refresher programs.

Certifications in Islamic Banking Level III and AAOIFI Shariah Standards for Senior Executives.

Retail Product Refresher and Meezan Deposit Product Certificate Program for over 2,400 employees.

Foreign Trade Certification program.

Specialized Training Programs

During 2024, the Bank held the following specialized training programs:

Leadership training for Senior Executives.

2-days Design Thinking Workshop for 58 executives.

'Train the Trainer' initiative to strengthen internal training capabilities.

Launch of Microlearning series delivering weekly 2-minute videos for quick and impactful learning.

Diversity and Inclusion Training

During 2024, the Bank held the following diversity and inclusion training programs:

15000+ employees trained in Banking on Equality, PWD sensitization and Gender Sensitivity.

Inclusive onboarding of PWDs with sign language interpreters and leadership training.

Wellness programs including Modest Elegance session covering 242 female employees and Cancer Awareness sessions benefitting 403 female employees.

Compliance and Governance Training

332 AML/CFT sessions for 6,371 employees.

25 sessions on Sanction Screening and FIRCO compliance for 867 employees.

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:



Meezan Bank's Jodia Bazar Area, Karachi West Region conducting an Islamic banking and finance awareness seminar.

Secretariat to the Shariah Board

During 2024, 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 each month.

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. During the year, SCD reviewed 3,798 business proposals and conducted 294 customer and industry visits. It also reviewed nearly 14 investment banking deals including Sukuk project finance and syndicate financing. Additionally, the SCD conducted Shariah review of 198 branches and 24 departments/units of the Bank during the year.

Scope of Shariah Compliance Review

The SCD ensures compliance to Shariah guidelines in all areas of the Bank's business and operations, 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, MoUs, 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-Centre for Excellence in Islamic Finance (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. During the year, SCD conducted 360 sessions and trained around 14,700 employees.



Meezan Bank team attending an Islamic Banking Awareness Session.

Contributions Towards the Islamic Banking Industry of 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. During the year, SCD supported the issuance of Sukuk worth nearly Rs 1.92 trillion.



Shariah Audit

Meezan Bank is committed to operating in strict adherence to Shariah principles, with its dedicated and independent Shariah Audit Department, which plays a critical role in ensuring compliance with the rulings and guidelines issued by the Bank's Shariah Board (SB), Resident Shariah Board Member (RSBM) and the State Bank of Pakistan (SBP).

The Shariah Audit Department is staffed by a highly qualified and diverse team comprising Certified Shariah Advisors accredited by AAOIFI, Chartered Certified Accountants, Lawyers, Economists, Certified Credit Analysts from Moody's and esteemed Shariah scholars. This unparalleled combination of expertise provides the team with a profound understanding of both financial and Shariah-related matters, enabling it to navigate the complexities of Islamic banking with precision and insight.

Meezan Bank's commitment to Shariah compliance has garnered international acclaim. The Global Islamic Finance Awards (GIFA), UK, has consistently recognized the Bank's efforts, bestowing the prestigious 'Shariah Auditor of the Year' title for seven consecutive years and the 'Shariah Authenticity Award' nine times.

The Shariah Audit Department's operations have also been recognized and reviewed by globally renowned organizations, including AAOIFI and KPMG. To integrate technological advancements, Meezan Bank has developed e-Shariah Audit, an in-house software that enhances the Shariah audit processes.



Mr. Irfan Siddiqui - President & CEO, Meezan Bank while receiving the award at the 14th Global Islamic Finance Awards (GIFA).

In 2024, the Shariah Audit Department conducted 949 audits across various areas, including branches, area and regional offices, financing hubs including Corporate, Consumer, Trade Hubs and Head Office departments, ensuring alignment with the guidelines set by SBP and the Shariah Board.

In addition, the department has implemented Surprise Re-Audits and Online Reviews to ensure continuous monitoring of controls and uphold the Bank's commitment to maintain excellence in Shariah compliance.

949
Units Audited

Branches	727
Departments	20
Area Offices	80
Region Offices	17
Financing Hubs	105

Information Security

Meezan Bank places the highest priority on cyber security, implementing robust measures to safeguard customer data and information assets from evolving cyber threats. The Bank has established comprehensive security controls across multiple levels, strictly adhering to best national and international practices. Its commitment to data protection is reflected in its certifications for global card security standards such as PCI DSS and PCI PIN.

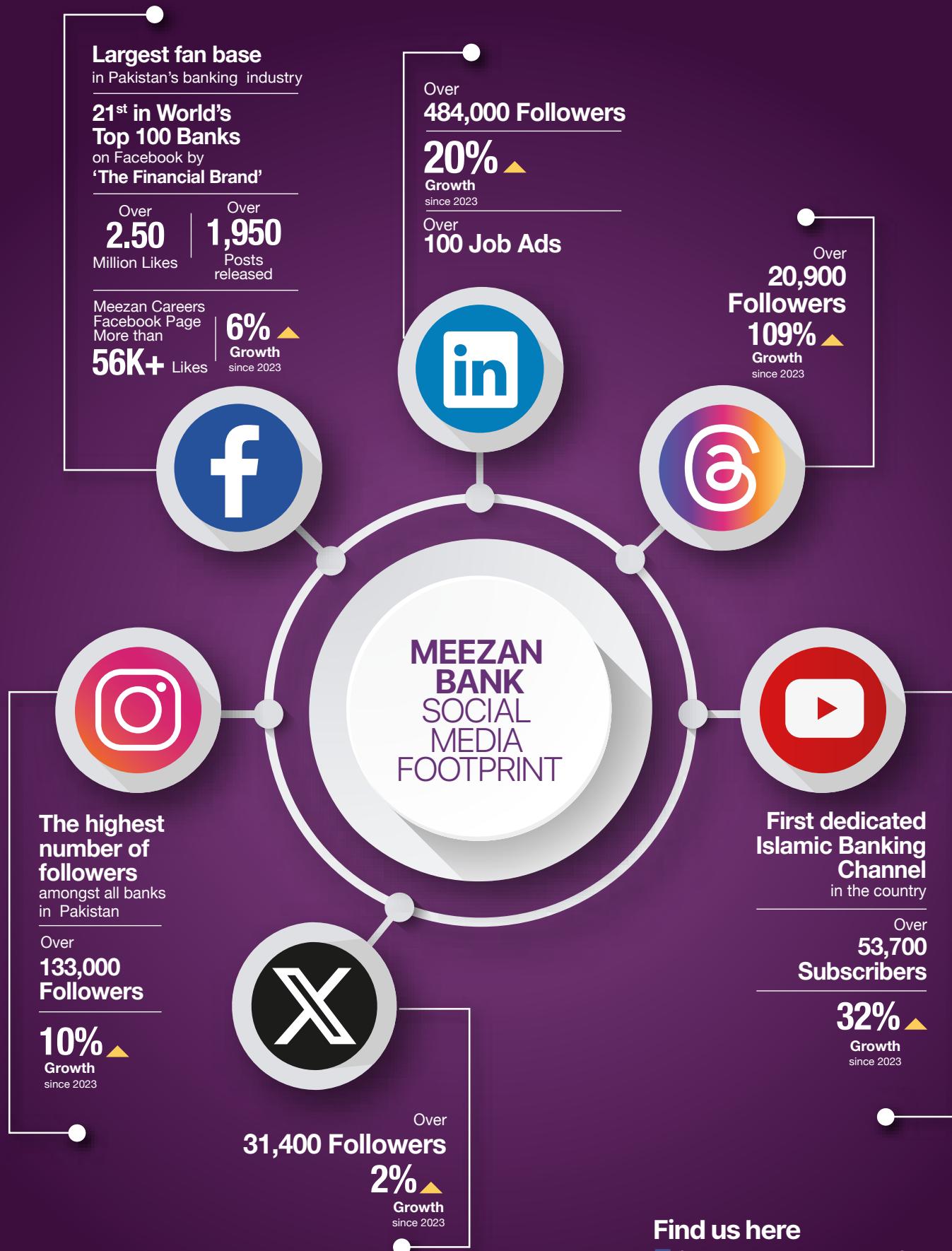
The Bank's dedicated Information Security department operates advanced systems to ensure continuous prevention, detection and response to potential cyber incidents. A collaborative approach involving Information Technology, Information Security, Internal Audit, Compliance and Risk Management departments ensures enterprise-wide enforcement of security policies, enhancing the Bank's overall cyber security environment.

Meezan Bank's state-of-the-art data center, certified under ISO 27001 and rated DCOS-3 by EPI, highlights its leadership in data management and operational excellence. The center incorporates advanced security technologies, including firewalls, intrusion detection and prevention systems, anti-malware solutions and encryption protocols, to mitigate cyber risks effectively.

The Bank engages both local and international cyber security experts to conduct regular assessments of its information assets and security practices. These assessments are aligned with national and international standards, including penetration testing exercises, to identify and address vulnerabilities proactively. Additionally, the CTM 360 platform strengthens the Bank's digital risk protection capabilities by streamlining incident detection and response.

Recognizing the critical role of employee awareness, the Bank integrates comprehensive cyber security training into its Orientation Program for new employees. Existing staff receives continuous updates through email alerts, phishing simulations and specialized cyber security sessions. Tailored professional training ensures that the Information Security team remains equipped with the latest industry knowledge and skills.

Acknowledging the growing complexities of cyber security challenges, Meezan Bank is committed to strengthening its defences against cyber threats by continuing to invest in cutting-edge technology and skilled resources. This strategic focus ensures a comprehensive approach to our cyber resilience by safeguarding operations in the ever-evolving cyber landscape.



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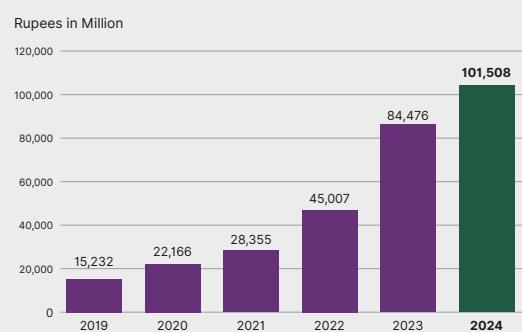
Key Figures at a Glance

	2024	2023	2022	2021	2020	2019
Profit and Loss Account						
Return on financing, investments and placements	494,296	431,722	232,121	110,073	106,589	94,270
Return on deposits and other dues expensed	207,257	205,293	110,417	41,152	41,740	47,731
Net Spread earned	287,039	226,429	121,704	68,921	64,849	46,539
Fee, commission, forex and other income	23,358	21,808	18,170	13,351	8,765	9,396
Gain / (loss) on assets - net and dividend income	5,520	299	933	1,541	1,307	(76)
Total income	315,917	248,536	140,807	83,813	74,921	55,859
Operating and other expenses	84,611	71,788	48,245	35,324	29,775	25,522
Profit before Provisions	231,306	176,748	92,562	48,489	45,146	30,337
Provisions / (reversals) and write offs - net	9,221	7,340	4,177	993	8,210	4,186
Profit before Taxation	222,085	169,408	88,385	47,496	36,936	26,151
Taxation	120,577	84,932	43,378	19,141	14,770	10,919
Profit after Taxation	101,508	84,476	45,007	28,355	22,166	15,232
Statement of Financial Position						
Islamic Financing and Related Assets - Gross	1,556,362	992,027	1,018,102	777,295	531,588	506,513
Total Assets	3,900,411	3,012,109	2,577,397	1,902,971	1,521,560	1,121,258
Total Deposits	2,584,871	2,217,474	1,658,490	1,455,886	1,254,431	932,579
Share Capital	17,947	17,913	17,896	16,269	14,147	12,861
Sub-ordinated sukuk	20,990	20,990	20,990	20,990	18,000	14,000
Total Shareholders Equity	246,984	184,908	115,321	86,558	69,155	59,015
Market Capitalization	434,273	289,037	178,139	218,188	147,754	122,348
Number of Staff	18,653	17,186	15,380	14,007	12,423	11,649
Number of Branches	1,051	1,004	962	902	815	760
Ratios						
Book Value (Rs)	137.62	103.23	64.44	53.2	48.9	45.9
Market Value per Share (Rs)	241.97	161.36	99.54	134.1	104.4	95.1
Price to Book Value Ratio	1.76	1.56	1.54	2.5	2.1	2.1
Cash Dividend (%)	280	200	85	60	60	50
Stock Dividend (%)	-	-	10	15	10	10
Right Shares at par (%)	-	-	-	-	-	-
Price Earning Ratio	4.27	3.42	3.96	8.46	6.7	8.8
Basic Earning per Share (Rs)	56.62	47.18	25.15	15.84	12.39	8.51
Net Spread to Gross Return (%)	58.07	52.45	52.43	62.6	60.8	49.4
Profit Before Tax to Gross Income (%)	42.45	37.33	35.18	38.0	31.7	25.2
Profit After Tax to Gross Income (%)	19.40	18.61	17.92	22.7	19	14.7
Operating & Other Expenses to Income before provisions (%)	26.78	28.88	34.26	42.2	39.7	45.7
Gross Financing / Advances to Deposit Ratio-ADR (%)	60.21	44.74	61.4	53.4	42.4	54.3
Investment to Deposit Ratio - IDR (%)	72.36	70.91	77.4	42.6	34.6	24.2
Capital Adequacy Ratio (%)	20.35	22.39	18.42	17.8	17.8	16.6
Return on Average Assets (%)	2.94	3.02	2.01	1.7	1.7	1.5
Return on Average Equity (%)	47.01	56.27	44.59	36.4	34.6	30.7

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

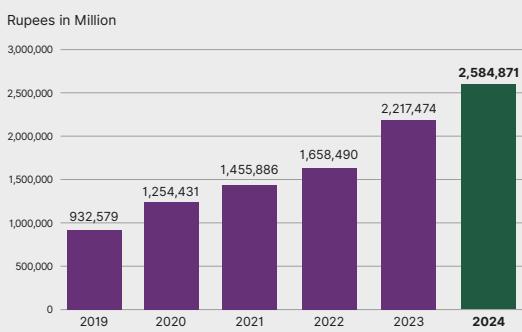
2018	2017	2016	2015	2014
48,625	36,427	31,027	32,893	28,487
20,457	15,684	13,239	15,181	15,539
28,168	20,743	17,788	17,712	12,948
6,887	5,622	4,102	3,617	3,387
575	2,002	1,622	971	1,432
35,630	28,367	23,512	22,300	17,767
19,670	16,832	14,787	13,313	10,402
15,960	11,535	8,725	8,987	7,365
1,168	1,283	(218)	535	467
14,792	10,252	8,943	8,452	6,898
5,830	3,939	3,381	3,429	2,328
8,962	6,313	5,562	5,023	4,570

Profit After Taxation



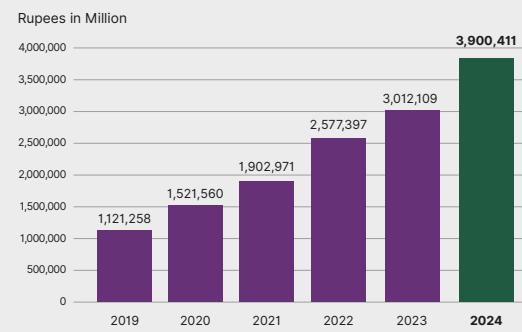
522,264	428,833	319,617	215,776	183,286
937,915	788,808	662,055	535,864	440,149
785,477	667,181	559,398	468,281	378,744
11,692	10,629	10,027	10,027	10,027
14,000	7,000	7,000	-	-
40,333	35,077	30,474	26,347	23,890
108,022	71,321	67,422	45,875	47,129
10,069	9,551	9,168	8,581	7,429
660	601	571	551	428

Total Deposits



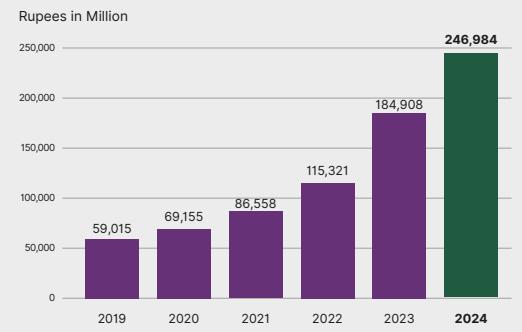
34.5	32.3	28.1	25.5	23.2
92.4	67.1	67.2	45.7	47
2.7	2.1	2.4	1.8	2
35	30	30	30	27.5
10	-	-	-	-
-	6	-	-	-
13.3	12.1	12.3	9.1	10.3
5.01	3.53	3.11	2.81	2.55
57.9	56.9	57.3	53.9	45.5
26.4	23.3	24.3	22.6	20.7
16	14.3	15.1	13.4	13.7
55.2	59.3	62.9	59.7	58.6

Total Assets



66.5	64.3	57.1	46.1	48.4
15.8	17.9	23.3	31.2	30.1
14.6	12.9	12.9	11	11.9
1	0.9	0.9	1	1.2
23.8	19.3	19.6	20	21.4

Total Shareholders Equity



Six Years' Horizontal Analysis

Statement of Financial Position / Profit & Loss Account

Rupees in Million

Statement of Financial Position

	2024	24 Vs 23	2023	23 Vs 22	2022	22 Vs 21	2021	21 Vs 20	2020	20 Vs 19	2019	19 Vs 18
Assets		%		%		%		%		%		%
Cash and balances with treasury banks	260,734	7	242,612	106	117,743	(31)	170,501	25	136,243	48	92,194	42
Balances with other banks	13,425	17	11,452	(16)	13,676	(17)	16,420	(16)	19,446	27	15,372	86
Due from financial institutions - net	34,964	-	34,964	-	34,964	(85)	238,402	(30)	342,069	53	223,689	21
Investments - net	1,870,536	19	1,572,388	23	1,283,210	107	620,132	43	434,208	92	225,646	82
Islamic financing and related assets - net	1,514,756	58	961,673	(3)	995,508	31	758,086	48	512,532	4	493,775	(4)
Property, equipment & right of use assets	68,078	16	58,618	45	40,427	19	33,958	44	23,568	1	23,285	77
Intangible assets	2,897	28	2,272	23	1,844	23	1,496	39	1,080	38	780	25
Deferred tax assets	-	-	-	(100)	4,646	2,555	175	(55)	390	100	-	(100)
Other assets - net	135,021	5	128,130	50	85,379	34	63,801	23	52,024	12	46,517	62
	3,900,411	29	3,012,109	17	2,577,397	35	1,902,971	25	1,521,560	36	1,121,258	20
Liabilities												
Bills payable	112,605	183	39,724	(1)	40,175	11	36,141	36	26,494	54	17,187	(28)
Due to financial institutions	722,286	91	377,495	(34)	573,326	160	220,414	133	94,501	125	42,047	15
Deposits and other accounts	2,584,871	17	2,217,474	34	1,658,490	14	1,455,886	16	1,254,431	35	932,579	19
Sub-ordinated Sukuk	20,990	-	20,990	-	20,990	-	20,990	17	18,000	29	14,000	-
Deferred tax liabilities	14,211	237	4,213	100	-	-	-	-	-	(100)	2,830	-
Other liabilities including lease liabilities	198,463	19	167,305	(1)	169,095	104	82,982	41	58,979	10	53,600	41
	3,653,427	29	2,827,201	15	2,462,076	36	1,816,413	25	1,452,405	37	1,062,243	18
Net Assets	246,984	34	184,908	60	115,321	33	86,558	25	69,155	17	59,015	46
Represented by:												
Share capital	17,947	-	17,913	-	17,896	10	16,269	15	14,147	10	12,861	10
Reserves	48,002	29	37,082	32	28,188	20	23,393	15	20,424	12	18,207	20
Unappropriated profit	158,893	34	118,992	70	69,900	63	42,832	48	29,022	56	18,546	37
Surplus / (deficit) on revaluation of assets - net of tax	22,141	103	10,921	1,747	(663)	(116)	4,064	(27)	5,562	(41)	9,401	204 times
	246,984	34	184,908	60	115,321	33	86,558	25	69,155	17	59,015	46

Profit & Loss Account

	2024	24 Vs 23	2023	23 Vs 22	2022	22 Vs 21	2021	21 Vs 20	2020	20 Vs 19	2019	19 Vs 18
		%		%		%		%		%		%
Return on financing, investments and placements	494,296	14	431,722	86	232,121	111	110,073	3	106,589	13	94,270	94
Return on deposits and other dues expensed	(207,257)	1	(205,293)	86	(110,417)	168	(41,152)	(1)	(41,740)	(13)	(47,731)	133
Net spread earned	287,039	27	226,429	86	121,704	77	68,921	6	64,849	39	46,539	65
Fee, commission, forex and other income	23,358	7	21,808	20	18,170	36	13,351	52	8,765	(7)	9,396	36
Gain / (loss) on assets - net and dividend income	5,520	1,747	299	(68)	933	(40)	1,541	18	1,307	1,820	(76)	(113)
Total income	315,917	27	248,536	77	140,807	68	83,813	12	74,921	34	55,859	57
Operating and other expenses	(84,611)	18	(71,788)	49	(48,245)	37	(35,324)	19	(29,775)	17	(25,522)	30
Profit before Provisions	231,306	31	176,748	91	92,562	91	48,489	7	45,146	49	30,337	90
Provisions and write offs - net	(9,221)	26	(7,340)	76	(4,177)	321	(993)	(88)	(8,210)	96	(4,186)	258
Profit before taxation	222,085	31	169,408	92	88,385	86	47,496	29	36,936	41	26,151	77
Taxation	(120,577)	42	(84,932)	96	(43,378)	127	(19,141)	30	(14,770)	35	(10,919)	87
Profit after taxation	101,508	20	84,476	88	45,007	59	28,355	28	22,166	46	15,232	70

(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												
	2024	%	2023	%	2022	%	2021	%	2020	%	2019	%
Assets												
Cash and balances with treasury banks	260,734	7	242,612	8	117,743	4	170,501	9	136,243	9	92,194	8
Balances with other banks	13,425	-	11,452	1	13,676	1	16,420	1	19,446	1	15,372	2
Due from financial institutions - net	34,964	1	34,964	1	34,964	1	238,402	12	342,069	22	223,689	20
Investments - net	1,870,536	48	1,572,388	52	1,283,210	50	620,132	33	434,208	29	225,646	20
Islamic financing and related assets - net	1,514,756	39	961,673	32	995,508	39	758,086	40	512,532	34	493,775	44
Property, equipment & right of use assets	68,078	2	58,618	2	40,427	2	33,958	2	23,568	2	23,285	2
Intangible assets	2,897	-	2,272	-	1,844	-	1,496	-	1,080	-	780	-
Deferred tax assets	-	-	-	-	4,646	-	175	-	390	-	-	-
Other assets - net	135,021	3	128,130	4	85,379	3	63,801	3	52,024	3	46,517	4
Total Assets	3,900,411	100	3,012,109	100	2,577,397	100	1,902,971	100	1,521,560	100	1,121,258	100
Liabilities												
Bills payable	112,605	3	39,724	1	40,175	2	36,141	2	26,494	2	17,187	2
Due to financial institutions	722,286	19	377,495	12	573,326	22	220,414	12	94,501	6	42,047	4
Deposits and other accounts	2,584,871	66	2,217,474	74	1,658,490	64	1,455,886	76	1,254,431	82	932,579	83
Sub-ordinated Sukuk	20,990	1	20,990	1	20,990	1	20,990	1	18,000	1	14,000	1
Deferred tax liabilities	14,211	-	4,213	-	-	-	-	-	-	-	2,830	-
Other liabilities including lease liabilities	198,463	5	167,305	6	169,095	7	82,982	4	58,979	4	53,600	5
	3,653,427	94	2,827,201	94	2,462,076	96	1,816,413	95	1,452,405	95	1,062,243	95
Net Assets	246,984	6	184,908	6	115,321	4	86,558	5	69,155	5	59,015	5
Represented by:												
Share capital	17,947	-	17,913	1	17,896	1	16,269	1	14,147	1	12,861	1
Reserves	48,002	1	37,082	1	28,188	1	23,393	2	20,424	2	18,207	2
Unappropriated profit	158,893	4	118,992	4	69,900	2	42,832	2	29,022	2	18,546	2
Surplus / (deficit) on revaluation of assets - net of tax	22,141	1	10,921	-	(663)	-	4,064	-	5,562	-	9,401	-
	246,984	6	184,908	6	115,321	4	86,558	5	69,155	5	59,015	5
Profit & Loss Account												
	2024	%	2023	%	2022	%	2021	%	2020	%	2019	%
Return on financing, investments and placements	494,296	94	431,722	95	232,121	93	110,073	88	106,589	91	94,270	91
Return on deposits and other dues expensed	(207,257)	(40)	(205,293)	(45)	(110,417)	(44)	(41,152)	(33)	(41,740)	(36)	(47,731)	(46)
Net spread earned	287,039	55	226,429	50	121,704	49	68,921	55	64,849	55	46,539	45
Fee, commission, forex and other income	23,358	5	21,808	5	18,170	7	13,351	11	8,765	8	9,396	9
Gain / (loss) on assets - net and dividend income	5,520	1	299	-	933	-	1,541	1	1,307	1	(76)	-
Total income	315,917	61	248,536	55	140,807	56	83,813	67	74,921	64	55,859	54
Operating and other expenses	(84,611)	(17)	(71,788)	(16)	(48,245)	(19)	(35,324)	(28)	(29,775)	(25)	(25,522)	(25)
Profit before Provisions	231,306	45	176,748	39	92,562	37	48,489	39	45,146	39	30,337	29
Provisions and write offs - net	(9,221)	(1)	(7,340)	(1)	(4,177)	(2)	(993)	(1)	(8,210)	(7)	(4,186)	(4)
Profit before taxation	222,085	44	169,408	38	88,385	35	47,496	38	36,936	32	26,151	25
Taxation	(120,577)	(24)	(84,932)	(19)	(43,378)	(17)	(19,141)	(15)	(14,770)	(13)	(10,919)	(10)
Profit after taxation	101,508	20	84,476	19	45,007	18	28,355	23	22,166	19	15,232	15

(Comparative 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 (2019 – 2024) is as under:

Statement of Financial Position

Assets

In 2024, Meezan Bank achieved a significant milestone with total assets reaching Rs 3.9 trillion, marking a substantial increase from Rs 1.12 trillion in 2019. This growth was primarily driven by a strong rise in deposits. The liquidity generated from these deposits was strategically allocated towards investments and financing activities. The Bank's investment portfolio experienced remarkable growth, expanding to nearly Rs 1.9 trillion from Rs 226 billion in 2019, reflecting an 8.3-fold increase. Notably, the Bank's investments in Government of Pakistan (GoP) Ijarah Sukuk reached Rs 1.7 trillion, while its holdings in Pakistan Energy Sukuk, backed by the Federal Government, totalled Rs 118 billion. The regular resumption of GoP Ijarah Sukuk auctions has helped mitigate the liquidity deployment challenges traditionally faced by the Islamic Banking sector. This has allowed the Bank to reduce its reliance on inter-bank secured placements under Bai Muajjal, which have remained stable at Rs 35 billion (approximately 1% of total assets as of December 2024), a sharp contrast to Rs 224 billion, or 20% of total assets, in 2019.

The Bank's net financing portfolio closed at Rs 1.5 trillion, accounting for 39% of total assets, compared to Rs 494 billion in 2019, reflecting a compound annual growth rate (CAGR) of 25% over the past five years. Throughout this period, the Bank remained committed to deploying liquidity across diverse sectors of the economy. The corporate segment was the primary driver of this growth, expanding to Rs 1.1 trillion, or 74% of the total financing book. Despite operating in a consistently challenging economic landscape, the Bank took a balanced approach to growth, ensuring that all risk acceptance criteria were met. With an infection ratio of approximately 1.6%, one of the lowest in the industry, the Bank's high-quality financing portfolio underscores its strong risk management practices.

The Bank's fixed assets, excluding right-of-use assets under IFRS 16, increased to Rs 47 billion in 2024 from Rs 16 billion in 2019. This growth is primarily attributed to the Bank's significant investment in expanding its branch network, which grew to 1,051 branches in 2024, up from 760 branches in 2019, marking an increase of 291 branches over the past six years. This strategic branch expansion has delivered favourable outcomes, reflected in the significant growth in deposits and profits across successive periods. Furthermore, the Bank's substantial investments in technological infrastructure and digital channels have been instrumental in enhancing its fixed and intangible assets, further contributing to overall growth.

Liabilities

The Bank's deposits reached Rs 2.6 trillion, reflecting a significant increase of 2.8 times from Rs 933 billion in 2019, representing a compound annual growth rate (CAGR) of 23% over the past five years. Current Account deposits experienced remarkable growth, rising by Rs 890 billion or 3.62 times, reaching Rs 1.2 trillion compared to Rs 339 billion in 2019. As a result, the Current Account share of total deposits increased to 48% in 2024, up from 36% in 2018. Savings Account deposits also saw strong growth, rising by Rs 827 billion from Rs 349 billion in December 2019, reflecting a 3.4-fold increase. Combined, Current and Savings Account (CASA) deposits crossed the Rs 2 trillion mark in 2024, reaching Rs 2.4 trillion by year-end. In contrast, fixed deposits decreased by Rs 65 billion (26%), from Rs 244 billion in 2019 to Rs 180 billion in 2024. This shift aligns with the Bank's strategy of focusing on low-cost deposits, supporting its branch expansion and deposit mobilization efforts being the key drivers of profitability. The Bank attributes this success to the unwavering commitment of its staff in delivering high standards of customer service, alongside the seamless digital banking experience offered to customers.

The launch of SBP's Shariah Compliant Open Market Operation (OMO) and Standing Ceiling Facility at the beginning of 2022 allowed the Bank to manage its daily liquidity more effectively. By the end of 2024, the Bank had borrowed a total of Rs 390 billion from SBP under the SBP OMO. Additionally, it secured Rs 117 billion through various other SBP-subsidized refinancing programmes aimed at targeted businesses and export-focused industries. The total outstanding amount owed to financial institutions stood at Rs 722 billion, a significant increase from Rs 42 billion in 2019.

To strengthen the Bank's solid business operations while maintaining a strong regulatory capital base, the Bank successfully issued Subordinated Tier II Sukuk and Additional Tier I Sukuk to enhance its capital position. As of December 31, 2024, the total Subordinated Sukuk amounted to Rs 21 billion, consisting of Rs 7 billion in Additional Tier I Sukuk and Rs 14 billion in Subordinated Tier II Sukuk. VIS Credit Company Limited has rated the Bank's Tier I Sukuk at AA+ (Double A Plus) and Tier II Sukuk at AAA (Triple A). As a result, despite the significant growth in total assets from 2019 to 2024, the Capital Adequacy Ratio remained robust at 20.35% in 2024, well above the minimum requirement of 11.5%.

Equity

The Bank's equity grew to Rs 247 billion, up from Rs 59 billion in 2019, marking a significant increase over the past six years. The Bank remains dedicated to maintaining a careful balance between depositors' liabilities and shareholders' equity, ensuring an optimal capital-to-debt ratio. Additionally, the Bank has maintained a consistent track record of uninterrupted dividend payouts since its listing on the Stock Exchange, demonstrating its ongoing commitment to delivering value to shareholders over the long term.

Profit and Loss Account

The Bank has achieved exceptional growth in Profit after Tax, increasing nearly seven-fold from Rs 15.2 billion in 2019 to Rs 101.5 billion in 2024. This growth aligns with the expansion of the Bank's asset base, a significant rise in current and savings accounts, and the increase in the State Bank of Pakistan's (SBP) policy rate. As a result, the Bank's net spread surged to Rs 287 billion, up from Rs 47 billion in 2019. The Bank also saw impressive growth in fee, commission, foreign exchange, and other income, rising from Rs 9.4 billion in 2019 to Rs 23.4 billion in 2024. This increase in fee income is primarily driven by the Bank's rapidly growing trade business, which exceeded Rs 2.7 trillion

during the year. Additionally, the Bank's significant expansion in ADC services played a key role in this growth, supported by a notable rise in its customer base.

Due to the expansion of its branch network and significant investments in IT infrastructure to support the increasing volume of banking transactions, the Bank experienced a rise in operating expenses, which reached Rs 85 billion in 2024, up from Rs 26 billion in 2019. This rise was further influenced by factors such as inflation and the devaluation of the rupee. Currently, the Bank employs more than 18,000 staff nationwide, a notable increase from the 11,649 employees at the end of 2019, thus contributing to greater employment opportunities. Despite the rise in operating costs, the Bank's income efficiency ratio improved to 27% in 2024, compared to 46% in 2019, demonstrating its commitment to enhancing operational efficiency and driving sustainable growth.

Furthermore, the Bank's direct contribution to the national exchequer saw a significant increase, rising eleven-fold to Rs 120.6 billion in 2024, up from Rs 10.9 billion in 2019. This growth is primarily due to higher profitability and increased tax rates.

Financial Analysis

Statement of Financial Position

The Bank's total assets saw a robust growth of 29%, rising to Rs 3.9 trillion in 2024 from Rs 3 trillion in 2023. The investment portfolio expanded to Rs 1.9 trillion, up from Rs 1.6 trillion in the prior year, primarily due to a notable increase in holdings of Federal Government Securities – GoP Ijarah Sukuk, which now total Rs 1.7 trillion, compared to Rs 1.4 trillion in 2023.

The Gross Financing portfolio saw substantial growth in 2024, reaching Rs 1.6 trillion, up from Rs 992 billion in 2023. As a result, the Bank's Gross Advances to Deposits Ratio (ADR) increased to 60%, compared to 45% at the end of the previous year. The financing portfolio remains well-diversified, catering to a wide range of clients, including large corporations, small and medium-sized enterprises, and retail consumers. By year-end, the Bank held a market share of approximately 10% of the total financing in the banking sector. The portfolio maintained strong quality, with a non-performing financing ratio consistently below 2%, one of the lowest in the industry. The Bank also booked provisions of Rs 42 billion against a non-performing financing portfolio of Rs 25 billion, resulting in a coverage ratio of 165% as of December 2024.

In 2024, the Bank's deposits reached Rs 2.6 trillion, representing 9% of the total deposits within the banking industry. Continuing its performance, the Bank's deposit portfolio grew by 17%, significantly exceeding the 9% growth in the overall banking sector's deposits. A substantial portion of this growth was driven by CASA deposits, which increased by 21% and now make up 93% of the deposit mix. Current Account (CA) and Savings Account (SA) deposits surpassed Rs 2 trillion, closing the year at Rs 2.41 trillion. As a preferred retail bank, Meezan Bank's deposits reflect a high degree of granularity, with individual depositors representing 73% of the total deposit portfolio, highlighting the trust and preference customers place in the Bank for their banking needs.

During the year, the Bank expanded its footprint by opening 47 new branches, bringing the total to 1,051 branches across 351 cities nationwide. This robust physical network is further supported by over 1,200 biometric-enabled, card-less ATMs. Alongside its physical presence, the Bank has strengthened its digital capabilities, as demonstrated by the continued growth

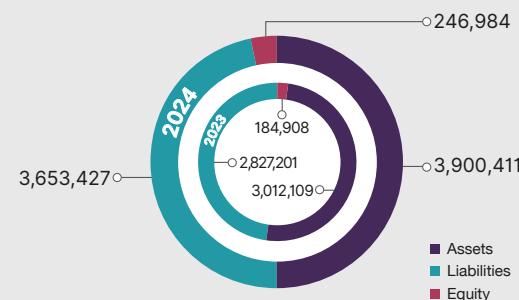
in debit card usage and the increase in Inter Bank Fund Transfers (IBFT) and Utility Bill Payments (UBPS) transactions.

The Bank's equity grew to Rs 247 billion, up from Rs 185 billion the previous year. The Board has approved a final cash dividend of Rs 7.00 per share (70%), bringing the total dividend payout for the year to Rs 28 per share (280%). This includes the interim cash dividend of Rs 21.00 per share (210%) paid during the year.

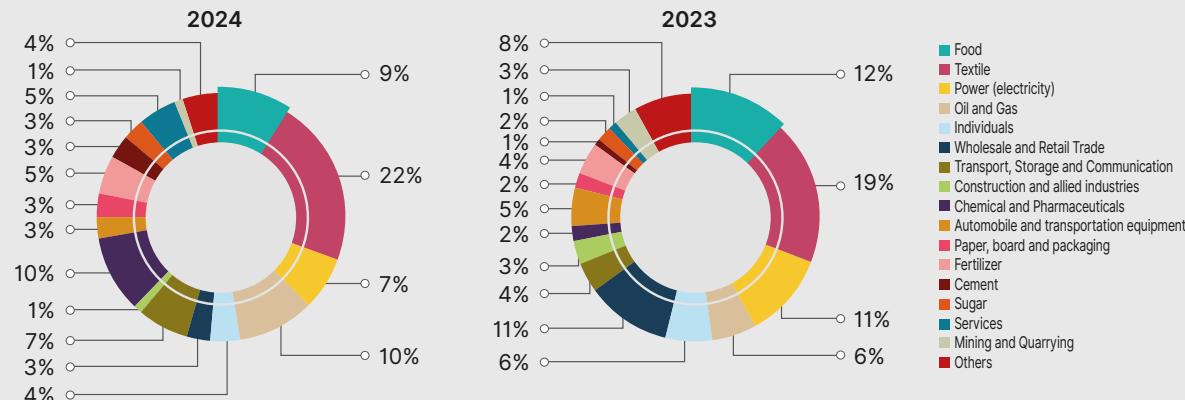
The Bank upholds a robust capital position, with a Capital Adequacy Ratio of 20.35%, significantly exceeding the minimum regulatory requirement of 11.5%.

Statement of Financial Position

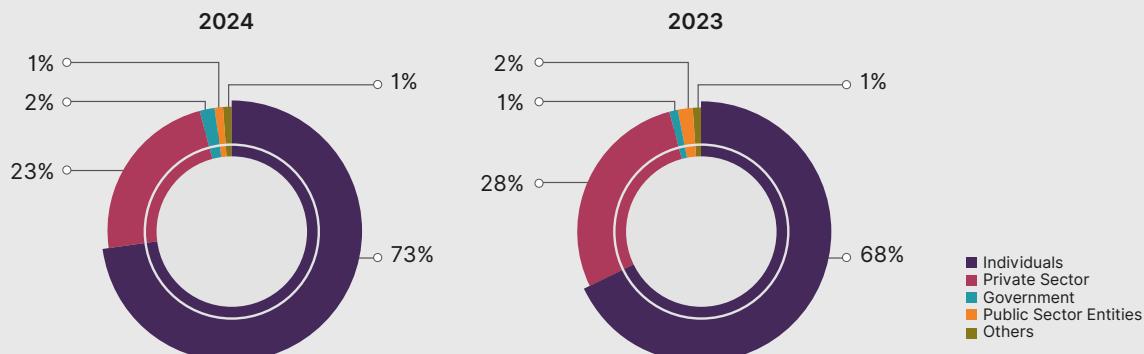
Rupees in Million



Islamic Financing and Related Assets (Gross)



Deposits



Profit And Loss Account

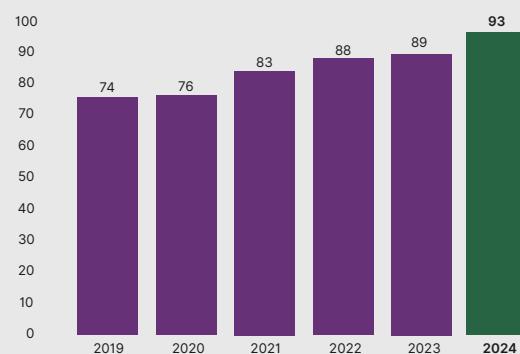
The Bank reported a Profit after Tax of Rs 101.5 billion, reflecting a 20% increase from Rs 84.5 billion in the prior year. The basic Earnings Per Share rose by 20%, reaching Rs 56.62 per share, compared to Rs 47.18 per share in 2023.

The Bank's net spread grew by 27%, primarily driven by strong balance sheet growth. This was further bolstered by a notable increase in average current and savings account balances, contributing to a healthy net spread. Fee, commission, and other income rose by 20% year-on-year, with a significant uptick in fee income from debit cards. As a result, the Bank's non-funded income saw a remarkable growth of 31%, reaching Rs 29 billion, up from Rs 22 billion in 2023.

Operating and other expenses increased to Rs 84.6 billion, up from Rs 71.8 billion, primarily due to higher costs associated with the opening of 47 new branches and investments in IT infrastructure. Despite this, the Bank remained focused on cost optimization through operational efficiencies and process streamlining, leading to an improvement in its income efficiency ratio, which decreased to 27% from 29% in the previous year. The total tax charge for the year rose to Rs 120.6 billion, compared to Rs 84.9 billion, driven by higher profitability.

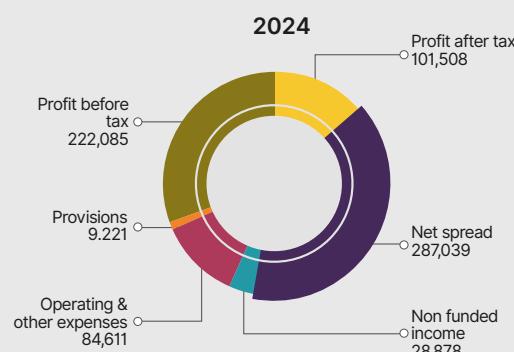
CASA to Total Deposit

Year-wise trend in %

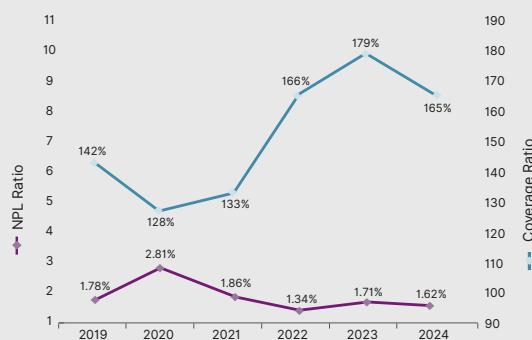


Profit and Loss

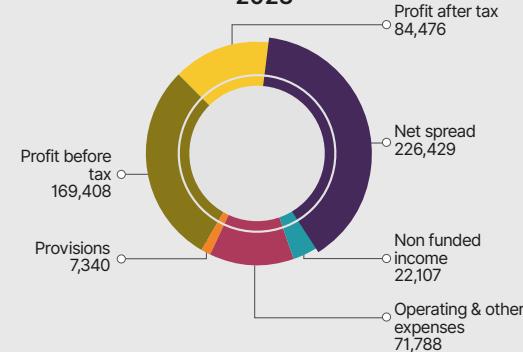
Rupees in Million



NPL and Coverage Ratios



2023



DUPONT ANALYSIS

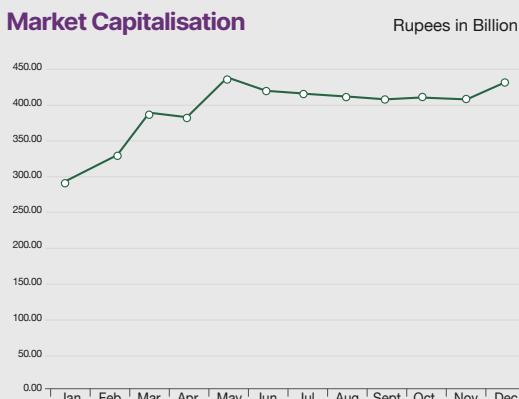
Description	2024	2023	2022	2021	2020	2019
Profit Margin - %	19.4%	18.6%	17.9%	22.7%	19%	14.7%
Asset Turnover	0.15	0.16	0.11	0.07	0.09	0.10
Equity Multiplier - Times	16.0	18.6	22.2	22	20.6	20.7
ROE	47.0%	56.3%	44.6%	36.4%	34.6%	30.7%

Following are the main Dupont analysis highlights:

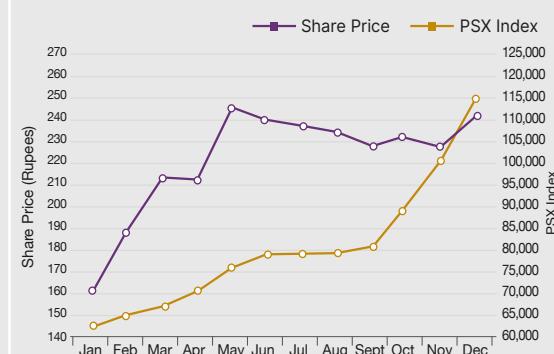
- The Bank's profit margin depicts an increase in 2024 due to a significant dip in cost of funds, as well as a substantial increase in non-funded income in the year.
- The asset turnover has decreased during the current year due to a higher than proportionate increase in total assets as compared to increase in profit after tax during the year.
- The equity multiplier is directly dependent on the Bank's equity in relation to total assets and has decreased due to strong growth in equity as a result of higher profitability.

Market Statistics of Meezan Bank's Share during 2024

Market Capitalisation



Share Price Sensitivity



	Share Price			Daily average volume	Number of trading days	Market Capitalisation	
	High	Low	Closing			Share Capital	Value
	Rupees					Rupees in Million	
Fourth Quarter	281.00	210.00	241.97	2,156,505	65	17,947	434,273
Third Quarter	249.49	208.43	228.15	878,218	62	17,947	409,470
Second Quarter	263.89	209.00	239.39	1,729,083	56	17,913	428,808
First Quarter	214.89	156.01	213.62	1,609,354	63	17,913	382,648

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, 2024

	2024	2023
	Rupees in '000	
Income from financing activities	158,113,421	137,796,020
Income from investments	96,253,520	65,688,810
Income from placements with financial institutions	4,877,740	4,078,032
Other income attributable to pools	10,365,910	8,904,189
Total Income	269,610,591	216,467,051
Less: Directly attributable charges to pools including takaful (Note)	(1,899,525)	(1,850,152)
Less: Profit on assets allocated to IERS and other special pools	-	(5,029,798)
Less: Profit share allocated to bank's equity and other pools in Mudarabah pools	(50,140,358)	(43,752,490)
Gross distributable Income	217,570,708	165,834,611
Mudarib (Bank) share of profit before hiba	110,457,452	84,839,624
Less: Hiba from Mudarib (Bank) share	(25,562,228)	(19,399,417)
Net Mudarib (Bank) Share of profit	84,895,224	65,440,207
Rab-ul-Maal share of profit	132,675,484	100,394,404
Rab-ul-Maal share of profit is distributed as follows:		
Remunerative depositors' profit share in mudarabah pools	<u><u>132,675,484</u></u>	<u><u>100,394,404</u></u>

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's share in Mudarabah pool
2024						
		Rupees in '000				
Rupee deposit pool	258,466,981	47,376,067	105,545,457	25,082,953	80,462,504	130,628,410
Dollar deposit pool	8,678,642	2,547,117	4,598,549	426,238	4,172,311	1,959,214
Pound deposit pool	366,933	125,773	217,047	35,288	181,759	59,401
Euro deposit pool	198,510	91,401	96,399	17,749	78,650	28,459
	<u><u>267,711,066</u></u>	<u><u>50,140,358</u></u>	<u><u>110,457,452</u></u>	<u><u>25,562,228</u></u>	<u><u>84,895,224</u></u>	<u><u>132,675,484</u></u>
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><u>209,587,101</u></u>	<u><u>43,752,490</u></u>	<u><u>84,839,624</u></u>	<u><u>19,399,417</u></u>	<u><u>65,440,207</u></u>	<u><u>100,394,404</u></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

	2024 Rupees in '000	%	2023 Rupees in '000	%
Value Added				
Profit / return on Islamic financings, investments and placements-net of provision	485,075,783	100.1%	424,381,871	100.3%
Fee and commission income	21,338,882	4.4%	17,414,213	4.1%
Dividend income	2,190,252	0.5%	1,107,177	0.3%
Foreign exchange income	829,592	0.1%	3,094,654	0.7%
Other income and gain on securities - net	4,519,220	0.9%	491,117	0.1%
	513,953,729		446,489,032	
Administrative and other expenses excluding salaries, depreciation, amortisation and Workers Welfare Fund	(29,268,067)	(6.0%)	(23,331,312)	(5.5%)
	484,685,662		423,157,720	
Value allocated as follows:				
To depositors / financial institutions				
Profit on deposits and other dues expensed	207,257,493	42.8%	205,293,460	48.5%
To employees				
Salaries, allowances & other benefits	43,756,564	9.0%	39,956,408	9.4%
To shareholders				
Cash Dividend	51,995,169	10.7%	26,859,025	6.3%
To Government				
Workers Welfare Fund	4,666,190	1.0%	3,606,231	0.9%
Income tax	120,577,580	24.9%	84,932,274	20.1%
	125,243,770	25.9%	88,538,505	21.0%
To Expansion				
Depreciation & Amortisation - owned assets	6,601,548	1.3%	4,887,180	1.2%
Retained in business	49,512,355	10.2%	57,616,617	13.6%
	56,113,903	11.5%	62,503,797	14.8%
To promote development and welfare of the society				
Donation and CSR related activities	318,763	0.1%	6,525	-
	484,685,662		423,157,720	

Statement of Value Added & Distributed 2024



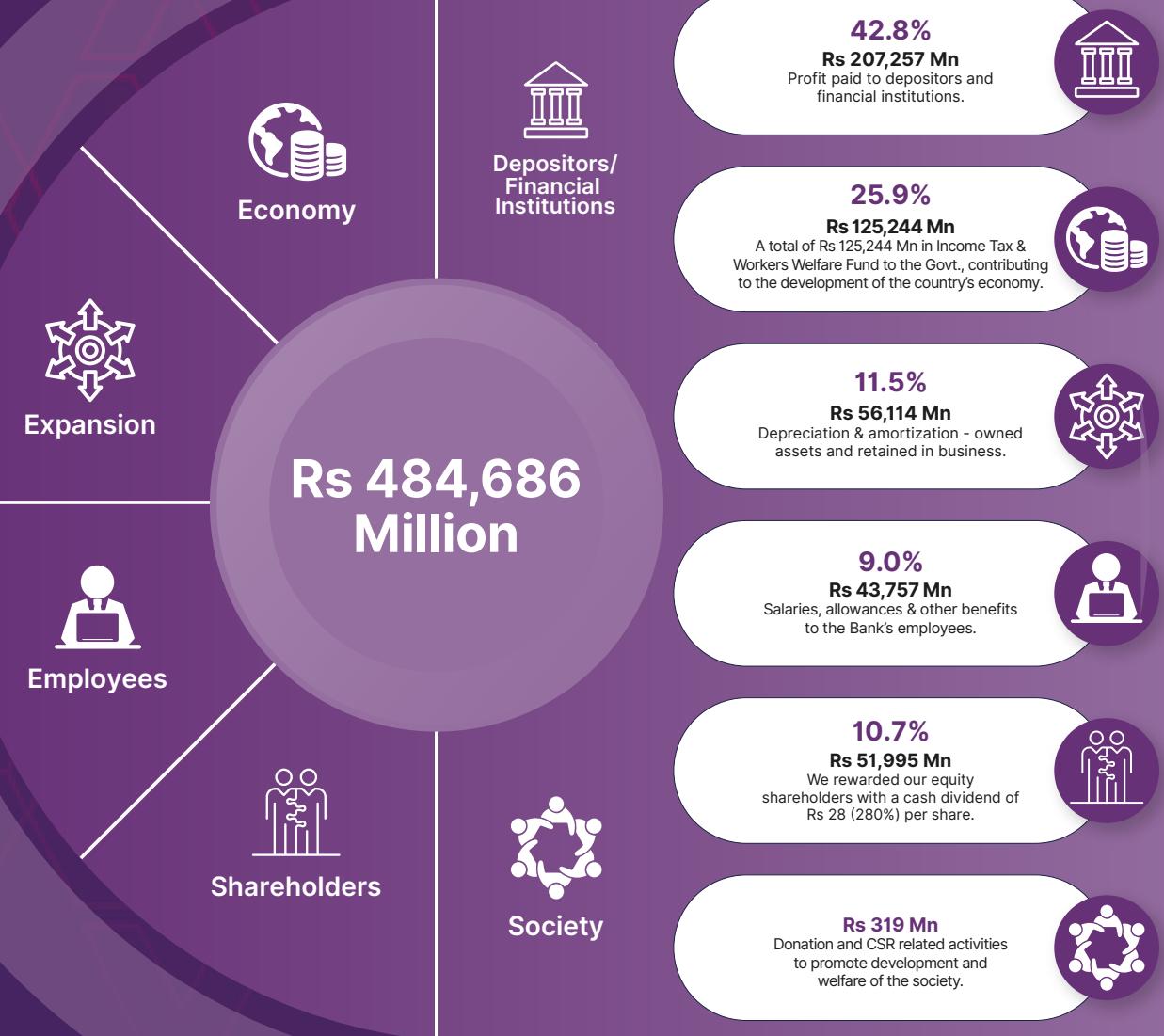
Statement of Value Added & Distributed 2023



■ 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...’



Statement of Inventory

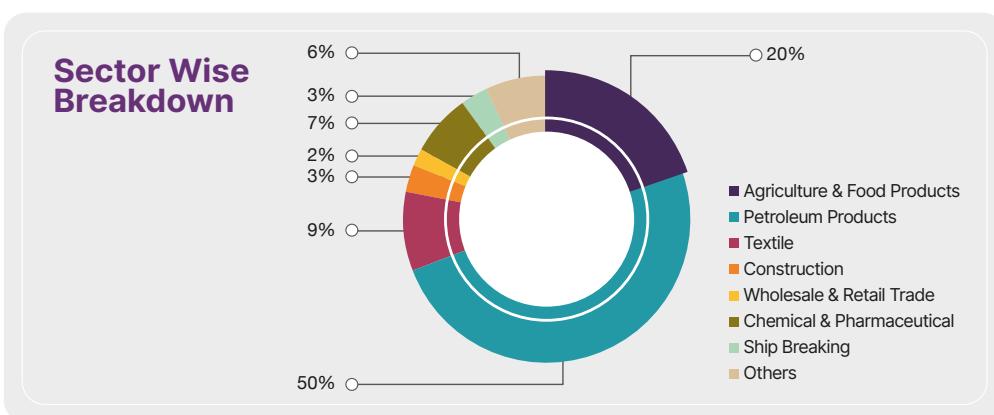
Meezan Bank provides financing through various sale-based modes including Murabaha, Musawamah, Istisna, Ijarah, Salam, etc. Under these modes, the Bank either purchases the goods or gets them manufactured. Meezan Bank being a premier Islamic bank, has a diversified portfolio, well spread amongst sectors 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, 2024 is as follows:

Sector	Nature of Inventory	2024 Rs in '000	2023 Rs in '000
Petroleum Products	Motor Gasoline (MOGAS), High Speed Diesel	47,206,635	-
Agriculture & Food Products	Corn, Sugar, Soybean, Maize, Canola, Rice (Grain, Paddy), Wheat, Syrups, Oil Cake, Edible Oil, Rape & Sunflower Seed, Flour, Egg Yolk	18,895,382	18,330,114
Textile	Cotton (Raw Cotton, Bales, Fabric, Yarn), Bed Sheets, Garments, Home Textile Products (Towels, Pillow Covers, etc.), Acrylic Yarns, Synthetic Fiber, Gloves, Socks	8,178,399	11,668,641
Chemical & Pharmaceutical	Chemicals, Medicines, Paints, Fertilizer (SOP, DAP, Urea, etc.), Pesticides, Ethanol	6,178,941	2,098,885
Construction	Iron & Steel, Sanitary items & Fittings, Pipes, Construction Equipment	3,278,339	2,939,920
Ship Breaking	Ship Scrap	2,998,396	2,584,272
Wholesale & Retail Trade	Talc Stone, Beverages, FMCG, Safety Match	1,563,187	1,808,621
Others	Poultry Feed, Glass, Battery, Bikes, Electronic Appliances, Fans (Ceiling fan, Electric Fan, Fan Spare Parts), Photocopy Machine, Bio Metric Devices, Computers, Laptops, Furniture, Foam, Tractors, Cleaning Products, Finished Leather, Sport Goods, Paper Boxes, Plastic Products, Packaging & Material, HRC, Wire Rod	6,675,441	5,954,984
Grand Total		94,974,720	45,385,437

Note: Year by year comparison is solely among sectors, while nature of inventory may vary.



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	2024 %	2023 Amount	2023 %
Running Musharakah	59,412	31.9%	43,289	25.6%
Diminishing Musharakah	51,011	27.4%	46,602	27.5%
Istisna	22,529	12.1%	19,698	11.6%
Musawamah	10,395	5.6%	10,079	5.9%
Ijarah	9,640	5.2%	8,751	5.2%
Salam	5,664	3.0%	4,724	2.8%
Wakalah	5,000	2.7%	6,674	3.9%
Tijarah	3,600	1.9%	2,598	1.5%
Murabaha	3,519	1.9%	7,601	4.5%
Others	15,627	8.3%	19,393	11.5%

Statement of Corporate Social Responsibility & Charity Distribution

As a responsible corporate entity, Meezan Bank remains committed to making a meaningful impact on society. Over the past year, The Bank has actively supported a range of initiatives focused on corporate philanthropy, education, financial literacy, skill development, healthcare, disaster relief, environmental sustainability, community welfare, empowerment, and economic development. These efforts have been facilitated through funding, donations, scholarships, sponsorships, and distribution of charitable funds. Details of contributions to various causes are as follows:

Focus Area	Amount Rs '000
Corporate Philanthropy	253,824
Education, Financial Awareness and Skill Development	26,492
Disaster Relief and Humanitarian Aid	23,198
Healthcare and Medical Assistance	7,600
Community Investment and Welfare	3,249
Environmental Protection and Sustainability	2,765
Financial Empowerment and Economic Development	1,635
Total CSR Contribution	318,763
Distribution of Charity Funds	195,000
Total Impact	513,763



What is Green Sukuk and How Does it Support Sustainable Development Goals (SDGs) and Environmental, Social, and Governance (ESG) Goals?

Sukuk is the plural of the Arabic word "Sak," meaning certificates. Sukuk are common Shariah-compliant instruments used by governments to raise funds for budgetary and public financing. However, the proceeds from Green Sukuk must be exclusively used for green, sustainable, and social projects, such as renewable energy, energy efficiency, climate change adaptation, clean transportation, food security, biodiversity, pollution prevention and control, and water and wastewater management, among others.

The Government of Pakistan, with the support of Meezan Bank and other joint financial advisors, is set to issue the first Green Sukuk in 2025, contributing to the achievement of the United Nations Development Programme (UNDP) Sustainable Development Goals (SDGs) and supporting Environmental, Social, and Governance (ESG) goals.

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. Musawamah 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/Musawamah FIM (Finance Against Imported Merchandise), Murabaha/Musawammah FIM Spot, Murabaha against Export Usance Bill, Musawamah 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 manufacturers 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-agd 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.

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.

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.

Strategic Objectives



Strategic Roadmap

Long Term Objectives	
• Establish Islamic Banking as the banking of First Choice	Lead the market in promoting Islamic banking by offering Shariah-compliant products and services that align with evolving customer needs and preferences.
• Protect and Augment Brand Identity	Strengthen the Bank's brand by maintaining its core values of Shariah Compliance, Integrity, and Service Excellence, and building trust with customers and stakeholders.
• Sustainable Growth and Recognition	Strengthen the Bank's position as the leader in Islamic banking through continuous innovation, operational efficiency, and adherence to the principles of Islamic finance.
Medium Term Objectives	
• Enhance Customer Experience	Utilize digital tools and customer-centric initiatives to personalize service, improve communication, and deliver seamless, high-quality banking experiences.
• Improve Operational Efficiency	Enhance technological agility by implementing advanced digital solutions and automation to increase operational efficiency.
• Collaborate to Nurture Islamic Banking	Foster partnerships with key stakeholders and industry leaders, to promote the growth of Islamic banking and develop skilled Islamic bankers.
Short Term Objectives	
• Expand Business Portfolio	Introduce new products and services tailored to meet the diverse needs of customers, ensuring growth in various sectors such as e-commerce and consumer finance.
• Ensure Consistent Profitability	Focus on improving profitability by implementing cost optimization strategies, expanding revenue streams, and exceeding shareholder and market expectations.

Strategies in Place

Meezan Bank has established itself as the leading player in the Islamic banking sector, focusing on deepening relationships across diverse customer segments and enhancing cross-selling opportunities. This approach, aimed at growing the Bank's customer base and increasing engagement, will be complemented by a strong emphasis on wealth management services tailored to both individual and corporate clients. The Bank is also prioritizing customer-centric initiatives, including comprehensive training programs for staff, to ensure delivery of empathetic and responsive service, thus elevating the overall customer experience and satisfaction.

In line with its long-term Vision, Meezan Bank is making significant investments in its digital infrastructure, which will enable the Bank to deliver more convenient, accurate and accessible services to its growing customer base. The Bank's digital strategy focuses on leveraging cutting-edge technology to enhance product development, streamline operations, and provide innovative, Shariah-compliant financial solutions. These efforts position Meezan Bank at the forefront of the rapidly evolving digital banking landscape, allowing it to differentiate itself in a competitive market while addressing the increasing demand for digital banking solutions.

The Bank's commitment to upholding the highest standards of Shariah compliance and ethical banking practices continues to be a cornerstone of its strategy. Meezan Bank remains diligent in its monitoring systems to ensure ongoing adherence to Shariah principles, which bolsters its reputation and credibility. Furthermore, the Bank actively promotes Islamic banking awareness through educational initiatives and outreach programs, contributing to the growth of the Islamic banking market and solidifying its standing as a trusted institution in this sector.

Additionally, Meezan Bank is focused on fostering strategic partnerships with business entities, positioning itself as a reliable and trusted partner in their commercial endeavors, particularly in areas such as lending, financial inclusion and cash management services. Ongoing efforts to optimize operational efficiency through digital platforms, technological upgrades, and streamlined processes will drive cost savings, improve service delivery, and help maintain consistent profitability. These initiatives, combined with robust feedback mechanisms and a customer-first approach, are designed to exceed investor expectations, ensuring sustained growth, profitability, and long-term value creation.

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	Continue growth in deposits, expand financing portfolio, optimize asset returns, and ensure Shariah compliance.	<ul style="list-style-type: none">ROA (Return on Assets)ROE (Return on Equity)CASA mix (Current & Savings Account)Deposits in PKRFinancing mixADR (Advances to Deposits Ratio)NPL (Non-Performing Loans)	✓
Enhance Digital Transformation	Invest in and expand digital banking services, improving accessibility and customer experience.	<ul style="list-style-type: none">Digital engagement metricsMobile app usage growthCustomer satisfaction score	✓
Increase Brand Awareness and Customer Engagement	Leverage Shariah-compliant products and customer-centric services to foster brand loyalty and expand market share.	<ul style="list-style-type: none">Brand Equity IndexNPS (Net Promoter Score)Customer retention rate	✓
Improve Operational Efficiency and Cost Management	Optimize processes, enhance technological infrastructure, and promote automation to drive efficiencies and reduce costs.	<ul style="list-style-type: none">Cost-to-income ratioProcess automation rateError rate	✓
Foster Employee Growth And Retention	Invest in employee development, provide career growth opportunities, and ensure high engagement.	<ul style="list-style-type: none">Employee retention rateEmployee Satisfaction SurveyTraining completion rate	✓

Resource Allocation



Human Capital

- Enhancing employee base
- 1,236 internal and external training sessions
- Meezan Scholar Policy & Hajj Sponsorship Programs for employees



Natural Capital

- 166 branches including Head Office converted to Solar Power
- Cumulative solar capacity in FY24: 3.61 MW



Manufactured Capital



- 47 New Branches
- 1,219 Biometric enabled ATMs
- Call Centres, Premium Banking and Consumer Finance Centres
- State-of-the-art Data Centres
- 32% share of e-commerce spend on debit cards in industry, highest in the market
- Deployment of over 28,000 POS terminals nationwide
- Highest debit card spend in industry for FY24
- Highest premium debit cards issuance; 174,525 in FY24
- Highest debit cards issuance; 1.2 Million New-To-Bank (NTB) customers in FY24, posting 31% YoY growth
- Industry leader in Mobile Banking Transactions by value in 2024
- Highest volume of transactions over 1Link's Grid in 2024

Intellectual Capital



- 47% increase in Mobile App downloads in FY24
- 1st Acquirer to implement Derived Unique Key Per Transaction (DUKPT) across all POS terminals
- 1st Acquirer to achieve fastest 82% YoY growth in total POS volume processed
- 1st Acquirer to introduce digital parking solution in Islamabad with CDA
- Highest geographic penetration in Acquiring Business, covering 334 cities

Financial Capital



- Rs 101,508 million Profit After Tax
- Rs 246,984 million Total Equity

Social and Relational Capital



- Launch of Meezan Justuju - flagship CSR initiative for fresh graduates
- Multiple security awareness & financial literacy campaigns for customers
- Cancer awareness session for female employees across multiple cities
- First dedicated Islamic banking YouTube channel in the country
- Workshops for corporate and SME customers

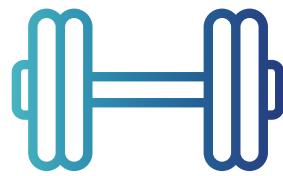
Competitive Landscape & Market Positioning

The banking sector has seen a significant shift towards digital banking solutions, fueled by increasing demand for convenience, accessibility and faster services from customers. The push for financial inclusion has further accelerated this trend, with banks aiming to extend their services to underserved populations and promote broader access to banking. Both conventional and Islamic banks are increasing their focus on Shariah-compliant products and services. Meezan Bank, as the leader in Islamic banking, is well-positioned in this evolving landscape. The Bank's unwavering commitment to Shariah compliance and service excellence continues to differentiate it from competitors. Meezan Bank's strong market presence is further reinforced by its strategic focus on digitalization, customer-centric services, and continuous innovation in Islamic finance.

The Bank's market positioning is built on its unique ability to seamlessly blend traditional Islamic banking values with modern technological solutions. Furthermore, its focus on wealth management and financial inclusion has allowed it to tap into diverse customer segments, including businesses, individuals, and underserved populations, solidifying its position as the preferred choice for Shariah-compliant banking.

Strengths

- Leadership in Islamic banking
- Strong financial position
- One of the highest-rated mobile banking apps
- Strong brand and trust
- Extensive branch network
- AAA rating



Weaknesses

- Lack of availability of human resources having specialized knowledge related to Islamic banking
- Surplus liquidity with limited investment opportunities



SWOT Analysis

Opportunities

- General acceptance and increased demand for Islamic banking products
- Financial inclusion initiatives, reaching unbanked or underserved populations with Shariah-compliant services
- Digital banking expansion
- Strategic partnerships and alliances



Threats

- Intensifying competition
- Economic volatility
- Cybersecurity risks
- Migration of industries leading to limited financing avenues

Risk Management Framework

Meezan Bank manages risks through a framework of sound principles, including risk identification, establishing appetite and limits, assessing impacts, and creating policies to mitigate risks. Continuous monitoring and stakeholder reporting are ensured. The Board sets policy and strategic direction, while management develops procedures, structures, systems, and controls.

The Board has formed a Board Risk Management Committee with defined terms of reference to evaluate the Bank's risk profile and ensure monitoring systems are in place. Additionally, the Board IT Committee oversees cybersecurity and technology risk management strategies. Risk governance is primarily exercised through the following management committees:

- | | |
|--|--|
| <ul style="list-style-type: none">■ Credit Risk Management Committee (CRMC)■ Asset Liability Management Committee (ALCO)■ Compliance & Operational Risk Management Committee (CORMC) | <ul style="list-style-type: none">■ Business Continuity Steering Committee (BCSC)■ IT Steering Committee (ITSC)■ Service Board |
|--|--|

The CRMC ensures that the Bank's credit risk activities fall within the scope 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, operational risk, Shariah non-compliance risk, and control issues. The BCSC ensures that adequate business continuity/disaster recovery plans are prepared, funded, tested, and that decision-making authority in the event of a crisis is clearly defined. The ITSC is responsible for assisting 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 also 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 both external and 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:

Line of Defense	Definition	Ownership
First Line of Defense (1LoD)		
Accountability	Primarily responsible for risk identification and management in their respective fields of operation. They achieve this by complying with all policies, procedures, and regulations. This includes ensuring that all control procedures are followed on an ongoing basis.	Business Units & Support Groups
Second Line of Defense (2LoD)		
Independent Challenge	Responsible for establishing risk management standards, policies, and frameworks, and providing assurance on policy implementation and the quality of controls. This involves reviewing the quality of controls, validating risk assessments, and recommending/reporting remediation needs in high-risk areas.	Risk Management, Compliance & Shariah Compliance Departments, & other Control Functions
Third Line of Defense (3LoD)		
Assurance and Review	Providing independent assurance on the adequacy of the Bank's internal controls.	Internal Audit, Shariah Audit, & Business Review Functions

Meezan Bank has been designated as a Sample Domestic Systemically Important Bank (D-SIB) by the State Bank of Pakistan for 2024-2025. 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, both of which 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 and portfolio management. ERM works closely 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 the internal team and cybersecurity consultants for continuous improvement. The Bank recognizes the importance of compliance, reputational, strategic, technology, conduct, and information security risks as distinct types of risks and continuously improves 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 is a continuous activity 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/cyber security, regulatory, compliance, reputational, strategic as well as Shariah non-compliance risks. Meezan Bank being the largest Islamic bank of the country, is fully aware of the importance and implication of Shariah non-compliance risk on its business and strategy.

Year 2024 started off with improvement in economic fundamentals due to strengthening of Pak Rupee, decline in inflation and increase in stock market index. Later in the year, SBP started monetary policy easing by slashing the rate from peak of 22% to 13%. The IMF agreement coupled with external support provided temporary relief to the economy. However, sustainable fiscal measures, and external support from IMF and other sources along with global political changes and overall law and order situation is expected to be the key determinant for the outlook of the country.



Despite economic challenges, Meezan Bank continued its journey towards growth by increasing its deposits, private financing and total asset base. Financing was increased in various sectors of the economy with 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. Continuous flow of GoP Ijarah Sukuk remained an element of relief to the Islamic banks in managing their excess liquidity.

Year 2025 is expected to be challenging due to implementation of minimum deposit rate mechanism for Islamic banks and increase in income taxes for banks. The continued declining trend in policy rate will result in higher demand for private sector financing and reduce the finance cost for the businesses resulting in positive impact for the overall economy.

Statement of Board of Directors on Risk Assessment

The Board of Directors and its subcommittees comprising of Board members thoroughly assessed all principal risks including but not limited to credit, market, concentration, operational, liquidity, information security/cyber security, regulatory, reputational, strategic, technology, Shariah non-compliance and compliance risks through various reports including early warning indicators to ensure 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 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, while 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

Economic fundamentals improved and political uncertainty showed a decline in Pakistan during 2024. However, law and order remained a key concern due to geopolitical situation as numerous military and civil forces were attacked during the year. Reversal in profit benchmark rates, witnessed during the latter part of the year, coupled with economic recovery, stability in exchange rate and decrease in rate of inflation and the Government's effort to reduce political uncertainty and bring overall stability in the country, will result in improvement in paying capacity of financing customers. This in turn will translate into a decrease in risk of Non-Performing Financing. Moreover, the improvement in macroeconomic environment is expected to translate into improvement in the country's GDP growth rate. However, fiscal policy remains a key challenge for the government to generate revenue. Going forward, sustainable fiscal measures, and external support from IMF and other sources along with global political changes and overall law and order situation are expected to be the key determinants for the outlook of the country.



2024 Focus Areas

- Robust Risk Assessment Mechanism
- Effective Portfolio Management
- Limits Structuring
- Four-eye Financing Approval Mechanism
- Rapid Portfolio Reviews
- Post Disbursement Monitoring

To maintain high level of assets quality, the Bank has equipped itself through robust risk assessment mechanism, effective portfolio management, limits structuring, 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, effective limit structure with respect to Money Market, FX, Equity, and other FI exposures, are already in place to mitigate the risk.

Pakistan faces several significant climate risks, from extreme weather events to coastal vulnerabilities. Meezan Bank is aware of its pivotal role in the financial sector and how it can contribute towards mitigating such risks faced by the country. In line with the instructions of State Bank of Pakistan, the Bank is gearing towards implementing an Environment and Social Risk System which will enable the Bank to identify and manage exposure to the Environment & Social Risks of its customers.

Considering the exponential growth in digital banking, the Bank has state-of-the-art digital platforms in place including mobile app and internet banking, enabling it to provide efficient platforms to customers for performing their banking transactions hassle-free. Continuous growth of digital banking, has resulted in elevated cyber security 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 an independent oversight, manned with experienced and qualified resources. The Bank conducts regular cyber security reviews, cyber risk management and penetration testing exercises, performed by the internal team and cyber security consultants for continuous improvement. To maintain the highest standards of cyber security, the Bank also holds international certifications for its data centers and information security management functions. Continuous cyber security awareness is also provided to staff and customers 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 in ensuring their competitiveness and ability to face new challenges and uncertainties. The Bank has a competitive compensation plan and reward policy to ensure retention of existing staff and hire the best human resources from the industry.

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 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

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

Other Recent Offices Held

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

Mr. Bader H.A.M.A AlRabiah Non-Executive Director

Mr. Bader H.A.M.A. AlRabiah has been a Director of Meezan Bank since November, 2015. He has a strong academic

background in accounting and a focused experience in different sectors over the past 22 years.

Current Directorships

- Chairman, Noor Financial Investment Co., Kuwait
- Vice Chairman & CEO, Noor Al-Salhiya Real Estate Co., Kuwait
- Vice Chairman, Meezan Bank Limited, Pakistan
- Board Member, Savola Group, Saudi Arabia
- Chairman, Al-Durra National Real Estate Co., Kuwait
- Vice Chairman – Injazzat Real Estate Development Co., Kuwait
- Vice Chairman – Amar Finance & Leasing Co., Kuwait
- Board Member, Palms Agro Production Co., Kuwait
- Board Member, Dimah Kuwait CO for providing Large Electronic Money Services
- General Manager, Ikarus Real Estate Co., UAE
- Board Member, Hotels Global Group, Jordan
- Board Member, Middle East Petrochemical Co., KSA
- General Manager - Noor International Co for Selling & Buying Shares and Bonds, Kuwait
- General Manager, Al Merqab Co for Buying & Selling Shares and Bonds Kuwait

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, and Chairman of 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 Limited
- Pakistan Institute of Corporate Governance

Other Recent Offices Held

- Board Member, Alfaal Asset Management Limited
- Board Member, NBP Fund Management Limited
- Board Member, National Bank of Pakistan Kazakhstan
- Board Member, National Bank of Pakistan Tajikistan
- Board Member, Sapphire Wind Power Company Limited
- Board Member, Triconboston Consulting Corporation (Pvt) Limited

Mr. Faisal Fahad AlMuzaini Non-Executive Director

Mr. Faisal Fahad AlMuzaini joined the Board of Directors of Meezan Bank as Director in 2021. He is a member of IFRS 9 Committee of the Board.

Mr. AlMuzaini holds a Bachelor's Degree in Business Administration from Gulf University for Science and Technology and is a PLD Harvard Business School Alumni.

He has more than 16 years' experience of working in Investments and Corporate Finance and has held various senior management positions.

Currently he is working as Deputy Head of Debt Management Dept., with Ministry of Finance Debt Management Dept., 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

Mr. Tariq Mahmood Pasha Non-Executive Director

Mr. Tariq Mahmood Pasha joined the Board of Directors of Meezan Bank in October, 2023. He is also of Member of Audit Committee of the Board.

Mr. Pasha has over 37 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

Mr. Zine Elabidine Bachiri Non-Executive Director

Mr. Zine Elabidine Bachiri joined Meezan Bank's Board in November 2024. He is also a member of the Board Risk Management Committee.

Mr. Zine Elabidine holds a Master's degree in risk management from Sheffield Hallam University in the UK. He

has over 19 years of experience in finance and banking specializing in credit risk, market risk, asset liability management and financial engineering. Currently, he heads the financial policies, planning and analytics department of the Islamic Development Bank.

Other Recent Offices Held

- Board Member - Islamic Bank of Guine

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 Chairman, Audit Committee of the 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 Engro Corporation Limited, 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 Accountants. He has also attended extensive international management training programs at various institutes including Stanford University.

Current Directorships

- Pakistan Refinery Limited
- Professional Education Foundation
- Sharmeen Khan Memorial Foundation
- Overseas Investors Chamber of Commerce and Industry (OICCI)
- Member of the Audit Oversight Board

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 has also completed a negotiation and conflict resolution course from Harvard Law School.

Having spent over three 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 also associated with Khaadi Corporation as consultant/company secretary. She is an executive trainer and teaches the Directors Certification Training and the Corporate Law and Taxation diploma at IBA. She conducts diversity and inclusion training and conflict resolution and negotiation skills courses. Ms Ahmad is an executive volunteer providing pro bono governance advice to Child Life Foundation and Kaarvan Crafts Foundation.

Current Directorships

- International Steels Limited (ISL)
- Jubilee General Insurance Company Limited (JGICL)
- Engro Powergen Qadirpur Limited
- Crescent Steel and Allied Products Limited

She also serves on the Board of Directors of the following Private/ Unlisted Companies:

- Descon Engineering Limited
- 1Link (Pvt) Ltd
- CCL Pharmaceuticals (Pvt) Limited

Other Recent Offices Held

Member, Policy Forum on Gender and Finance established by the State Bank of Pakistan

Mr. Abdulrazzaq T.A.M. Razooqi Independent Director

Mr. Abdulrazzaq T.A.M. Razooqi joined Meezan Bank's Board in November 2024. He is also member of Audit Committee and Risk Management Committee of the Board. Mr. Razooqi holds a Bachelor of Science in Business Management, specializing in Economics and Entrepreneurship, from Babson College Wellesley, Massachusetts.

Mr. Razooqi is currently serving as the Head of Advisory and Mergers & Acquisitions at Kuwait Financial Centre K.P.S.C. ("Markaz") where he has been actively involved in mergers

and acquisitions, financial restructurings, valuations, and other transaction advisory services.

During his association with Markaz, Mr. Razooqi has advised clients on mergers and acquisitions across a variety of sectors, including industrial, healthcare, education, insurance, and food and beverage, amongst others. In the area of financial restructuring, Mr. Razooqi has been a key contributor to several high-profile projects in the fields of retail, trading businesses and real estate.

Current Directorships

- Director, First Equilease for Equipment and Transportation
- Director, Gulf Custody Company

Other Recent Offices Held

- Board Member, Union Trading Company

Mr. Irfan Siddiqui President & CEO

Mr. Irfan Siddiqui is the founding President and CEO of Meezan Bank since 1997 to date. Having articled with Coopers & Lybrand, London from 1975 - 1979, Mr. Siddiqui qualified as a Chartered Accountant from the Institute of Chartered Accountants in England and Wales.

His distinguished career includes several senior management

roles, such as Chief Executive Officer at Al Meezan Investment Bank Limited, General Manager at Pakistan Kuwait Investment Company, Chairman of Al Meezan Investment Management, Advisor to the Managing Director at Kuwait Investment Authority, Manager of Finance and Operations at Abu Dhabi Investment Company, and Senior Business Analyst at Exxon Chemical (Pakistan) Ltd.

Current Directorships

- Member of Board of Trustees – Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain
- Chairman of the Board of Directors, Al-Meezan Investment Management Limited
- Member of IBA Centre of Excellence in Islamic Finance, (CEIF), Board of Management
- Member Steering Committee for providing strategic guidance regarding implementation of Federal Shariat Court (FSC)'s judgement on Riba
- Chairman of Steering Committee on Media Campaign – Improving Islamic Finance Literacy
- Member of 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)

Other Recent Offices Held

- President of the Overseas Investors Chamber of Commerce and Industry (Feb-2021 to Jan-2022)
- Member of Government of Pakistan Steering Committee for 'Promotion of Islamic Banking in Pakistan' (2013 - 2016)



Issuance of Revised Shariah Governance Framework (SGF) 2025 by SBP

During the year 2024, the State Bank of Pakistan (SBP) issued a revised Shariah Governance Framework (SGF) 2025 aimed at further strengthening the framework and aligning it with international best practices and market developments.

Shariah Board

Justice (Retd.) Muhammad Taqi Usmani

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

Justice Usmani is widely recognised as one of the leading Shariah scholars active in the field of Islamic finance. For more than a decade, he has served as Chairman or Member of Shariah Supervisory Boards of numerous Islamic banks and financial institutions around the world. He is currently Chairman of the International Shariah Council for the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in Bahrain.

He has held many senior positions in Pakistan's education sector and has participated in numerous commissions set up by the Government of Pakistan in the fields of education and

Chairman – Shariah Board

economics. Since 1967, he has been the Chief Editor of the monthly Urdu-language magazine Albalagh, and since 1990, the Chief Editor of the monthly English-language magazine Albalagh International. He has also contributed articles to leading Pakistani newspapers on a variety of issues and has authored more than 60 books in Arabic, English, and Urdu.

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

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

Current Board Memberships

- President and Shaikul-Hadith, Jamia Darul Uloom, Karachi
- President, Wifaq ul Madaris, Pakistan
- Chairman, International Shariah Standard Council, 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 Aal 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, 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, Islamic Business and Finance Magazine, 2011
His Highness King Abdullah (of Jordan) Award, Wisamul Istiqlal, 2010
His Highness Prince Muhammad bin Rashid Aal Maktoom Award, 2004

Dr. Muhammad Imran Ashraf Usmani Member – Shariah Board

Dr. Mufti Muhammad Imran Ashraf Usmani, son of Justice (Retd.) Mufti Muhammad Taqi Usmani, graduated with a 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 a Ph.D. in Islamic finance. He is the Vice President of Jamia Darul Uloom, Karachi.

Currently, Dr. Imran Usmani is a Member of the Shariah Board at Meezan Bank, where he oversees research and product development of Islamic banking products, provides advisory on Shariah-compliant banking, and supervises Shariah Audit & Compliance. He is also the President and CEO of Usmani & Co. Pvt. Ltd., which offers a 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.

Dr. Usmani serves in various prestigious roles, including with ICFAL-Australia, The Zeal-Canada and USA, Astana International Financial Centre-Kazakhstan, Sarasin Bank

Switzerland, Amanah Bank Sri Lanka, Guidance Financial Group USA, Nafa Mutual Fund, Al Meezan Investment, and other mutual and property funds, Takaful companies, and international Sukuk.

Dr. Imran Usmani has been engaged with the Government of Pakistan in various initiatives and has been a member of the Steering Committee and Implementation Committee for the promotion of Islamic banking since 2013. He has served as an advisor/member of Shariah Boards for several renowned institutions across 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 the 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.

He is also an Executive Committee Member of AAOIFI (Dubai), a member of the Shariah Supervisory Board of the International Islamic Financial Market (IIFM) in Bahrain, and an Academic Board Member at the Institute of Business Administration (IBA) – Centre for Excellence in Islamic Finance (CEIF), Karachi.

Additionally, he serves as Director at the Centre for Islamic Economics (CIE), Hira Foundation School, and Hira Institute of Emerging Sciences, Karachi. Dr. Usmani has authored numerous publications related to Islamic finance and other Shariah-related subjects. He has presented papers at numerous national and international seminars and 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 & Company Pvt. Ltd.
- President and CEO, Usmani & Company Shariah Advisors Pvt. Ltd.

Sheikh Esam Mohamed Ishaq Member – Shariah Board

Sheikh Esam Mohamed Ishaq graduated from McGill University, Montreal, Canada. Born in Bahrain, he studied Shariah under several Sheikhs in the traditional manner.

He is a member of the High Council of Islamic Affairs of the Government of Bahrain and holds various Shariah positions across numerous social, commercial, and educational institutions. Currently, he teaches Fiqh, Aqeedah, and Tafseer courses at various centres of Islamic studies

supervised by the Ministry of Islamic Affairs in Bahrain.

In addition, Sheikh Esam is the Chairman of the Muslim Educational Society, Vice Chairman and Shariah Advisor for the Discover Islam Centre, and a member of the Board of Trustees for Al-Iman Islamic Schools, Bahrain.

Sheikh Esam Mohamed Ishaq has been serving as a member of the Shariah Board since the 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 Baraka Islamic Bank, Pakistan

Mufti Muhammad Naveed Alam Resident Shariah Board Member

Mufti Muhammad Naveed Alam holds a Master's in Islamic Banking and Finance from the University of Karachi, as well as 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 the 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. His main responsibilities include Islamic banking training, Shariah compliance review, and Shariah audit of various departments and branches.

He is an active teacher/trainer at the Centre for Excellence in Islamic Finance (CEIF) at the Institute of Business Administration (IBA), Karachi, the Center for Islamic Economics (CIE) at 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 his role as RSBM, Mufti Muhammad Naveed Alam served as the Shariah Advisor for Premier Window Takaful Operations and as the Shariah Coordinator at the Indus Hospital & Health Network. He has been serving as a Resident Member of Meezan Bank's Shariah Board since October 1, 2018.

Mufti Zubair Ahmed Member – Shariah Board

Mufti Zubair Ahmed completed his Dars-e-Nizami at Jamia Darul Uloom Karachi. He has also completed a three-year Takhassus fil Ifta course at the same institution. He is a gold medalist from the Institute of Business Management, having achieved this distinction during his Master's in Business Administration with a focus on Banking and Finance. Additionally, he is a Certified Shariah Advisor and Auditor from the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), Bahrain.

Mufti Zubair is a Certified Professional Trainer from the International Association for People and Performance Development (Global). He is also registered with the Securities and Exchange Commission of Pakistan as a Shariah Advisor and has provided advisory services to various corporates for the issuance of numerous short-term Sukuk.

In addition, Mufti Zubair is currently serving as a Shariah Advisor for Zakat-related matters with Kiran Foundation and Muawin Foundation.



Record Growth in GoP Ijarah Sukuk: A Milestone for Pakistan's Islamic Finance Market

In 2024, a series of first-ever 10-year GOP Ijarah Sukuk was initiated, making it a direct Shariah-compliant alternative to the 10-Year Pakistan Investment Bonds.

During the year, the annual issuance of GoP Ijarah Sukuk reached a new record of Rs 1.919 trillion. The total outstanding GOP Ijarah Sukuk now stands at over Rs 5.68 trillion.

The year 2024 also saw the complete shift toward issuing GoP Ijarah through the Pakistan Stock Exchange, which may prove to be a stepping stone toward a more competitive and robust capital market in Pakistan.

Terms of Reference of Shariah Board

Definition of Shariah Board

- A Shariah Board (SB) is an independent body of specialized jurists in fiqh almua'malat (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 his membership by giving written notice of at least three months to the Board of Directors, 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 not be a 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 five 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 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	3
Dr. Muhammad Imran Ashraf Usmani	3
Sheikh Esam Mohamed Ishaq	4
Mufti Muhammad Naveed Alam	4
Mufti Zubair Ahmed	3

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 & Compensation Committee (BHRR&CC) ensures that the Bank manages its human resources in light of the best practices of the industry. It reviews and recommends human resource management policies to the Board of Directors including but not limited to remuneration practices defined by the State Bank of Pakistan, the selection, evaluation, compensation (including retirement benefits), succession planning as well as the recommendation of structure of compensation package of Executive Directors, President & CEO, Key Executives and of any other employee(s) along with ensuring implementation of the same. The BHRR&CC also monitors the training activities, utilization and implementation of training & development budget and policy of the Bank. Furthermore, the Committee evaluates sustainability risks, ESG considerations, and their financial implications, submitting annual progress reports to the Board.

Board Risk Management Committee

Mr. Saad Ur Rahman Khan (Chairman) – Non-Executive Director
Mr. Bader H.A.M.A. AlRabiah – Non-Executive Director
Mr. Zine Elabidine Bachiri – Non-Executive Director
Mr. Abdulrazzaq T.A.M. Razooqi – Independent Director

Terms of Reference

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

Board Audit Committee

Mr. Mohammad Abdul Aleem (Chairman) – Independent Director
Mr. Tariq Mahmood Pasha – Non-Executive Director
Mr. Saad Ur Rahman Khan – Non-Executive Director
Mr. Abdulrazzaq T.A.M. Razooqi – Independent Director

Terms of Reference

The Board Audit Committee (BAC) is responsible for determining appropriate measures to safeguard the Bank's assets; reviewing quarterly, half-yearly and annual financial statements; reviewing management letters/assurance reports issued by external auditors and management's response thereto; reviewing and implementing the scope, extent and plan of internal audit/Shariah audit; reviewing the internal audit strategy; considering 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; determining compliance with relevant statutory requirements; addressing audit observations; monitoring compliance with the best practices of corporate governance and overseeing the implementation of Internal Controls over Financial Reporting (ICFR) program across the Bank, reviewing the effectiveness of whistleblowing procedures; ensure the effectiveness of overall management of compliance and AML risk; and considering any other issues or matters as may be assigned by the Board of Directors.

Board Information Technology Committee

Mr. Saad Ur Rahman Khan (Chairman) – Non-Executive Director
Mr. Riyadh S.A.A. Edrees – Non-Executive Director
Mr. Bader H.A.M.A. AlRabiah – Non-Executive Director
Mr. Irfan Siddiqui (President & CEO) – Executive Director

Terms of Reference

The Board Information Technology Committee (BITC) advises and reports to the Board on the status of technology activities and digital initiatives. It periodically reviews IT and digital strategies, as well as relevant policies, in light of major technological and regulatory developments, and makes recommendations to the Board of Directors. The BITC ensures that risk management strategies are designed and implemented to achieve resilience, enabling the Bank to respond effectively to large-scale disruptions, including cyber-attacks. The Committee receives periodic updates from the IT Steering Committee to monitor major technology-related projects and ensures that technology procurements align with the IT strategy. It also approves cloud-based outsourcing arrangements in accordance with the policy approved by the Board. If deemed necessary, the Committee seeks expert opinions from independent sources, with the quorum comprising any two members.

Board IFRS 9 Committee*

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

Terms of Reference

The Committee is responsible for reviewing Expected Credit Loss (ECL) numbers on a quarterly basis, assessing and ratifying any updates or changes to the ECL models, evaluating and recommending amendments to the ECL Policy for Board approval and reviewing exceptions to the ECL Policy.

*Name of the committee has changed from Board IFRS 9 Implementation Oversight Committee w.e.f. February 13, 2025.

Dates and Attendance of Board Committees held during the period Jan 1, 2024 to December 31, 2024

Name of Director	No. of Meetings Attended	Board Human Resources, Remuneration & Compensation Committee				Board Risk Management Committee				Board Audit Committee				Board IT Committee				IFRS 9 Implementation Oversight Committee			
		09-Feb 2024	16-Apr 2024	05-Aug 2024	15-Oct 2024	07-Feb 2024	15-Apr 2024	31-Jul 2024	17-Oct 2024	13-Feb 2024	16-Apr 2024	06-Aug 2024	16-Oct 2024	12-Feb 2024	04-Apr 2024	01-Aug 2024	14-Oct 2024	06-Feb 2024	16-Apr 2024	05-Aug 2024	15-Oct 2024
Mr. Riyad 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. AlNassar	4/4	-	-	-	-	P	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Saad Ur Rahman Khan	4/4	-	-	-	-	P	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Bader H.A.M.A. AlRabiah ¹	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. AlNassar	4/4	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-	-	-	-	-
Mr. Mohamed Guermazi	4/4	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-	-	-	-	-
Mr. Saad Ur Rahman Khan	4/4	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-	-	-	-	-
Mr. Saad Ur Rahman Khan	4/4	-	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-
Mr. Riyad S.A.A. Edrees	4/4	-	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-
Mr. Faisal A.A.A. AlNassar	4/4	-	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-
Mr. Irfan Siddiqui	4/4	-	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-
Mr. Riyad S.A.A. Edrees	4/4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P
Mr. Irfan Siddiqui	4/4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P
Mr. Faisal Fahad AlMuzaini	4/4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P

Note:

¹ Leave of Absence was granted to Mr. Bader H.A.M.A. AlRabiah



Did You Know?

In 2024, the Government of Pakistan introduced amendments to The Banking Companies Ordinance, 1962, incorporating a new section on Islamic Banking as Part-IIA of the ordinance. This section outlines key aspects such as Shariah Governance, separate regulatory instructions, and other provisions specific to Islamic banking.

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 Head Treasury & Capital Markets
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
CRO & Group Head Risk Management
Group Executive Operations & Branch Banking
Group Head Human Resources, Learning & Organizational Development
Group Head Information Technology
Group Head General Services and Customer Support
Head of Compliance
Manager IT Disaster Recovery
Manager Business Continuity Planning

Terms of Reference

The Business Continuity Steering Committee (BCSC) is responsible for ensuring that adequate business continuity / disaster recovery plans are prepared, funded, 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
Group Head 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
Group Head Internal Audit & Business Risk Review
(Special Invitee)

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 & 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 & 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 Review Committee

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

Service Board

President & CEO - Chairman
Deputy CEO
Group Executive Operations & Retail Banking
Group Head Customer Support & General Services
Group Head Information Technology
Group Head Consumer Finance
Group Head Human Resources, Learning & Organizational Development
Chief Digital Officer & GM Digital Banking
General Manager Compliance
Distribution Heads - North, Central I, Central II & South
Head of Service Quality
Senior Implementation Manager – Invitee
Head of Call Center - Invitee
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 ensures that the outsourcing to Cloud Service Providers (CSPs) is conducted in line with the Service Level Agreement. Further, it oversees 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 also ensures 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) including 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 Review Committee 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 committee also reviews the performance of equity investment portfolio through its regular meetings and discussions wherein the members also discuss the existing 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 for ensuring compliance with the requirements of SBP in respect of IFRS 9 implementation. It is also responsible for performing 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 and 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 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



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.

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. Subsequently Meezan Bank conducts verification as per FPT

Category	Names of Directors
Non-Executive Directors	Mr. Riyad S.A.A. Edrees – Chairman Mr. Bader H.A.M.A. AlRabiah – Vice Chairman * Mr. Saad Ur Rahman Khan * Mr. Faisal Fahad AlMuzaini Mr. Tariq Mahmood Pasha * Mr. Zine Elabdine Bachiri
Independent Directors	Mr. Mohammad Abdul Aleem Ms. Nausheen Ahmad (Female Director) Mr. Abdulrazzaq T.A.M Razooqi
(Executive Director)	Mr. Irfan Siddiqui – President & CEO

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 2024, and all were held in Pakistan.

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.

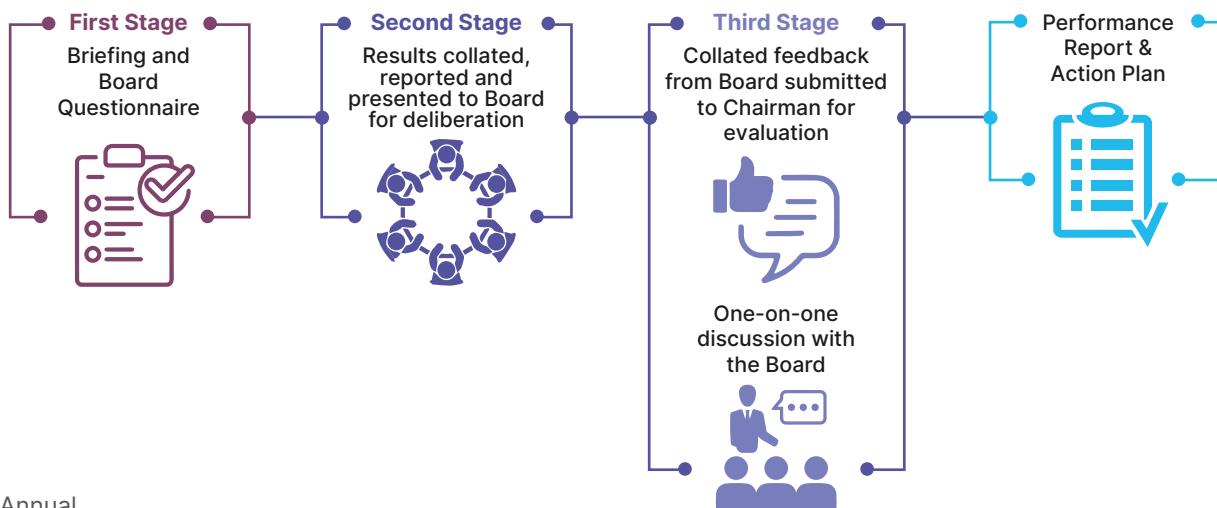
To comply with the regulatory requirement, the Board, in the year 2014, put in place an effective mechanism for Board Evaluation. All individual Board members answer a comprehensive questionnaire focused on evaluating, from various angles, whether the Board has discharged its duties diligently and with 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.

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 the Company Secretary 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 (IFRS) 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, 2024 have been prepared in accordance with the accounting and reporting standards (including IFRS) 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 2024, 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 Supervisory 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, eaudit 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, 2024 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Bank. Our responsibility is to review whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended December 31, 2024.



A. F. Ferguson & Co.
Chartered Accountants
Karachi
Date: February 28, 2025
UTRN: CR2024100689/E4y00g

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network.
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Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Meezan Bank Limited
For the year ended December 31, 2024

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 10 as per following:

- a. Male: 09
- b. Female: 01

2. The composition of the Board is as follows:

Catagory	Names
i. Independent directors	Mr. Mohammad Abdul Aleem Ms. Nausheen Ahmad Mr. Abdulrazzaq T.A.M. Razooqi
ii. Non-executive directors	Mr. Riyadh S.A.A. Edrees – Chairman Mr. Bader H.A.M.A. AlRabiah Mr. Saad Ur Rahman Khan Mr. Tariq Mahmood Pasha Mr. Faisal Fahad AlMuzaini Mr. Zine Elabdine Bachiri
iii. Executive director	Mr. Irfan Siddiqui - President & CEO
iv. Female 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. Two directors who were elected on November 18, 2024, will comply with the training requirements within one year of appointment as director which is in accordance with the requirements prescribed in the Regulations.
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 2. Mr. Saad Ur Rahman Khan 3. Mr. Tariq Mahmood Pasha
Human Resources, Remuneration & Compensation Committee	1. Mr. Riyad S.A.A. Edrees 2. Mr. Mohammad Abdul Aleem 3. Ms. Nausheen Ahmad
Risk Management Committee	1. Mr. Saad Ur Rahman Khan 2. Mr. Bader H.A.M.A. AlRabiah
Information Technology Committee	1. Mr. Saad Ur Rahman Khan 2. Mr. Riyad S.A.A. Edrees 3. Mr. Irfan Siddiqui
IFRS 9 Oversight Committee	1. Mr. Riyad S.A.A. Edrees 2. Mr. Faisal Fahad AIMuzaini 3. Mr. Irfan Siddiqui

* The revised composition of the above – Board Committees, as approved by the Board, is disclosed in Board Committee section of this report. 

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 Oversight Committee | Quarterly meetings |

Pursuant to the Securities and Exchange Commission Pakistan's (SECP) notification (S.R.O. (1)/2024) dated June 12, 2024, a new regulation 10A and amendment to the existing regulations 10 and 35 have been introduced. Accordingly, the Bank has by and large addressed the environmental, social and governance related matters. Further, in order to address and ensure sustainability and DE&I related strategies, the Board, as allowed under this regulation, mandated its Human Resources, Remuneration & Compensation Committee to oversee and compliance of these regulations whereas the matters pertaining to DE&I and sustainability related risks are under review for onward consideration and approval by the Board. The Bank has also established separate department for this purpose.

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

February 13, 2025



RIYADH S.A.A. EDREES
Chairman

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 functions. 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.

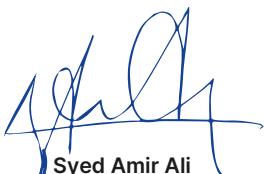
Based on observations and weaknesses found and identified by Internal and External auditors and the Compliance, Risk Management and Shariah audit teams, improvements are brought about by the management in internal controls to ensure non-recurrence of those exceptions and elimination of such weaknesses 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.



Syed Amir Ali
Deputy CEO



Irfan Siddiqui
President & CEO

February 13, 2025

Gender Pay Gap Statement under SECP Circular No. 10 of 2024

Following is the gender pay gap calculated for the year ended December 31, 2024:

- i) Mean Gender Pay Gap (as per table below):
- ii) Median Gender Pay Gap (as per table below):

To comply with the SECP circular on gender pay gap analysis, we identified female employees based on their jobs and grades and subsequently mapped their male counterparts. This ensures a fair assessment of salary differences between genders. The analysis follows the formula prescribed in the SECP circular to calculate the gender pay gap.

Tier	Mean Gender Pay Gap Male : Female Ratio	Median Gender Pay Gap Male : Female Ratio
Tier 1 (EVP I & EVP II)	1.05 : 1	0.97 : 1
Tier 2(SVP I to AVP I)	1.06 : 1	1.06 : 1
Tier 3 (AVP II to AM II)	1.13 : 1	1.15 : 1
Tier 4 (SO & below)	1.07 : 1	1.04 : 1

On behalf of the Board.



Irfan Siddiqui
President & CEO

February 13, 2025

Shariah Board Report

الحمد لله رب العالمين، والصلوة والسلام على خاتم الأنبياء والمرسلين، محمد المصطفى الأمين، وعلى آله وأصحابه أجمعين، وبعد:

All praises to Allah (ﷻ). This was the 22nd 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 matters, referred to them by the Bank.

Alhamdulillah, this year Meezan Bank was recognized as 'Best Bank' by Pakistan Banking Awards, for the fourth time, which is the most prestigious award of the banking sector of Pakistan. 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 the '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 the **Global Islamic Finance Awards (GIFA)**.

Meezan Bank's Shariah Compliance Department (SCD), comprising of a team of professionals, works under the guidance of the Shariah Board (SB). The main objective of this department is to facilitate and ensure Shariah compliance in all processes, procedures and products. This includes the refinement of existing products and procedures, organizing Islamic banking training & awareness sessions and Shariah compliance reviews of transactions. The SCD also serves as the secretariat to the Bank's Shariah Board.

We appreciate the efforts of 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 ensuring 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, 2024:

Research & 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 (GoP) towards the issuance of Rs 1.92 trillion GoP Sukuk this year. Notably, this marks the highest amount of GoP Sukuk issued in any calendar year in Pakistan. These issuances have not only assisted the GoP in its efforts to convert the banking system into Islamic but have also contributed to reducing its financing cost and budget deficit. All these issuances were successfully carried out through Pakistan Stock Exchange, enabling all sectors of the economy including individuals, to directly invest in GoP Sukuk and earn halal profit on their investment.

As part of the Joint Financial Advisors, Meezan Bank also advised and provided assistance to the Government in developing the first ever Sustainable Investment Sukuk Framework which would pave way for the issuance of Sovereign Domestic Green and Sustainable Sukuk in Pakistan.

During the year, the Bank launched Meezan Asaan Student Account providing dedicated current (Qard-based) and savings (Mudarabah-based) account products for students, offering a range of value-added services tailored to meet their needs. The Bank also relaunched Meezan Plus Account, a Mudarabah-based remunerative current account to facilitate businesses in their various transactional needs. In order to facilitate depositors in their transactional needs, with the approval of Shariah Board, the Bank also allowed certain deposit and withdrawal related services without any charges on current accounts in line with guidelines of AAOIFI Shariah Standard No. 19 (Qard).

The Bank also relaunched its durable financing product, 'Consumer Ease' for its staff and payroll customers on the basis of Musawamah, providing affordable durable financing solutions, disbursing a total of 483 cases in 2024.

The Bank also launched one-of-a-kind and innovative campaigns for Car Ijarah at 0% rental rate and Apni Bike at 0% over invoice value, providing affordable car and bike financing facilities in line with Shariah guidelines to its customer base in line with their needs.

In order to enhance the knowledge and capacity of branch banking staff, a dedicated Shariah Knowledge Handbook covering various areas of Islamic banking particularly branch banking, consumer and pool management was circulated among the staff.

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 44.1%, from Rs 20.2 billion in 2023 to Rs 29.1 billion in 2024. The Bank provided financing to 272 distributors in the SME sector, through the digital Shariah-compliant financing platform in collaboration with Haball. The Bank has included distributors of two new Anchors (National Foods Ltd. and Packages Convertor, Ltd.) in its financing portfolio along with distributors 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 continued to provide financing facility under subsidized-rate Islamic SME Asaan Finance scheme (I-SAAF) introduced by State Bank of Pakistan. As of December 31, 2024, the total number of SMEs financed by the Bank under I-SAAF scheme are 1,054, with total outstanding financing of Rs 6.45 billion.

The Bank has introduced two Shariah-compliant Indirect Financing products to enhance outreach to rural communities: (1) Grower Finance under Tijarah and Murabaha modes, which provides in-kind financing for agricultural inputs to registered sugar mill growers from sowing to harvest, and (2) Wholesale Finance to Microfinance Institutions enabling these institutions to offer

financing to small farmers. These initiatives have successfully provided financing of Rs 2 billion to 10,628 farmers, including 7,000 women, promoting agricultural growth and financial inclusion in rural areas.

Throughout the year, 14 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 SCD department for conducting around 294 customer and industry visits and reviewing more than 3,798 different types of financing cases as per the guidelines of SB.

In 2024, the SCD conducted review of 198 branches of the Bank to assess basic knowledge of branch staff and general Shariah environment of the Bank. The SCD also conducted Shariah review of 24 departments/functions of the Bank to ensure that their operations are in line with the SB guidelines.

During the year, the SB provided guidelines for various matters including:

- Approval of alternate product for bill discounting using Sukuk;
- Approval of alternate of Karobar Dost Finance product;
- Approval of different deposit accounts;
- Approval of various policies and manuals;
- Approval of training and audit plans;
- Approval for certain free services on current account; and
- Discussion on various solutions for Hybrid/Asset Light Sovereign Sukuk.

Training & Development

During the year, 360 training sessions were conducted, catering to around 14,700 employees of the Bank. These sessions included orientations and batch training for new joiners, as well as refresher programs such as Basics of Islamic Banking, Asset Products, Key Concepts of Deposit Products & Pool Management, Understanding Consumer Products, Understanding CAD Documentation & Operations, Understanding Trade Finance Products & Documentation, 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 15,100+ (Module-1), 14,700+ (Module-2) and 14,200+ (Module-3) staff members respectively. The Bank also conducted 3 specialized 'Train the Trainer' programs for the Internal Shariah trainers of the Bank. Furthermore, the Bank conducted six programs of Advanced-level Interactive training for senior executives in Karachi, Lahore and Islamabad.

The Bank continues to support various universities for the capacity building of their faculty members, equipping them to provide knowledge about Islamic Banking effectively to their students. In 2024, the Bank engaged with 19 universities including the NED University of Engineering & Technology (NED UET), Bahria University, Institute of Business Management (IoBM), The COMSATS University - Islamabad (CUI), Bahauddin Zakariya University (BZU), Multan, Shaheed Zulfikar Ali Bhutto Institute of Science and Technology University (SZABIST) Karachi, Air University, etc. across the country for academic and capacity building of their faculty members.

The Bank had also collaborated with NIBAF - National Institute of Banking & Finance for a certificate program on Islamic finance for the business faculty of different universities in Lahore and Karachi. The program was attended by more than 90 faculty members and Insha'Allah, will enable them to provide knowledge about Islamic banking to their students effectively.



2024 Highlights

- **294** Customer & Industry Visits
- **3,798** Financing Reviews
- **198** Branch Reviews
- **24** Department Reviews
- **360** Training Sessions
- **14,700** Employees Trained
- **3** Digital Learning Modules Launched

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, and multiple internal sessions on the Role of an Islamic Banker for Branch Managers have also been conducted.

Additionally, the Bank has introduced a series of educational videos by our Shariah Scholars for internal staff to enhance their knowledge of Islamic Banking and Finance and also launched Ramazan specific video series titled Paigham-e-Ramazan with the theme of inculcating good Islamic habits in light of the Quran and Sunnah.

To create awareness of Islamic banking among the general public, the Bank conducted 251 seminars in major cities, attended by more than 22,000 participants from different spheres of society. During the year, the Bank conducted 10 workshops for its Corporate and SME customers across different cities in Pakistan, two of which were in collaboration with IBA Centre for Excellence in Islamic Finance (IBA-CEIF). For general public awareness, two educational webinars were also conducted titled Istaqbali-e-Ramazan and Fundamentals of Zakat covering important Islamic aspects.

We are pleased to share that the Bank is also contributing to the capacity building of university students in Islamic banking and has launched the second batch of 'Meezan Justuju' in Karachi, Lahore, and Islamabad, where around 200 students would receive 42 credit hours of training in Islamic finance. The Bank also launched a program, in collaboration with NED UET, for digital and software related training to promote entrepreneurship and technical capacity development of masses. This program was attended by around 380 individuals.

Shariah Advisory & 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. The following are the notable advisory services provided by the Bank during the year:

- Advisory and support to several microfinance companies including SAFCO Microfinance Company (Private) Limited, Rural Community Development Programmes (RCDP) and CSC Empowerment & Inclusion Program in terms of establishing Islamic branches/windows by developing Shariah-compliant products, reviewing policies and procedures, and building capacity and training employees. Through this initiative, a Shariah-compliant financing facility is available for the low-income population of rural areas.
- Shariah advisory services and support to a digital bank for the establishment full-fledged Islamic digital bank.
- Shariah advisory services and support to one of

Pakistan's leading brokerage house for the establishment of first Islamic subsidiary to provide services to the public and institutions in trading Shariah-compliant shares and Sukuk.

- Shariah advisory services to Pakistan's leading Mutual Funds having a major share of the Islamic Mutual Funds industry in terms of, including but not limited to, investment avenues, the launching of funds and plans, and the review of policies and manuals, etc.
- Screening services to Pakistan Stock Exchange (PSX) in bi-annual re-composition of KMI-30 and PSX-KMI All Share Indices.
- Assisted multiple brokerage houses in developing Shariah-compliant trading windows. To date, Meezan Bank has successfully equipped 39 brokers to offer a Shariah-compliant Trading Platform for PSX.
- Developed multiple Shariah structures for various privately placed Sukuk issued by telecommunication, pharma and FMCG 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, and these constitute 68% of the Bank's total financing. The Bank's total financing portfolio reached Rs 1,556 billion (gross) as of December 31, 2024. Breakup of different financing modes is as follows:

We have noted that, as per our guidelines, the Bank reversed the financing of Rs 289.5 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.

Financing Modes	2024 %	2023 %	Growth / (Decline) in total portfolio %
Musharakah & Running Musharakah	45.9	24.4	21.5
Diminishing Musharakah	22.4	29.9	(7.5)
Istisna	11.1	15.8	(4.7)
Ijarah	4.5	6.4	(1.9)
Musawamah	3.3	7.4	(4.1)
Murabaha	2.1	2.2	(0.1)
Wakalah Tul Istithmar	1.9	3.1	(1.2)
Salam – Commodity	1.9	2.7	(0.8)
Tijarah	1.4	1.8	(0.4)
Salam – Bills	0.1	0.1	0
Other	5.4	6.2	(0.8)

Summary of Direct Payment in Murabaha Financing

During the year 2024, almost 99% of payments for Murabaha financings were made through banking channels like 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.

It is worth mentioning that, in order to strengthen Shariah compliance, physical inspection of delivery of goods was carried out in almost all Istisna and Tijarah transactions.

Liquidity Management

For the purpose of liquidity management, the Bank invested Rs 1.7 trillion in GoP Sukuk. With the increase in Sukuk issuance, the Bank has reduced its reliance on Bai Muajjal transactions, which stood at Rs 35 billion in December, 2024, in line with last year.

Review of Deposits

It is heartening to see deposits grow by 16.6% to reach a sum of Rs 2,585 billion as of December 31, 2024. During the year, the process of allocation of assets and funds to various deposit pools, announcing 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, focus was on certain deposit segments such as women, senior citizens, mobile wallet account holders and New-to-bank (NTB) customers to attract them towards Islamic banking by providing attractive investment options.

Shariah Audit

In compliance with 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 plays a significant role in accomplishing the objective of ensuring Shariah compliance by evaluating adherence to Shariah guidelines prescribed by the Shariah Board, Resident Shariah Board Member, and the Shariah guidelines of the 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 949 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 covered the assessment of financial transactions and operational activities undertaken by the branches/departments but also include an evaluation of the staff's knowledge of Islamic finance.



Shariah Audit of 949 branches

area offices, consumer, corporate hubs, and Head Office departments conducted.

Charity

An amount of Rs 215.23 million was transferred to the Charity Payable Account during the year. This includes Rs 7.24 million to eliminate the non-compliant income portion identified during Shariah audit, Rs 23.68 million to purify the dividend income earned from investment made in the Shariah-compliant stocks by the Bank, and Rs 160.03 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 195 million was disbursed from the Charity Account after approval of the RSBM/SB.



Rs 215.23 Bn

Transferred to Charity Payable Account



Details of charity account are available in note # 22.5

Suggestions

For the purpose of further improving the business of the Bank and the overall Islamic Banking Industry, the following are our suggestions. Some of them are reiterated to emphasize the ongoing nature of these recommendations.

Purpose of Existence

- It is emphasized that this message should be clearly communicated within the Bank that all the efforts that are being made for the growth of Islamic Banking should be driven by the primary objective of pleasing Allah (ﷻ).

Grooming of Staff

- The Bank should continue its efforts to provide training on ethical and religious values along with job-related trainings to its employees.
- Since banking industry is undergoing a transformation and requires rigorous efforts from Bank's personnel, therefore efforts should be made to focus on capacity enhancement of our staff so that they can guide their customers towards the right path.

Conversion of Financial System

- Bank should find ways to offer support to different financial institutions towards conversion to Islamic financial system, especially micro finance institutions, brokerage houses, fintech, etc.
- Bank should also strive to reach out to its customers and support them in converting their financing needs towards Islamic financing.
- 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 like Asset light Sukuk, Green Sukuk, Hybrid Sukuk, etc. to cater to various financing and investment needs of different sectors of society.
- The Bank, in its role as a Joint Financial Advisor to Ministry of Finance, should also look to explore and structure Sukuk transactions that promotes sustainable and socially responsive financing.

Banking Outreach

- It is strongly advised that the Bank should continue its focus on increasing financing to SME sector and consider utilizing digital platform for this purpose. Agriculture sector is very important in the economy of Pakistan and it is suggested that the Bank should also strive to increase its footprint in the agriculture sector and should aim to create its leadership position in this area as well.
- 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

- The Bank should explore different mediums to disseminate Islamic finance knowledge both among the staff and to the masses. In this regard, the Bank may make use of short videos, tutorials, podcasts, case studies, documentaries, animated videos, etc.
- In the current scenario of declining benchmark rate, the Bank should focus on bringing more efficiency and cost control in its systems and processes.
- The Bank should continue its focus on strengthening Shariah controls and fostering a culture of accountability for Shariah non-compliance to ensure Shariah compliance in all spheres of banking.

Awareness

- The Bank should explore different ways to engage with its current and prospective customers through seminars, workshops, industry visits and addresses their concerns to bring them closer to Islamic banking.
- The Bank should continue to 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.

Conclusion

As per the Charter of the Bank, 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 primary 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, as well as the review of Internal Shariah Audit and External Shariah Audit reports and Management's representation 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 the 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 and the policies and 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

Mufti Zubair Ahmed
Member, Shariah Board

Sheikh Esam Mohamed Ishaq
Member, Shariah Board

Dr. Muhammad Imran Ashraf Usmani
Member, Shariah Board

Justice (Retd.) Muhammad Taqi Usmani
Chairman, Shariah Board

Dated: 9th Shaaban 1446 H / February 8, 2025

وقایتیں

- اس مدت میں اسلامی تحریک کے کام کے لئے اسلامی تحریک کے اداروں کے مالکیت میں کم از کم ۲۰ فیصد کے اضافے ہوئے۔
- اسلامی تحریک کے اداروں کے مالکیت میں اسلامی تحریک کے اداروں کے مالکیت میں کم از کم ۲۰ فیصد کے اضافے ہوئے۔
- اسلامی تحریک کے اداروں کے مالکیت میں اسلامی تحریک کے اداروں کے مالکیت میں کم از کم ۲۰ فیصد کے اضافے ہوئے۔

تریخ پرہیز کا عمل

- دیگر اسلامی تحریک کے اداروں کے مالکیت میں اسلامی تحریک کے اداروں کے مالکیت میں کم از کم ۲۰ فیصد کے اضافے ہوئے۔
- اسلامی تحریک کے اداروں کے مالکیت میں اسلامی تحریک کے اداروں کے مالکیت میں کم از کم ۲۰ فیصد کے اضافے ہوئے۔
- اسلامی تحریک کے اداروں کے مالکیت میں اسلامی تحریک کے اداروں کے مالکیت میں کم از کم ۲۰ فیصد کے اضافے ہوئے۔
- اسلامی تحریک کے اداروں کے مالکیت میں اسلامی تحریک کے اداروں کے مالکیت میں کم از کم ۲۰ فیصد کے اضافے ہوئے۔

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- اسلامی تحریک کے اداروں کے مالکیت میں اسلامی تحریک کے اداروں کے مالکیت میں کم از کم ۲۰ فیصد کے اضافے ہوئے۔
- اسلامی تحریک کے اداروں کے مالکیت میں اسلامی تحریک کے اداروں کے مالکیت میں کم از کم ۲۰ فیصد کے اضافے ہوئے۔
- اسلامی تحریک کے اداروں کے مالکیت میں اسلامی تحریک کے اداروں کے مالکیت میں کم از کم ۲۰ فیصد کے اضافے ہوئے۔
- اسلامی تحریک کے اداروں کے مالکیت میں اسلامی تحریک کے اداروں کے مالکیت میں کم از کم ۲۰ فیصد کے اضافے ہوئے۔

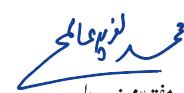
خلاصہ کلام

یہ کلمے اپنے کام کے انتظامی امور پر مبنی ہیں اور اس کے مطابق اسلامی تحریک کے اداروں کے مالکیت میں اسلامی تحریک کے اداروں کے مالکیت میں کم از کم ۲۰ فیصد کے اضافے ہوئے۔

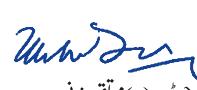
۵۰۰ کی اعداد سے بیکار اسٹاف کو ۶۰۰ سے بیش کی اعداد کی طرف سے بڑھانے کے باوجود اس کے مطابق اسلامی تحریک کے اداروں کے مالکیت میں اسلامی تحریک کے اداروں کے مالکیت میں کم از کم ۲۰ فیصد کے اضافے ہوئے۔

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والسلام علیکم و رحمۃ اللہ و برکاتہ


مفتی محمد نید عالم
ریزیڈنٹ شریفہ بورڈ ممبر


ش. عاصم احمد
ممبر شریفہ بورڈ


دکٹر اکرم الحکیم
ممبر شریفہ بورڈ


ڈاکٹر اکرم محمد عمران اشرف عثمانی
ممبر شریفہ بورڈ

۹ شعبان ۱۴۴۶ ہجری / ۸ فروری 2025

میں پرستی کے بارے میں وکیل کا کہنا تھا۔ میر عین ناتالے کے پیارے بھائی تھے جس کی وجہ سے اس کو اپنے اخواں کے مقابلے میں پورا نہ کر سکا۔

شريعة آدٹ



**Shariah Audit of
949 branches**
area offices, consumer,
corporate hubs, and Head
Office departments
conducted.

سے ملے اور اپنی کامیابی کا انتہا پہنچا۔ اس کی ایک ایسا کاروبار تھا جو اپنے مالک کے لئے بھی ایک بڑا مدد و معاون تھا۔

چیریٹی / صدقات و خیرات



Rs 215.23 Bn
Transferred to Charity

Transferred to Charity
Payable Account



تجاویز

وکلے اپنے مکانی پر اپنی باری کے پڑھنے والے کے لئے جو مالک نہ ہوں گا اسی وجہ سے مکان کی قیمت کو کم کر دیتے ہیں۔

• 100 •

الإيجار ينبع من إيجار الأراضي التي تحيط بالمنزل، أو من إيجار الماء الذي يستخدم في غسل الملابس.

卷之三

- وَكَلَّا لِي أَنْ يَقُولَ لِي إِنَّمَا تَعْلَمُ مَالِكٌ بَلْ أَنْ يَقُولَ لِي إِنَّمَا تَعْلَمُ مَالِكٌ

三

182. N.L. Smith, L. L. Strohbehn, and J. G. Morris, "A New Method of Determining

وکیل مدنی کے پڑپت میں ایک بھائی تھا جس کا نام احمد تھا۔

John Financial Advisor Limited

وہی ملک کے ایک بڑا شہر ہے جس کے نام پر ایک بڑا پارک بنایا گیا تھا۔

شریعہ ایڈ واائزری اور انڈسٹری سپورٹ

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شروعی طریقہ تحویل %	2023 %	2024 %
رنگی مشاکل کے اور مشارکہ	21.5	24.4
مشارکہ متناقضہ	(7.5)	29.9
استھنائی	(4.7)	15.8
اجارہ	(1.9)	6.4
مساومہ	(4.1)	7.4
مراجع	(0.1)	2.2
وکالہ اسٹینکشن	(1.2)	3.1
کمودٹی - سلم	(0.8)	2.7
تجارہ	(0.4)	1.8
بل - سلم	0	0.1
دیگر	(0.8)	6.2
		5.4

اٹاؤں کا حائزہ

مرابحہ میں کی جانے والی براہ راست ادا نیکیوں کا خلاصہ

سیو لپٹ کا انتظام

کوئی نہیں کہا تھا کہ اسی سے اپنے بیٹے کو اپنے بیٹے کا نام دے دیا جائے۔

ڈیباڑس کا حائزہ

According to the data of 2020, the total area of 2,383 ha and 10.0% of the land area of the country is under cultivation, which is 1.5 times less than in 1990.



Customer deposits
Rs 2,585 Bn
Increase of 16.6%

کے ساری اور اپنے 10,829 کمپنیوں میں 7,000 کمپنیوں کی ملکیت میں تبدیلی کر دی جائے گی۔

شريعة كمپلائنس ڈیارٹمنٹ (SCD)



2024 Highlights

- **294** Customer & Industry Visits
 - **3,798** Financing Reviews
 - **198** Branch Reviews
 - **24** Department Reviews
 - **360** Training Sessions
 - **14,700** Employees Trained
 - **3** Digital Learning Modules Launched

لشکریان و لشکریانه های از این دست،
که باید از آنها مطلع شوند و از آنها
گفته شود که اینها را باید در این دست

Constituted by the following institutions:
Concordia College, St. Paul, Minnesota
University of Wisconsin, Milwaukee, Wisconsin

John Smith & John C. Smith & John C. Smith
and John C. Smith & John C. Smith & John C. Smith
and John C. Smith & John C. Smith & John C. Smith
and John C. Smith & John C. Smith & John C. Smith

شريعہ بورڈر پورٹ (اردو ترجمہ)

الحمد لله رب العالمين، والصلوة والسلام على خاتم الأنبياء والمرسلين، محمد المصطفى الأمين، وعلى آله وأصحابه أجمعين، وبعد:

بے شکریتی کا انتہا کے لئے، اور ایک اپنے اپنے بھائیوں کے لئے (30) تک اپنے اپنے بھائیوں کے لئے اپنے اپنے بھائیوں کے لئے۔

 Islamic Bank of the Year / Best Bank of the Year - Large Size / CFA Society of Pakistan /
Sharī'ah Auditor of the Year / Sharī'ah Authenticity / Global Islamic Finance Awards (GIFA 2024) /

مکانیزم کارکرد این دستگاه بر اساس این است که میتواند در هر یکی از دو حالت پیشگیری از ابتلاء و درمان ابتلای بیمار به بیماری از طریق تزریق داروهای مخصوصی باشد.

وَمِنْهُمْ مَنْ يَرْجُوا أَنَّ اللَّهَ يُغْرِيَهُمْ فَلَا يَعْلَمُونَ

نئی پروڈکٹس کی تیاری اور تحقیق

جیلگیری کے نتائج میں ایک بڑی تعداد میں افراد کو اپنے خانہ سے بیرونی جگہوں پر منتقل کیا گیا۔ اسی وجہ سے ایک بڑی تعداد میں افراد کو اپنے خانہ سے بیرونی جگہوں پر منتقل کیا گیا۔ اسی وجہ سے ایک بڑی تعداد میں افراد کو اپنے خانہ سے بیرونی جگہوں پر منتقل کیا گیا۔

بے بُنگلے کے لئے کمی میں صدیق ہے جو صانعہ کے لئے، اسی دلیل پر کے لئے اکٹھے ہوں گے اسی سے
بے بُنگلے، کوئی بُرہا، بُری نسبت، بُری تحریکیں، بُری ملحتیں اور بُری کامیابی کے لئے
بے بُنگلے کرنے کا کام

وَكَلَّا لِي أَنْ يَرَى إِلَيْهِ الْمُؤْمِنُونَ

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.

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

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

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 disfavors 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, Stakeholders 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 in its Sustainability and 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

An approach is used to manage an organization's assets to achieve strategic objectives, enhance value, and ensure sustainability

Access Control

To control the access to information processing facilities and business processes based on business and security requirements.

Cryptography

To protect the confidentiality 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 Framework

Scope

This framework establishes Governance for the Information Technology Division for the Bank under the supervision of IT Steering Committee, Board IT Committee and Board of Directors. The framework paves the roadmap on which IT Division provides services to Bank's business functions and ensures that the Bank's business operations are driven based on Technology Solutions.

Objective

The basis of this framework comprises of strategic alignment between IT and Business for value delivery. The framework ensures that the technology meets business objectives through monitoring compliance to policies and procedures along with proactive resolution of technology-based risks and threats. This framework is also aligned with the Cyber/Information Security Policy of the Bank which is based on ISO 27001.

Executive Summary

Establish alignment with business to evaluate current and future use of technology and direct its preparation and implementation by enabling delivery of cost-effective technology solutions and services. This framework 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 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 Extraordinary Annual General Meeting, Annual General Meeting on pre or post facto basis on the recommendation of the Board and Board Human Resources, Renumeration & 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.



Government of Pakistan Advances Islamic Banking with Constitutional Amendment

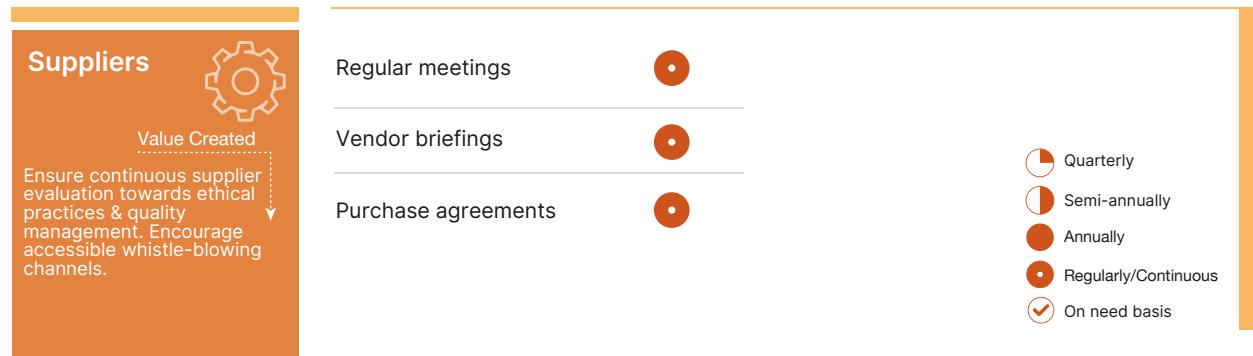
To fast-track the conversion process of the conventional banking sector into Islamic banking, the Government has enacted the 26th Constitutional Amendment. The newly amended Article 38(f) now states: "**Eliminate Riba completely before the first day of January 2028.**" This marks a key milestone in the country's ongoing efforts to align its financial system with Shariah principles.

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
Customers  Value Created Promote financial inclusion, fair treatment and high customer satisfaction and loyalty.  'What are Phishing Attacks and how to save yourself?' - Cyber security awareness campaign video	Online, phone, social media and postal communication Customer satisfaction surveys and feedback	● ✓ ✓	<ul style="list-style-type: none"> ■ Launched a comprehensive Fraud Awareness Campaign to educate & empower customers, reaching 340,000 audience ■ 251 Islamic banking awareness seminars conducted nationwide, attended by more than 22,000 participants ■ Active interaction and prompt follow-up to queries/feedback received on Bank's official channels including social media ■ Bi-annual customer letters ■ Conducted Meezan Quiz Mania, an interactive quiz for our online audience to learn more about Meezan Bank ■ Launched Cyber Security awareness campaigns on social media
Shareholders  Value Created Create shareholder value and build strong corporate governance. Minimize non-compliance resulting in any potential sanctions, penalties and/or reputational loss.	Financial statements General Meetings (AGM/EOGM) Media releases Corporate briefing sessions Responding to multiple queries of institutional investors and ESG analysts	○ □ ● ● ● ✓ ○	<ul style="list-style-type: none"> ■ Consistent payment of dividend ■ Conducted one corporate briefing session ■ Conducted two analyst briefing sessions ■ Conducted one investor briefing session
Regulatory Bodies  Value Created Enhance capability to adapt to regulatory compliance and establish strong risk management and control.	Regular engagement for matters impacting business and compliance through face-to-face, written and telephonic communication Audit and annual reports	● ✓ ●	<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 facilitate non-resident & resident Pakistanis ■ 423 Regulatory & Compliance sessions including: <ul style="list-style-type: none"> • AML/CFT/CPFT Training • Outreach Awareness on ML/TF/PF (Money Laundering, Terrorist Financing & Proliferation of Weapons of Mass Destruction) • Information Security and Trade Compliance • Gender Sensitization • Actively participated in SBP Banking Services Corporation (SBP-BSC) 'Young Islamic Banking Professionals (Y-IBP) Program' • Actively participated in the SBP's Banking on Equality (BoE) initiative for financial inclusion among women in Pakistan

Key Stakeholders	Modes of Engagement	Frequency	Key Initiatives
Employees 	CEO and DCEO messages on regular and topical subjects Training initiatives Employee Satisfaction Survey Offsite strategy sessions & townhall meetings Employee benefits including compensation, medical, performance bonuses and end of service benefits Internal newsletter and intranet Inter-departmental sports and recreational activities	✓ ● ● ✓ ● ●	<ul style="list-style-type: none"> ■ Workshop on excellence in Islamic Banking Leadership ■ Weekly Microlearning Series ■ Employee Share Option Scheme (ESOS) ■ Meezan Scholar Policy for higher education of staff's children ■ Hajj Sponsorship Program for staff with their family member ■ 1,236 internal and external training sessions ■ 88 Induction Training Programs ■ Orientation programs for Persons with Disabilities (PWDs) ■ Meezan Deposit Product Certificate Program ■ Train The Trainers (TTT) Program for In-house Trainers ■ Cancer Awareness Sessions exclusively for women employees across major cities ■ Regular cyber security awareness campaigns for staff ■ Launched Oracle Performance Management ■ Role-based development program for Area Managers, Branch Managers, and Area Operational Managers
Community 	Financial literacy initiatives Hiring individuals with sensory and physical disabilities Sponsoring various fundraising events Building the Islamic Financial industry	● ● ✓ ●	<ul style="list-style-type: none"> ■ Launched 'Meezan Justuju', a fully funded talent development program to equip and upskill fresh graduate with Islamic finance knowledge ■ Enabled job opportunities for Persons with Disabilities 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 Persons with Disabilities to promote inclusion ■ Launched 'Paigham-e-Ramzan' - a series of short video messages by senior executives ■ Meezanship Program – for last semester students and recent graduates ■ Conducted Zakat and donation video series campaign on social media in collaboration with various NGOs ■ Conducted campaign on social media, linking UN SDGs to Islamic values for corporate branding demonstrating the Bank's commitment to sustainable development
Media 	Ads through print, electronic, social media and website Interviews on print and electronic channels Social media platforms	● ● ●	<ul style="list-style-type: none"> ■ Regular and frequent visibility of the Meezan Bank in local, regional and international media through press releases, articles and interviews of senior management



Investor Relations Section on Corporate Website

Meezan Bank ensures regular, two-way engagement with investors through multiple channels, including its corporate website, which is consistently updated with key business announcements, financial results, and regulatory disclosures.

The Investor Relations section serves as a central platform for stakeholders, providing financial highlights, board and management details, external auditors, historical and current financial data, shareholding structure, investor relations and grievance mechanisms, dividend details, and a direct link to the Securities and Exchange Commission of Pakistan's (SECP) Service Desk Management System (SDMS).

To facilitate shareholders, the following information is prominently available on the website:

- Contact details of the Share Registrar
- Contact information of the Bank's focal person for investor grievances
- Designated email for share/dividend-related queries and complaints
- Key documents, including Notice of AGM, Proxy Form, Dividend Mandate Form, and Transfer Deed

Additionally, the Bank ensures up-to-date investor relations and Company Secretariat contact details for shareholders, analysts, and investors.

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 safeguards minority shareholders' interests & ensures their participation in general meetings through the following measures:

- Shareholders' meeting notices are promptly announced on the Pakistan Stock Exchange (PSX) and published in national newspapers.
- Notices are dispatched to shareholders' registered addresses as per regulatory requirements.
- Annual Reports are sent electronically before the AGM, with hard copies available upon request.
- Shareholders may appoint proxies if unable to attend the AGM/EOGM.
- A comprehensive performance overview and future outlook are provided in both English and Urdu.
- Shareholders are encouraged to share feedback, raise queries, and engage in discussions.
- The Bank ensures full regulatory compliance and actively promotes minority shareholder participation in 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 enable the Bank to share business updates with shareholders and investors. As per PSX requirements, all listed companies must hold at least one Corporate Briefing Session (CBS) annually. The Bank conducted separate Corporate, Analyst, and Investor Briefing sessions during the year.

These interactive sessions covered performance, strategy, business environment, and digital transformation initiatives, providing stakeholders with a clear perspective on operations.

To facilitate shareholders and accommodate regional analysts and fund managers, conference call facilities were provided. All relevant information and presentations are subsequently uploaded to the Investor Relations section of the Bank's website.

These Investor Presentations are available on the Bank's website.

Dates:

Analyst Briefing Presentation	February, 2024
Investor Presentation	May, 2024
Corporate Briefing	August, 2024
Analyst Briefing Presentation	October, 2024

Statement of Corporate Social Responsibility & Charity Distribution

As a responsible corporate entity, Meezan Bank remains committed to making a meaningful impact on society. Over the past year, the Bank has actively supported a range of initiatives focused on corporate philanthropy, education, financial literacy, skill development, healthcare, disaster relief, environmental sustainability, community welfare, empowerment, and economic development. These efforts have been facilitated through funding, donations, scholarships, sponsorships, and distribution of charitable funds. Details of contributions to various causes are as follows:



Corporate Social Responsibility Report

Advancing Sustainable Development and Community Empowerment

In alignment with the United Nations Sustainable Development Goals (SDGs), Meezan Bank's Corporate Social Responsibility (CSR) initiatives aim to create a measurable and positive impact on the communities it serves. By promoting sustainable practices, prioritizing social welfare, and advancing education and healthcare, the Bank seeks to support long-term societal well-being. These efforts are strategically aligned with international standards, particularly the SDGs, contributing to a more inclusive and sustainable future.

Healthcare



Indus Hospital

Donation of Solar Panels to reduce costs



Meezan Bank previously donated to the Indus Hospital & Health Network to support the installation of a solar panel system. This donation is part of the Bank's Corporate Social Responsibility (CSR) and Sustainability initiatives, aimed at financing a portion of the 1.2MW solar power project being installed on the hospital's rooftop.

This initiative will enable Indus Hospital to reduce its rising electricity costs, allowing the savings to be redirected towards patient welfare. The collaboration between Meezan Bank and Indus Hospital reinforces a shared commitment to a sustainable future for the community, benefiting healthcare services and fulfilling one of the core objectives outlined in the Bank's CSR policy.

Blood Donation Drive and Meezan Cares Initiative



Meezan Bank collaborated with The Indus Hospital & Health Network (IHHN) to organize a blood donation drive, providing vital support to patients battling critical illnesses. This initiative not only saves lives but also fosters a spirit of giving and civic responsibility, helping to strengthen and build more resilient communities.



In partnership with Indus Hospital & Health Network (IHHN), the Bank launched the Meezan Cares initiative, allowing customers to set up direct debit instructions for monthly donations to support IHHN's free healthcare services. Customers can also donate instantly via Customized Deposit Slips.

Roche Pakistan

Collaboration for Breast Cancer Treatment



Since the 1980s, Roche has been manufacturing locally in Karachi. In recent years, the company shifted its focus to biotechnology medicines for cancer, haematology, and rare diseases, divesting from traditional pharmaceutical operations in 2010. Meezan Bank is taking measures to increase awareness regarding breast cancer while also making efforts to make its cure more accessible. The Bank has partnered with Roche Pakistan to provide free treatment for five breast cancer patients through The Cancer Foundation. This collaboration increases access to cancer care and empowers communities to combat the disease.

Government Hospital Nowshera

Donation of Medical Equipment



Medical Complex MTI, Nowshera (QHAMC MTI) is one of the largest healthcare facilities in District Nowshera, serving neighbouring districts such as Charsadda, Sawabi, Mardan, and Attock. Meezan Bank has significantly contributed to this vital healthcare infrastructure by donating critical medical equipment, including wheelchairs, electric water coolers, and patient bed foam. These donations have greatly enhanced healthcare delivery, benefiting over 2,000 patients daily.



Alamgir Welfare Trust International

Purchase of Renatron Machine for Charitable Hospital



Meezan Bank, as a responsible corporate citizen, donated Rs 700,000 to Alamgir Welfare Trust International for the procurement of a New Renatron Dialyzer Reprocessing Machine. This initiative supports efficient reprocessing of dialyzer filters used in haemodialysis, aiding kidney failure patients and contributing to the trust's health and welfare efforts.

The Health Foundation

Supporting the Golf Tournament
to Raise Awareness of Hepatitis



The Health Foundation, established in 2007, is a non-profit organization dedicated to eradicating Hepatitis in Pakistan. Its comprehensive efforts focus on raising awareness, providing free screenings, and offering treatment and vaccinations to underserved communities across the country. Meezan Bank supported The Health Foundation's 2024 Golf Tournament held in DHA Karachi, highlighting its ongoing commitment to advancing public health initiatives and combating Hepatitis, a critical healthcare challenge in Pakistan. Through such partnerships, the Bank continues to play a vital role in enhancing community well-being and promoting disease prevention.

Karachi Down Syndrome Program

Sponsorship of Golf Tournament



Meezan Bank showed its support for the Karachi Down Syndrome Program's (KDSP) inclusive efforts for individuals with Down Syndrome by participating in the KDSP Golf Tournament 2024.

Mr. Khalid Zaman Khan, Group Head Human Resources, Learning and Organizational Development at Meezan Bank, attended the event, which took place at Karachi Golf Club, Karsaz. KDSP is a non-profit organization dedicated to advocating for the value, acceptance, and inclusion of individuals with Down Syndrome, empowering them to live independently.



Education

Building the Future of Islamic Finance through Strategic Partnership

Meezan Bank and IBA Karachi have been in a strategic partnership for almost a decade for promoting Islamic Finance. During the year, Meezan Bank supported and collaborated with IBA Centre for Excellence in Islamic Finance to provide Islamic finance education and awareness to over 1000 students, industry professionals and Shariah scholars.

1000+
Beneficiaries



Hira Institute of Emerging Sciences - Skill Development Program Enhancing IT Skills and English Language Proficiency



FREE 2-month Skill Development Course for 160 Madrassa Students

This program is designed to enhance students' proficiency in IT and English language skills, equipping them with essential knowledge for both academic and professional growth. The course consists of two specialized programs focusing on English language, Microsoft Office applications, and graphic design.

Saylani Welfare Trust Contribution of funds to support IT Training for underprivileged youth



In partnership with Saylani Welfare Trust, Meezan Bank contributed funds to support IT training programs for underprivileged youth. By enhancing educational opportunities and promoting skills development, this effort directly ensures inclusive and equitable quality education for all.



NED University IT Certification Training Program



Over
240 Students
Benefitted from this Training



Meezan Bank and NED University of Engineering and Technology jointly offered an IT Certification Training Program under Meezan Justuju. Hands-on training was provided in Mobile App Development, Database Administration, E-Commerce, and Content Marketing, with more than 240 graduates successfully completing the certification.

Contribution to National Financial Literacy Program



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. In 2024, under NFLP, Meezan Bank conducted 171 classroom sessions and 25 theatre events across all 27 districts.

National Financial Literacy Program (NFLP)

171
Classroom
Sessions

27
Districts

25
Theatre
Events

5000+
Beneficiaries



Pakistan Hindu Council Job Fair & Education Expo 2024



Supporting
Minorities through
Job & Educational
Opportunities

The Pakistan Hindu Council extended its appreciation to Meezan Bank for participating in the PHC Job Fair and Education Expo 2.0, held on May 27, 2024.

Women Financial Inclusion Campaign Across Pakistan

Meezan Bank conducted a three-week Women Financial Inclusion Campaign to enhance financial awareness among female customers. This initiative included setting-up of special booths in Universities, awareness sessions and account opening facilitation. Objective of the activity was to provide personalized guidance and services to women customers, who often encounter challenges in accessing financial products and services.



11,000
Female
Accounts
Opened



During the campaign, branches simplified the account opening process for women and catered to diverse segments, including unbanked individuals, urban professionals, and tech-savvy customers, by offering tailored financial advisory services.

ACELP - Associates for Children with Emotional & Learning Problems

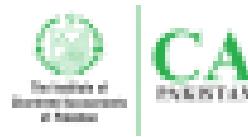
Meezan Bank has contributed to the Association for Children with Emotional Learning Problems (ACELP) to support the installation of solar panels and the enhancement of the play area for children with special needs.



This donation will enable ACELP to install a 15KVA solar panel system, significantly reducing electricity costs and minimizing the carbon footprint. Additionally, it will help improve the play area, fostering a more engaging and supportive learning environment for the children.

CFO Conference 2024 by ICAP

Meezan Bank participated in the CFO Conference 2024, organized by the Institute of Chartered Accountants of Pakistan (ICAP). Syed Imran Ali Shah - Chief Financial Officer, Meezan Bank, shared valuable insights on global financial trends during a panel discussion.



E-books For Children Regarding Financial Awareness

Meezan Bank supported IBA-CEIF in developing & designing E-Books on Islamic Financial Awareness for children. The Bank also promoted these books through its Social Media Channels.

MOU-Collaboration with 19 Leading Universities for Islamic Finance Capacity Building

During the year, as part of its effort to promote quality education Meezan Bank has entered into MoUs with 19 leading universities across Pakistan to strengthen the Islamic finance ecosystem. Through this collaboration, the Bank will support curriculum development, research initiatives, and internship opportunities for students. Additionally, it will organize seminars for students and the public to enhance awareness of Islamic finance and promote financial inclusion. This partnership reflects Meezan Bank's commitment to fostering academic excellence and advancing the growth of Shariah-compliant financial solutions in Pakistan.



Partnership with International Center for Education in Islamic Finance (INCEIF)



Meezan Bank has strengthened its partnership with the International Center for Education in Islamic Finance (INCEIF), Malaysia, to promote Islamic finance education, research, and capacity building. Signed by Mr. Irfan Siddiqui - President and CEO, Meezan Bank, and Mr. Tan Sri Azman Haji Mokhtar - Chairman, INCEIF, this collaboration enables joint research, capacity-building, and faculty exchange while exploring to provide INCEIF's PhD, Masters, and certification programs in Pakistan. This partnership reaffirms Meezan Bank's commitment to developing human capital and advancing Islamic finance.

Creating Islamic Banking Awareness

The Bank also conducted over 251 seminars nationwide to promote awareness of Islamic banking among the public, students, and employees. The Bank conducted 10 workshops for its Corporate and SME customers across different cities in Pakistan, two of which were in collaboration with IBA-CEIF.

Islamic Banking Awareness Sessions

251
Seminars
Nationwide



10
Workshops for
Corporate &
SME Customers



22,000+
Participants
Nationwide



50+
Cities



Promoting Inclusion through the 'Roshnaas' Program

Meezan Bank, as an equal opportunity employer, is committed to fostering a inclusive workplace where every individual feels valued and empowered. In line with this commitment, the Bank has introduced the 'Roshnaas' program, a dedicated trainee initiative designed to provide Persons with Disabilities (PWDs) with meaningful opportunities for professional development and growth.



The program aims to remove barriers, enhance employability prospects for PWDs, and integrate them into a competitive work environment. To date, 13 interns have been inducted across various departments under this initiative, with 5 successfully transitioning into permanent employment. This reflects Meezan Bank's continued efforts to build a diverse and inclusive workforce.

ACCA Trainee Program

The Bank completed its hiring process of the ACCA Trainee Program 2024 (9th batch) in Karachi, Lahore and Islamabad by onboarding 50+ trainees. The program focuses on training students of ACCA who wish to progress in the field of finance and accounting by developing their skill-set in specialized banking functions such as Finance, Investment Banking, Commercial Banking, Compliance, Audit, etc. Under the ACCA Trainee Program, the trainees are not only provided with lucrative stipend and learning opportunities but also incentivized with substantial financial assistance, medical coverage, study leaves and much more.

50+
Trainees onboarded

Meezanship Program

In 2024, 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 350 interns deployed in 2024, the 'Meezanship Program' contributed significantly to skill acquisition and knowledge growth within a professional environment. Notably, 30 percent 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.

Meezan Justuju-Empowering the Next Generation

Meezan Justuju Program is a flagship CSR initiative aimed at bridging the gap between academic knowledge and professional expertise. Conducted in collaboration with IBA CEIF and NED Academy, this fully-funded program offers specialized training in Islamic Finance and IT, equipping fresh graduates with industry-relevant skills.



Key Highlights

- Islamic Finance (IBA CEIF): Launched four batches nationwide , training more than 300 graduates in Islamic Banking & Finance.
- IT (NED Academy): Hands-on training in Mobile App Development, Database Administration, E-Commerce, and Content Marketing, with 240+ graduates successfully completing the certification.
- Massive Outreach: Over 8,200 applications received across all programs, with increasing participation in multiple cities.

Over
8,200
Applicants

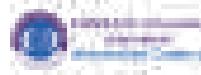
Meezan Justuju exemplifies the Bank's dedication to nurturing talent, advancing the Islamic Finance and IT sectors, and empowering the next generation of professionals in Pakistan.

Braille Quran for the Visually Impaired

As part of our commitment to diversity and inclusion, Meezan Bank has extended its tradition of gifting the Holy Quran to new joiners by including visually impaired staff. In collaboration with the Blind Resource Foundation, the Bank's initiative is a gesture of inclusivity, empowerment and spiritual connection.



Collaboration with COMSATS Abbottabad (Department of Environmental Sciences)



Meezan Bank organized a seminar at COMSATS Abbottabad for students and faculty, focusing on raising awareness about climate change and environmental issues. The event also highlighted the principles of Islamic banking, aiming to educate the youth on sustainable financial practices. The seminar emphasized the importance of environmental responsibility while providing insights into the workings of Islamic finance.

Strategic Partnership for World Islamic Finance Forum (WIFF) 2024



Meezan Bank entered into a strategic partnership with IBA Centre for Excellence in Islamic Finance (IBA CEIF) to host the 4th edition of the World Islamic Financial Forum (WIFF) 2024 at Karachi.

The main theme of the event was "**Islamic Finance: Innovation, Climate Finance & Sustainable Growth**". The event brought together a galaxy of global and local Islamic finance experts, Shariah Scholars and Academics to discuss the future strategies for growth and innovation in Islamic finance.

Dr. Ishrat Husain, Chairman of IBA CEIF, delivered an insightful speech on the topic, focusing on climate finance & sustainable growth. He emphasized the vital role of Islamic finance in addressing global challenges, fostering sustainable development, and driving innovation in the evolving financial landscape.

The event highlights Meezan Bank's commitment to fostering thought leadership and meaningful dialogue in the Islamic finance sector, paving the way for a more inclusive and sustainable financial future.



Climate Awareness Session on Environment Day at LUMS

Meezan Bank hosted a seminar at LUMS to celebrate Environment Day and highlight its significance. The event brought together students and faculty to engage in discussions about sustainability and the principles of Islamic banking. This visit was not just a one-off event, but a catalyst for meaningful change. During the seminar, students gained valuable insights on managing finances in a Shariah-compliant manner while also being mindful of environmental responsibilities.



Around
250
Students &
Faculty
Engaged

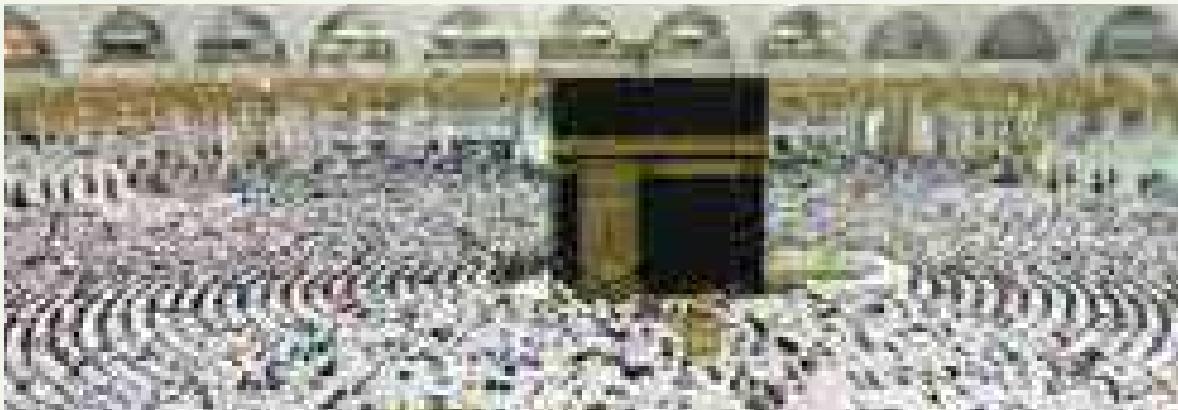
Community Empowerment

10 REDUCED INEQUALITIES



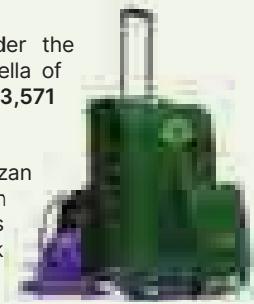
Hajj 2024

Leading the Hajj Application Collection and Supporting Pilgrims



Meezan Bank retained its **1st position** among 15 participating Pakistani banks under the Government's Hajj application collection initiative for 2024. The Bank, under the umbrella of **Meezan Labbaik**, collected **15,723 Hajj Applications** which was **21.4 % of the total 73,571 applications** that were collected across all banks.

The Bank provided more than 15,700 Hujjaj, who submitted their applications through Meezan Bank branches, with a luggage trolley bag, a hand-carry trolley bag, a shoe bag, and an Ihram belt for male pilgrims or a scarf for female pilgrims. The cost of these giveaways was approximately **Rs 235 million**. These giveaways were distributed at ten (10) Meezan Bank Hajj booths established in Hajj camps nationwide.



1st Position
among all
participating
banks



over
15,700
Hajj
Applications



over
Rs 235 Mn
worth giveaways
distributed to Hujjaj



Enhancing Mobility and Efficiency: Meezan Bank Donates 25 Motorcycles to Ladies Police Karachi

Meezan Bank's donation of 25 motorcycles to the Ladies Police Karachi improves the mobility and efficiency of female officers, empowering them to perform their duties more effectively. This initiative strengthens the role of women in law enforcement and helps ensure equal opportunities for all.



Promoting Green Energy

Solar System for Mubarak Masjid

In line with its commitment to sustainability, Meezan Bank supported installation of solar system at Mubarak Masjid, DHA, Karachi, reducing energy costs and enhancing the Masjid's energy efficiency. This initiative promotes the use of renewable energy and contributes to long-term environmental sustainability.



Farmers Awareness Sessions

In 2024, Meezan Bank conducted over 165 Farmers Awareness Programs across various villages in Pakistan to promote sustainable agricultural practices and Islamic banking solutions. These programs focused on educating rural communities about Shariah-compliant agricultural products that encourage eco-friendly and ethical farming. Over 3,674 farmers participated, gaining valuable insights to improve their farming practices in a sustainable manner.

165
Farmers Awareness Programs



3,674
Farmers Participated



Islamic Banking Awareness Seminars

Meezan Bank's Kandhkot, Jacobabad, and Shikarpur branches collaboratively organized an awareness seminar on Islamic banking for the general public.

During the event, Mr. Abdul Diyan, Regional Shariah Coordinator at Meezan Bank, provided valuable insights into various aspects of Islamic banking and finance, followed by an interactive Q&A session.



Did You Know?

Adoption of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Standards by SBP

During 2024, the State Bank of Pakistan (SBP) adopted 15 more Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Shariah standards to bring the best Islamic banking practices to the country. This ensures transparency and a uniform Shariah environment and practices among all Islamic banks/windows. As of 2024, SBP has adopted a total of 38 AAOIFI Shariah standards to align with universal Shariah guidelines and practices.



Tree Plantation Drives

Meezan Bank participated in various green initiatives during the year, supporting tree-plantation as part of its steadfast commitment to a sustainable future and a better environment for the future generations of Pakistanis.



Shaheed Benazir Bhutto
Football Stadium



Pakistan Marine Academy
Green Belt Development



Green belt development in Gulberg Town
with FB Area Association of Trade and Industry



Social Welfare



Iftar for the Public

During the holy month of Ramadan, Meezan Bank hosts daily Iftar outside Meezan House, providing iftar and dinner to more than 15,000 people during the month of Ramadan.

Served
15,000+
People

Ration and Cooked Meal Distribution Drive

Balochistan Flood Affecties at Gawadar

Meezan Bank, in collaboration with Sahil Welfare Association, launched ration and cooked meal distribution drive in Gwadar, Balochistan, following the 2024 floods, to support those affected by the recent rains. This initiative aimed to provide essential supplies to the vulnerable communities, ensuring they received critical aid during a time of crisis. Cooked food as well as ration bags filled with necessities like wheat, rice, oil, and pulses were distributed to the rain affected populations of the area.



Shaping a Healthy Society through Promoting Sports

17 PARTNERSHIPS
FOR THE GOALS



Arshad Nadeem, Pakistan's Olympic Javelin Gold Medalist

Honored at Meezan House, Karachi

Pakistan's star athlete and Olympic gold medalist in men's javelin throw was celebrated for his historic achievement at a special ceremony held at Meezan House, the head office of Meezan Bank. Amidst a backdrop of enthusiastic applause from hundreds of Meezan Bank employees, Arshad Nadeem received a cheque of Rs 9,297,000 from the Bank's Founding President and CEO, Mr. Irfan Siddiqui. He was also honored with a commemorative plaque and medal from Syed Amir Ali, Deputy CEO of Meezan Bank, celebrating his historic achievement.



Rs 100,000
Awarded for
Every Meter
Thrown,
Totalling
Rs 9,297,000

Golf Tournament Sponsorships

Promoting Healthier Living

Golf Tournament at PAF Mushaf Golf Club Sargodha

Meezan Bank sponsored the 'A Golf to Remember' Executive Golf Tournament at PAF Mushaf Golf Club, Sargodha. The successful one-day event saw participation from over 100 individuals across various sectors.

28th Chief of the Naval Staff Open Golf Championship 2024

Meezan Bank sponsored the 28th Chief of the Naval Staff Open Golf Championship 2024, held at Karachi Golf Club.



Sponsorship of CNS Shooting Championship



Meezan Bank sponsored the 7th UMA Chief of the Naval Staff Open Shooting Championship, the opening ceremony of which was held at Pakistan Navy Shooting Range, Karachi. Hundreds of shooters from various organizations participated in the championship.

Gorakh Hill Off-Road Rally

Meezan Bank sponsored the Gorakh Hill Bike Rally 2024, supporting adventure tourism and promoting a healthier lifestyle. As a leading Islamic bank, Meezan Bank's partnership highlights its commitment to community engagement, encouraging outdoor activities, and fostering positive change through thrilling, sustainable experiences in Pakistan's scenic landscapes.



Charity Funds Distribution for Social Welfare

Meezan Bank is committed to following ethical banking practices that align with Shariah principles. As a part of these practices, any charity collected from customers on account of delayed payments is placed in a separate charity account and does not contribute to the Bank's income. Other comparatively smaller contributors to the charity account include income identified as non-Shariah compliant during internal Shariah audits, and a portion of the Bank's dividend income, which are given as charity to ensure its purification.

The Shariah Board provides guidance to the Bank for utilizing the charity funds for social welfare initiatives, largely in the areas of Education, Healthcare and Community Development.

Education Support

Meezan Bank donates a significant portion of its charity funds to Ihsan Trust, which is an independent Trust that was established in 2010 on the guidance of Meezan Bank's Shariah Board for distribution of Meezan Bank's charity funds. Ihsan Trust is presided by Dr. Muhammad Imran Ashraf Usmani, who is a senior Shariah Board Member of Meezan Bank. Ihsan Trust is the largest private interest-free loan provider for higher education in Pakistan. Meezan Bank remains the biggest supporter of Ihsan Trust through its charity fund and has always facilitated its operations.

Since its inception, over 4,400 students from more than 180 universities, educational institutions and professional bodies across Pakistan have benefited from Ihsan Trust. Some of the major universities include Institute of Business Administration (IBA), Lahore University of Management Sciences (LUMS), Dow University of Health Sciences (DUHS), Aga Khan University, Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI), Habib University, COMSATS University, FAST National University of Computer and Emerging Sciences, National University of Sciences and Technology (NUST), Institute of Business Management (IoBM), etc.



Over
4,400+ Students Supported since Inception

180+ Institutions Onboarded

190 Mn Interest-free Loans in 2024

Interest-free Loan given by Ihsan Trust since Inception

	Universities	Students	Interest-free Loan (Rs)
1	Institute of Business Administration	526	168 Mn
2	Aga Khan University	59	118 Mn
3	Ghulam Ishaq Khan Institute	237	95 Mn
4	Dow University of Health Sciences	196	82 Mn
5	Habib University	60	43 Mn
6	Lahore University of Management Sciences	50	38 Mn
7	University of Karachi	383	31 Mn
8	Other Universities	2,939	598 Mn
	Total	4,450	1,173 Mn

Total Impact in 2024

During 2024, Ihsan Trust disbursed total educational loans of **Rs 190 Mn** to **967 students** to help them complete their education.

Support for Faculty Development

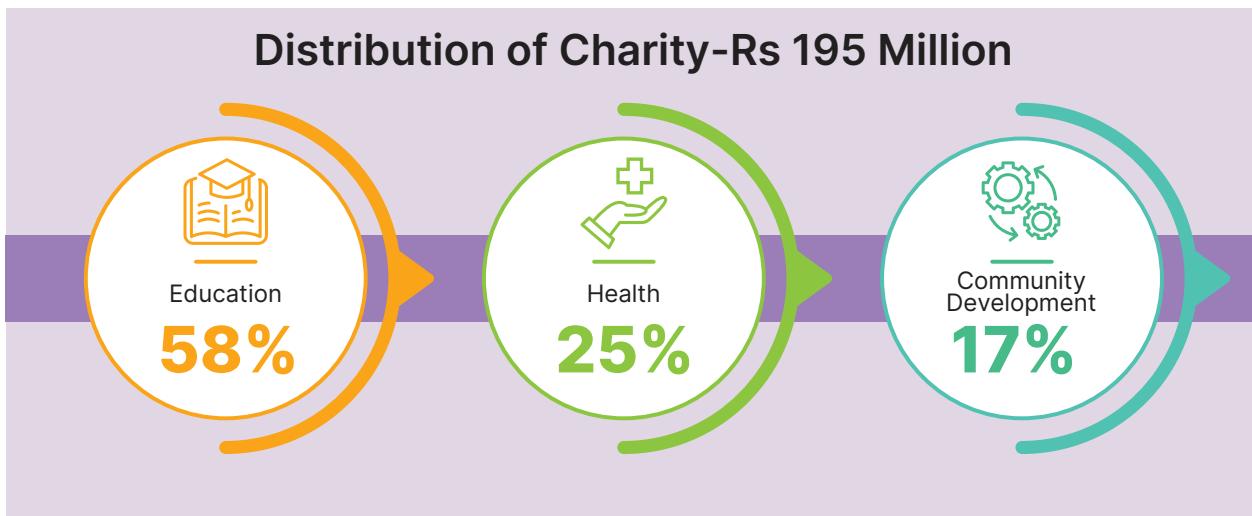
Support was also provided through the charity fund to different Universities for their faculty development initiatives. These included universities such as IBA, NED UET, Hailey College of Commerce, Bahauddin Zakaria university, Quaid e Azam University Islamabad, IBA Sukkur, Islamia University Bahawalpur.



Healthcare Assistance

Recognizing the importance of accessible healthcare, donations through the charity fund are made to hospitals, clinics and medical welfare organizations. These contributions help provide free medical treatment, fund critical surgeries and support healthcare programs for those who cannot afford essential medical services.





Community Development

The Charity fund also supported various social welfare organizations working in areas such as Vocational Training and Skill Development, Microfinance, Community Welfare, etc. By supporting various NGOs and welfare organizations, it is ensured that charity funds reach the most vulnerable segments of society.



Commitment to Transparency

A very transparent process is followed for charity funds utilization, ensuring that all disbursements align with Shariah guidelines and contribute to genuine social causes. Collaborations are made with reputable welfare organizations to ensure maximum positive impact of charity funds.

Did You Know?

In 2024, trading activity in Islamic securities captured an impressive 56.7% share of the total market volume, with Shariah-compliant stocks accounting for 79.23 billion shares of the total 139.73 billion shares traded. This reflects significant market penetration and growing preference for Islamic investments. Trading volumes in Shariah-compliant securities showed exceptional momentum, highlighting the expanding depth and liquidity in the Islamic capital market.

The remarkable performance of the KMI-30 index, which surged by 69.7% to reach 178,636 points by December 31, 2024, clearly validates the growing investor confidence in Shariah-compliant stocks.

Sustainability Report

Stakeholder Engagement

Meezan Bank, Pakistan's premier Islamic bank, is deeply committed to promoting sustainable practices across its operations. As a leader in the Islamic banking sector, Meezan Bank acknowledges its responsibility towards its customers and shareholders as well as towards the broader community and environment. In line with its corporate values and Vision, Meezan Bank strives to integrate sustainability into its business strategy, ensuring long-term growth while making a positive impact on society and the environment.

 For further details on how we engage with our stakeholders, refer section Stakeholders Relationship & Engagement.

Commitment To Sustainability

Meezan Bank's commitment to sustainability is reflected in its core values, which are based on ethical business practices, environmental stewardship, and social responsibility. The Bank has adopted a comprehensive approach that incorporates Environmental, Social, and Governance (ESG) factors into its decision-making processes.

Environmental Sustainability

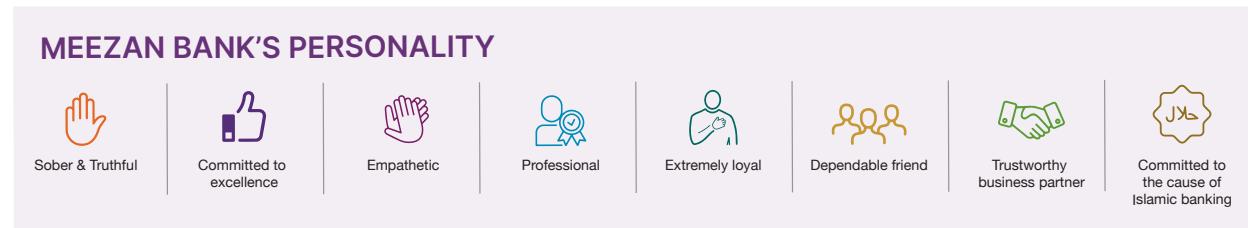
Meezan Bank is dedicated to reducing its environmental footprint. The Bank has implemented energy-efficient technologies, reduced paper usage through digital banking solutions, and actively promotes sustainable practices among its employees. Furthermore, the Bank supports green projects and renewable energy initiatives through financing solutions, helping combat climate change.

Social Responsibility

Meezan Bank understands the importance of fostering socio-economic development. The Bank's focus on financial inclusion ensures that it serves underbanked populations, providing access to essential banking services and empowering individuals and businesses to grow.

Ethical Governance

Meezan Bank's governance framework emphasizes transparency, accountability, and adherence to Shariah principles. The Bank ensures that its business operations align with Islamic ethical standards, fostering trust and reliability among stakeholders.



Our Focus On Sustainable Finance

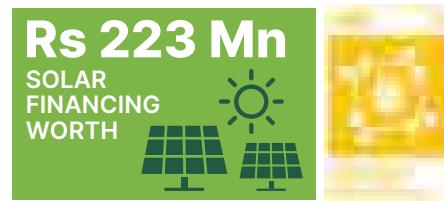


Meezan Bank has aligned its business model with Environmental, Social, and Governance (ESG) principles. By focusing on green banking, the Bank supports eco-friendly initiatives and projects that contribute to sustainable development while adhering to Shariah-compliant financial practices.

The Bank has taken steps to offer financial products that promote sustainability, such as green financing for renewable energy projects, energy-efficient infrastructure, and sustainable agriculture. Additionally, the Bank supported wind and hydropower projects, reinforcing its dedication to a diverse portfolio of sustainable energy solutions.

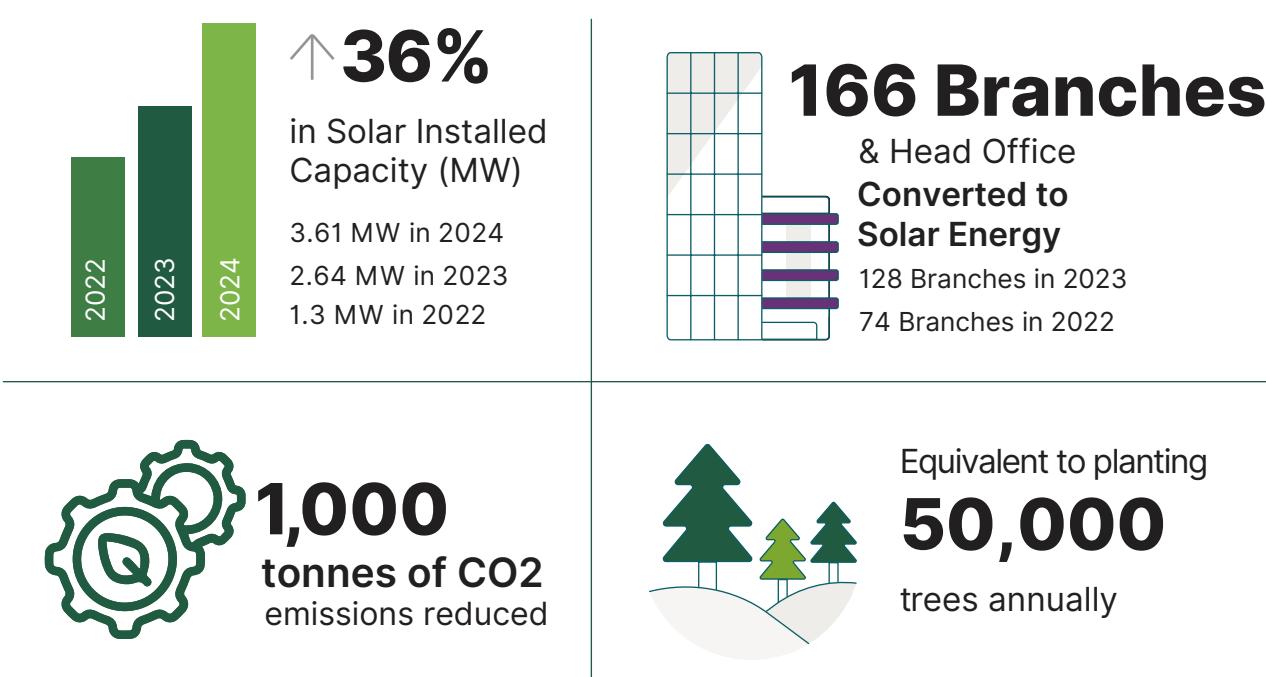
Meezan Solar Financing

The Bank's total net financing value is worth Rs 732 million, with Rs 223 million disbursed in 2024. Further the Bank is also facilitating its customers through the State Bank of Pakistan's Islamic Finance Facility for Renewable Energy (IFRE) scheme. Under this scheme, the Bank has financed Rs 42 million in 2024. This strategic shift highlights the Bank's commitment to environmental responsibility and meeting diverse customer needs.



Conversion of Head Office & Branches to Solar Energy

As part of its ongoing commitment to environmental responsibility and energy efficiency, the Bank has undertaken a significant green initiative by installing solar power systems across 166 branches and its Head Office building. This installation, with a cumulative total of 3.61 MW of installed capacity, marks a substantial step towards reducing the Bank's Carbon footprint. This initiative has saved the environment from 1,000 Metric tons of CO₂ emissions per annum on a sustainable basis and is equivalent to planting 50,000 fully grown trees.



Electric Bike Financing

Meezan Bank demonstrated significant growth in its Electric Bike Financing portfolio during 2024, solidifying its position as a leader in this emerging segment. Key highlights include:

- Strategic Partnerships:** The Bank forged strategic partnerships with key players in the electric vehicle market. This initiative not only supported the growth of this segment but also contributed to a more sustainable and environmentally friendly logistics sector.
- Vendor Diversification:** Recognizing the evolving market dynamics, Meezan Bank expanded its approved vendor list to include prominent players such as Crown Benling Group, Eco Dost Bike, Vlektra Bikes and Revoo Bikes, providing customers with a wider range of high-quality and innovative electric bike options.
- Enhanced Customer Experience:** Meezan Bank continuously strives to enhance the customer experience by streamlining application processes, improving turnaround times, and providing exceptional customer service throughout the financing journey.

The Bank's portfolio now holds financing value of Rs 5.67 million, with Rs 3.52 million disbursed in 2024.



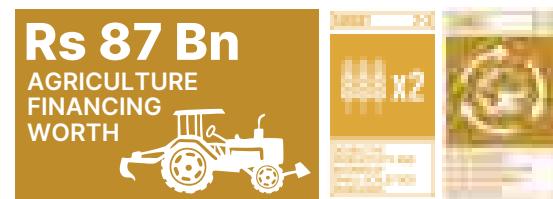
Islamic SME Asaan Finance (I-SAAF) An Initiative for Sustainable Growth in SME Finance

Through the Islamic SME Asaan Finance (I-SAAF) Scheme and Prime Minister's Youth Business and Agriculture Loan Scheme (PMYB & ALS), Meezan Bank has significantly contributed to sustainability by empowering small businesses and youth entrepreneurs. By disbursing Rs 6.614 billion under I-SAAF to over 750 customers and Rs 873 million under PMYB & ALS to 192 customers, the Bank has facilitated access to capital for startups, SMEs, and agricultural ventures, fostering economic growth, job creation, and innovation. These initiatives promote financial inclusion, support sustainable business practices, and contribute to the development of local communities, aligning with broader sustainability goals.



Sustainable Growth in Agriculture Finance

During the year, Meezan Bank disbursed Rs 87 billion to small farmers through an inclusive financing model. This collaboration ensures that farmers have access to the resources they need to adopt sustainable farming techniques, improve yields, and strengthen their livelihoods. By collaborating with microfinance institutions and high-value processing units, such as sugar mills, under sustainable value chain financing models, the Bank not only drives economic growth but also fosters environmentally responsible practices and social inclusion, contributing to a more sustainable and equitable agricultural ecosystem.



Our Focus on Supporting our Communities and Education Sector



Tree Plantation Drive

Throughout the year, Meezan Bank organized several tree plantation drives across various locations nationwide, including one at the Shaheed Benazir Bhutto Football Stadium in Karachi. These initiatives were carefully planned to focus on areas where the planted trees would receive proper monitoring and dedicated care.



Collaboration with COMSATS Abbottabad (Department of Environmental Sciences)

Meezan Bank held a seminar at COMSATS Abbottabad for students and faculty, aimed at raising awareness about climate change and environmental issues. The event also focused on the principles of Islamic banking, with the goal of educating the youth on sustainable financial practices. It highlighted the significance of environmental responsibility while offering valuable insights into the workings of Islamic finance.

Collaboration with LUMS

Meezan Bank collaborated with LUMS for research and development regarding energy efficiency improvement. The Bank also organized a seminar at LUMS to celebrate Environment Day and emphasize its importance. The event brought together students and faculty for discussions on sustainability and the principles of Islamic banking along with discussions on different engineering research projects made by LUMS students and faculty.

Farmers Awareness Sessions

In 2024, Meezan Bank conducted over 165 Farmers Awareness Programs across various villages in Pakistan to promote sustainable agricultural practices and Islamic banking solutions. These programs focused on educating rural communities about Shariah-compliant agricultural products that encourage eco-friendly and ethical farming. Over 3,674 farmers participated, gaining valuable insights to improve their farming practices in a sustainable manner. Looking ahead to 2025, the Bank plans to expand its reach with over 500 programs, prioritizing underserved rural areas to ensure more unbanked farmers have access to sustainable financial solutions that foster long-term environmental and economic well-being.



18th Operational Safety and Health Award by Employer's Federation of Pakistan

Meezan Bank was recognized by the Employer's Federation of Pakistan for its commitment to occupational health and safety at the 18th Operational Safety and Health Award ceremony.



Meezan Bank Wins International Solar Power Conclave & Solar Excellence Award

The Bank was honored at the International Solar Power Conclave & Technology Awards, held at Nishat Lahore and organized by Energy Update, for its initiatives in integrating solar energy into its operations and promoting solar financing and investments.



Fire and Safety Award

Meezan Bank participated in the Annual Fire and Safety Awards 2024, organized by the National Forum for Environment and Health (NFEH) and the Fire Protection Association of Pakistan (FPAP). The Bank was honored with the prestigious Annual Award 2024 for its exemplary commitment to implementing fire safety measures.



Our Focus on Responsible Development



Green Building Practices

Incorporating sustainable practices, Meezan Bank prioritizes energy-efficient lighting, heating, and cooling systems, all aimed at reducing utility consumption. Smart building systems are used to optimize energy use based on occupancy, ensuring that spaces are only conditioned when necessary, contributing to both cost savings and a smaller environmental footprint.

- Meezan Tower Islamabad is pursuing LEED Gold certification with energy-efficient systems and eco-friendly materials.
- The construction of Meezan Bank's Block-III Head Office emphasizes sustainable architecture, energy efficiency, and environmental responsibility.
- New buildings in Gujranwala, Sargodha, and Peshawar are designed to meet international green standards.
- These projects feature energy-saving technologies, water conservation, and better waste management.
- Green rooftops, efficient insulation, and natural lighting are key to Meezan Bank's green initiatives.
- Buildings in Gujranwala, Sargodha, & Peshawar will include solar panels, heat-insulated glass facades, and natural lighting.
- Low-impact, recyclable materials are used to reduce environmental impact and support a circular economy.
- Installation of Water-efficient fixtures and rainwater harvesting systems will enhance resource conservation.
- Smart HVAC systems like VRFs will cut energy use and improve air quality.



Standardization of Office Space

Meezan Bank's focus on efficient utilization of space in the redesigning of its offices reflects its commitment to operational excellence, employee well-being, and environmental sustainability. The Bank has taken a holistic approach to revamping its office layouts, ensuring that every square foot is optimally used to enhance workflow, collaboration and comfort.



One of the key principles guiding the redesign is the creation of flexible workspaces that can adapt to varying needs. This includes open-plan offices, collaborative zones, and breakout areas that encourage communication and teamwork. By moving away from traditional, rigid layouts, Meezan Bank fosters a dynamic work environment where employees can easily transition between tasks, whether in focus areas or group discussions. The design also integrates technology-driven solutions, such as smart desks and digital interfaces, to enhance productivity and improve operational efficiency.

Fire and Safety Trainings

Meezan Bank is committed to ensuring the safety of our employees and customers. To reinforce this, firefighting awareness training is crucial for all staff, especially those working at branches, as they must be well-equipped to handle fire emergencies and use available firefighting equipment effectively. In line with this, approximately 550 training sessions were conducted to enhance fire response and firefighting skills. These sessions were held across all branches nationwide, as well as for the 24/7 staff at our Head Office, further reinforcing our commitment to ensuring a high level of preparedness and safety at all times.



Our Focus on Clean Water, Sanitation and Water Conservation



Meezan Bank's Water Conservation Initiative: A Commitment to Sustainable Development Goals

Meezan Bank has taken a significant step towards environmental sustainability with its innovative water conservation project at the Head Office Masjid. This initiative highlights the Bank's dedication to the clean water and sanitation goals by efficiently repurposing water for tree plantation efforts.



Water Conservation through Ablution Water Recycling

The Head Office Masjid at Meezan Bank accommodates approximately 2,000 individuals daily for ablution before the two main prayers. With each individual using water for washing, the total volume of water used daily is substantial. Recognizing this as an opportunity to conserve precious water resources, Meezan Bank devised a plan to recycle this water for an environmental cause: tree plantation.



Key Highlights

Daily Water Usage for Ablution : Around 2,000 people perform ablution daily at the Head Office Masjid.

Water Usage per Person: Each individual uses approximately 5 liters of water for ablution, leading to a total of 10,000 liters (10 cubic meters) of water being used daily for ablution.

Recycling for Plantation: This water is then filtered and repurposed to nourish and maintain the tree plantation around the Masjid and in the Head Office, helping enhance the green cover and contribute to the overall environmental sustainability of the area.

Rainwater Harvesting System at Meezan Tower, Islamabad

- **Rainwater Harvesting Capacity:** The rainwater harvesting system is designed to capture over 113,000 liters of rainwater per year. This will significantly offset the water requirements for landscaping, irrigation, and cooling, reducing dependency on external water sources.
- **Reduction in Water Demand:** By utilizing harvested rainwater, the tower will decrease its demand for portable water by approximately 30 percent, promoting sustainable water use in the building's day-to-day operations.



Incorporating Water Reuse Strategies in New Building Designs

In line with global sustainability practices, Meezan Bank is also incorporating water reuse strategies in the designs of its new buildings. The reuse of greywater – water from sinks, showers, and other non-sewage sources – is an essential feature in these designs, which will further enhance the Bank's environmental stewardship.



Our Focus on Nurturing the Islamic Banking Industry



Meezan Bank continues to support various universities for the capacity building of their faculty members, equipping them to provide knowledge about Islamic banking effectively to their students. In 2024, the Bank engaged with 19 universities including NED University of Engineering & Technology, Bahria University – Islamabad & Karachi campuses, Institute of Business Management (IoBM), The COMSATS University – Islamabad (CUI), Bahauddin Zakariya University (BZU) – Multan, SZABIST Karachi, Muhammad Ali Jinnah University – Karachi, Air University, etc. across the country, for academic and capacity building of faculty members.

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. In 2024, under NFLP, Meezan Bank conducted 171 classroom sessions and 25 theatre events across all 27 districts.

The Bank also conducted over 251 seminars nationwide to promote awareness of Islamic banking among the public, students, and employees. The Bank conducted 10 workshops for its Corporate and SME customers across different cities in Pakistan, two of which were in collaboration with IBA-CEIF.

National Financial Literacy Program (NFLP)



171

Classroom Sessions



25

Theatre Events



27

Districts

Islamic Banking Awareness Sessions



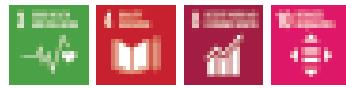
251

Seminars Nationwide



10

Workshops for Corporate & SME Customers



Our Focus on our Employees

As its most valuable asset; the Bank provides its employees an inclusive environment that offers multiple growth opportunities, recognizes and rewards their performance and supports them in ensuring their financial, physical and emotional wellness.

Revision of Meezan Scholar Policy

To address rising education costs and support our employees' financial well-being, Meezan Bank has enhanced the Meezan Scholar Policy. This initiative advances educational opportunities for employees' children that are pursuing university education.

The Bank now sponsors 90% of educational expenses for staff at the AVP-I level and below, and 80% for those from VP to EVP levels. This reflects our commitment to empowering employees and supporting their families' academic aspirations.



Employee Share Option Scheme (ESOS)

Meezan Bank has launched the Employee Share Option Scheme (ESOS), offering eligible employees the chance to purchase Meezan Bank shares at a 30 percent discount. Spanning the next ten years, this scheme benefits all staff at AM grade and above, including all Branch and Operations Managers, regardless of grade.

In 2024, 9.9 million shares were allocated to 2,916 employees. The ESOS recognizes the valuable contributions of our team while fostering retention of talented, high-performing employees.



Hajj Sponsorship Scheme

Meezan Bank supports the spiritual well-being of its employees by sponsoring the Hajj pilgrimage for ten staff members and their companions in 2024. Married employees may be accompanied by their spouses, while unmarried employees may choose either of their parents. The Bank covers 100 percent of Hajj expenses for the employees and 50% for their companions, as per the prevailing Government Hajj Scheme. This initiative reflects Meezan Bank's dedication to both the professional and personal fulfillment of its team members, fostering a culture that values spiritual growth alongside professional excellence.



Employee Benevolent Fund Trust (EBFT)

Meezan Bank's Employee Benevolent Fund Trust (EBFT) is a voluntary welfare initiative where both employees and the organization contribute to support staff in times of need. EBFT provides financial assistance in various areas, including medical emergencies, marriage, education and Hajj Support.

In addition to these benefits, the Bank remains committed to supporting the families of deceased employees. Under the EBFT Pay Continuation Plan, in the unfortunate event of an employee's passing, the Bank ensures financial stability for their family by providing a monthly payment for a period of five years. In 2024, the EBFT approved 660+ cases, totaling Rs 300 million, including medical support, marriage assistance, education and financial aid for deceased employees' families. This reflects the Bank's ongoing commitment to employee welfare.

Our Focus on Diversity and Inclusion

Meezan Bank has long been dedicated to creating a diverse, inclusive, and equitable workplace where every employee and stakeholder is given the opportunity to succeed and thrive. In 2024, the Bank made substantial progress in furthering its initiatives around diversity, inclusion, and employee wellness through a range of impactful programs and training sessions.

Promoting Inclusion through the 'Roshnaas' Program

Meezan Bank, as an equal opportunity employer, is committed to fostering a inclusive workplace where every individual feels valued and empowered. In line with this commitment, the Bank has introduced the 'Roshnaas' program, a dedicated trainee initiative designed to provide Persons with Disabilities (PWDs) with meaningful opportunities for professional development and growth.



The program aims to remove barriers, enhance employability prospects for PWDs, and integrate them into a competitive work environment. To date, 13 interns have been inducted across various departments under this initiative, with 5 successfully transitioning into permanent employment. This reflects Meezan Bank's continued efforts to build a diverse and inclusive workforce.

Inclusive Orientation for Persons with Disabilities (PWDs)

Meezan Bank continues to prioritize the inclusion of Persons with Disabilities (PWDs) by providing special accommodations and orientation sessions to ensure they feel welcomed and fully integrated into the organization. These sessions featured sign language interpreters to facilitate communication and maximize engagement for all participants. Additionally, a dedicated training session for line managers was organized, focusing on strategies to create a more inclusive work environment and better support employees with disabilities. These initiatives are part of the Bank's broader commitment to building a workplace where all employees, regardless of ability, can excel.

Promoting Equality and Disability Sensitization

As part of its ongoing commitment to the Banking on Equality (BoE) initiative, Meezan Bank engaged over 15,641 employees in BoE awareness sessions. These sessions were designed to instill a deeper understanding of equality, fostering an organizational culture where all employees are respected and valued. Additionally, 15,869 employees participated in disability sensitization training, equipping them with the necessary skills to support colleagues with disabilities and create a more inclusive workplace.



In a continued effort to promote inclusivity, awareness sessions on Banking on Equality were also extended to all third-party staff members, including security personnel, office assistants, and janitorial staff across the Bank's branches. Furthermore, employees with disabilities were actively included in these sessions, ensuring that everyone associated with the Bank is equipped with the knowledge to uphold the principles of equality.

Highlights



15,641

Employees engaged in BoE sessions



15,869

Employees engaged in disability sensitization training



483

Women champions trained

Wellness Programs

Meezan Bank introduced wellness programs to promote a healthy, balanced lifestyle, with a focus on female staff. The Modest Elegance program engaged 242 female employees at the Head Office, encouraging a professional and comfortable attire. The Bank also conducted cancer awareness sessions, reaching over 403 female employees across major cities, focusing on prevention, early detection, and treatment. These initiatives reflect the Bank's commitment to diversity, inclusion, and employee well-being. Meezan Bank continues to foster a supportive environment, ensuring all employees, regardless of background or gender, have the opportunity to thrive.



Supporting Women at Work

Meezan Bank remains committed to fostering gender equality and supporting the professional development of women. In 2024, the Bank conducted thirteen specialized sessions for 483 Women Champions from various branches. These sessions were aimed at empowering women leaders within the organization, offering them the skills and confidence to advocate for gender equality, serve as role models, and lead by example in the workplace.



Braille Quran for Visually Impaired Staff

As part of our commitment to diversity and inclusion, Meezan Bank has extended its tradition of gifting the Holy Quran to new joiners by including visually impaired staff. In collaboration with the Blind Resource Foundation, the Bank's initiative is a gesture of inclusivity, empowerment and spiritual connection.



Employment Of Special Persons

Meezan Bank provides merit-based opportunities to individuals with special needs, including those with speech limitations, visual impairments, hearing difficulties, and physical disabilities. The Bank also offers comprehensive training and facilitates internal transfers to support career growth and development.



38

Differently-abled Persons Employed

Our Focus on Youth Development

ACCA Trainee Program

The Bank completed its hiring process of the ACCA Trainee Program 2024 (9th batch) in Karachi, Lahore and Islamabad by onboarding 50+ trainees. The program focuses on training students of ACCA who wish to progress in the field of finance and accounting by developing their skill-set in specialized banking functions such as Finance, Investment Banking, Commercial Banking, Compliance, Audit, etc. Under the ACCA Trainee Program, the trainees are not only provided with lucrative stipend and learning opportunities but also incentivized with substantial financial assistance, medical coverage, study leaves and much more.



ACCA Trainee Batch 2024

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 350 interns deployed in 2024, the 'Meezanship Program' contributed significantly to skill acquisition and knowledge growth within a professional environment. Notably, 30 percent 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.



Meezan Justuju

Meezan Justuju Program is a flagship CSR initiative aimed at bridging the gap between academic knowledge and professional expertise. Conducted in collaboration with IBA CEIF and NED Academy, this fully-funded program offers specialized training in Islamic Finance and IT, equipping fresh graduates with industry-relevant skills.



Key Highlights

- Islamic Finance (IBA CEIF): Two successful batches with nationwide expansion, training 300+ graduates in Islamic Banking & Finance.
- IT (NED Academy): Hands-on training in Mobile App Development, Database Administration, E-Commerce, and Content Marketing, with 200+ graduates successfully completing the certification.
- Massive Outreach: Over 8,200 applications received across all programs, with increasing participation in multiple cities.

Meezan Justuju exemplifies the Bank's dedication to nurturing talent, advancing the Islamic Finance and IT sectors, and empowering the next generation of professionals in Pakistan.



Our Focus on Compliance and Fair Banking

Meezan Bank is committed to conducting business transparently, honestly and with integrity. Therefore, the Bank is fully dedicated to combatting financial crime and makes every effort to remain in full compliance with applicable financial crime laws, regulations and standards.



Business Ethics & Anti-Corruption Measures

The Bank adheres to an Anti-Corruption and Bribery Policy, as well as a Code of Conduct and Standards outlined in its Human Resource Policy, applicable to all employees. Furthermore, the Whistleblowing Policy proactively addresses concerns from staff and customers, promoting transparency and prompt resolution.



Customer Grievance Handling Mechanism

The Bank has a dedicated team managing customer complaints under the Board-approved Customer Grievance Handling Policy. Complaints from various channels are logged into the Complaint Management System for efficient tracking and resolution. To raise awareness, the Bank conducted SMS and email campaigns to remove barriers and ensure prompt resolutions, while feedback collected via SMS supports continuous service improvement. In 2024, the Bank upgraded its Complaint Management System from CRM 2.0 to CRM 3.0, enhancing efficiency, user experience, and regulatory compliance. Complaints are handled by the Customer Care Unit under the Service Quality Department, transaction disputes by the Dispute Resolution Unit (DRU) in the Operations Group, and digital fraud cases by the Fraud Risk Management Department (FRMD) in the Compliance Group. The Bank received 525,737 complaints in 2024, closing them with an average Turnaround Time (TAT) of 5.4 working days.

Our Focus on Digital Leadership



Meezan Digital Account Opening App: A Leap Towards Financial Inclusion

Meezan Digital Account Opening App has been simplifying the process of opening bank accounts for millions of Pakistanis. After a successful testing phase, the app was commercially launched in 2024, further enhancing our mission to provide a seamless, fully digital way to open a Meezan Bank account.

Meezan Digital app has successfully helped customers open 420,000 accounts, showing the growing trust and interest in digital banking solutions. The app offers a fast, secure, and paperless way to open an account from the comfort of your home, without the need to visit a branch.



Experience Hassle-Free
Digital Account Opening
Through the Meezan Digital
Account Opening App!

Available on the
App Store

Launch of E-Memo Portal

The launch of the e-memo portal has transformed the initiation and circulation of paper-based inter-office memos into electronic memos, significantly reducing paper usage for preparing IOMs and supporting documents. The scope of e-memo will expand to include the preparation and addendums to the Bank's policies and sign-off SLAs among different departments. To date, more than 300 memos have been initiated on the e-memo portal, with end-to-end approvals processed digitally and a digital copy of each memo retained for record-keeping.



Security Enhancements: Protecting What Matters Most

At Meezan Bank, the top priority is the security of customer information. To ensure that personal and financial details remain safe, the following security features have been introduced to enhance the banking experience:

Latest Security Features



Biometric Authentication



Device Management



Strengthening Internet Banking Security

The Bank has invested in protecting its customers through the following means:



- Strong compliance of regulations for the security of Internet Banking
- 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
- Certification against international best practices for data security
- Setup of 24/7 monitoring teams to detect and respond to any cyber incident or fraud attempts through Meezan Bank's digital banking channels

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, 2024, and the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 60 branches which have been audited by us and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Credit loss allowance against Islamic financing and related assets: (Refer notes 6.3, 6.22, 11 and 22 to the unconsolidated financial statements)</p> <p>The Bank records credit loss allowance against Islamic financing and related assets in accordance with the requirements of IFRS 9.</p> <p>Under IFRS 9, the Bank assesses on a forward-looking basis the Expected Credit Losses ("ECL") associated with all Islamic financing and related assets and other debt financial assets not held at FVTPL, together with letters of credit, guarantees and irrevocable undrawn financing commitments. A lifetime ECL is recorded on Islamic financing and related assets in which there has been significant increase in Credit Risk (SICR) from the date of initial recognition and on Islamic financing and related assets which are credit impaired as on the reporting date. A 12 months ECL is recorded for Islamic financing and related assets which do not meet the criteria for SICR or "credit impaired" as at the reporting date. To assess whether there is a significant increase in the credit risk, the Bank compares the risk of a default occurring on the Islamic financing and related assets as at the reporting date with the risk of default as at the date of initial recognition. Both lifetime and 12 months ECL are calculated at facility level. The credit loss allowance is increased by provisions charged to the unconsolidated statement of profit and loss account and is decreased by charge-offs, net of recoveries.</p> <p>The Bank records charge for Stage 3 based on the higher of provisions under Prudential Regulations or ECL under IFRS 9, as per the instructions of the State Bank of Pakistan (SBP). This assessment is conducted at the facility level for corporate, commercial, and SME Islamic financing and related assets portfolio, and at a segment / product level for the retail portfolio. If one facility of a counterparty becomes 90+ days past due (DPD) or is otherwise defined as impaired under Prudential Regulations, all other facilities of that counterparty are classified as Stage 3.</p> <p>The measurement of ECL involves evaluating a range of possible outcomes, considering the time value of money, and incorporating reasonable and supportable information available at the reporting date about past events, current conditions, and forecasts of future economic conditions.</p> <p>The net credit loss allowance made / reversed during the year is charged to the unconsolidated statement of profit and loss account and accumulated credit loss allowance is setted-off against Islamic financing and related assets.</p>	<p>Our audit procedures to verify credit loss allowance against Islamic financing and related assets included, amongst others, the following:</p> <p>We obtained and updated our understanding of management's assessment of credit loss allowance in respect of Islamic financing and related assets including the Bank's internal rating model, accounting policy, model methodology including any key changes made during the year.</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 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 Islamic financing and related assets; • 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 provisions, 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"> • assessed the reasonableness and accuracy of the data used for ECL computation based on accounting records and information systems of the Bank as well as the related external sources used for this purpose; • checked repayments of Islamic financing and related assets / profit instalments and tested classification of Islamic financing and related assets based on the number of days overdue; • tested the staging of Islamic financing and related assets as per the criteria of SICR and in accordance with IFRS 9; • evaluated the management's assessment for classification of a customer financing facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management.

S.No.	Key Audit Matter	How the matter was addressed in our audit
	<p>The Bank has recognised a net credit loss allowance against Islamic financing and related assets and net reversal of credit loss allowance against off-balance sheet obligations amounting to Rs. 8,834 million and Rs. 22 million respectively in the unconsolidated statement of profit and loss account in the current year. As at December 31, 2022, the Bank holds a credit loss allowance of Rs. 40,606 million and Rs. 303 million against Islamic financing and related assets and off-balance sheet obligations respectively.</p> <p>The determination of credit loss allowance 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 unconsolidated financial statements of the Bank, we considered this area as a key audit matter.</p>	<ul style="list-style-type: none"> assessed the ECL model used by the management to calculate expected credit loss against Islamic financing and related assets balances of the Bank for appropriateness of the assumptions used and the methodology applied. We also tested the mathematical accuracy of the model; assessed the reasonableness of the forward-looking assumptions used by the management in calculation of ECL; and assessed the relevant disclosures made in the unconsolidated financial statements to determine whether they comply with the accounting and reporting standards as applicable in Pakistan.

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 (CIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Bank's financial reporting process.



Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.





AFFERGUSON&CO.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:
 - a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
 - b) the unconsolidated statement of financial position, the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, 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 financings and related assets of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is Shahbaz Akbar.

Afferguson

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: February 28, 2025
UDIN: AR2024100685n0bP3i1a

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network.
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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*KARACHI *LAHORE *ISLAMABAD

Unconsolidated Statement of Financial Position

As At December 31, 2024

	Note	2024	2023
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	7	260,734,258	242,611,556
Balances with other banks	8	13,424,950	11,452,256
Due from financial institutions	9	34,964,299	34,964,299
Investments	10	1,870,535,620	1,572,387,620
Islamic financing and related assets	11	1,514,755,936	961,673,012
Property and equipment	12	46,847,734	39,046,484
Right-of-use assets	13	21,230,197	19,571,852
Intangible assets	14	2,896,880	2,271,709
Deferred tax assets		-	-
Other assets	15	135,021,456	128,129,969
Total Assets		<u>3,900,411,330</u>	<u>3,012,108,757</u>
LIABILITIES			
Bills payable	16	112,605,407	39,724,176
Due to financial institutions	17	722,286,318	377,494,612
Deposits and other accounts	18	2,584,871,300	2,217,473,924
Lease liability against right-of-use assets	19	25,848,322	22,093,855
Sub-ordinated sukuks	20	20,990,000	20,990,000
Deferred tax liabilities	21	14,211,335	4,213,492
Other liabilities	22	172,614,356	145,211,181
Total Liabilities		<u>3,653,427,038</u>	<u>2,827,201,240</u>
NET ASSETS			
		<u>246,984,292</u>	<u>184,907,517</u>
REPRESENTED BY			
Share capital	23	17,947,407	17,912,532
Reserves	24	48,002,267	37,082,157
Surplus on revaluation of assets - net of tax	25	22,141,192	10,920,597
Unappropriated profit		158,893,426	118,992,231
		<u>246,984,292</u>	<u>184,907,517</u>
CONTINGENCIES AND COMMITMENTS			
	26		

The annexed notes 1 to 54 and annexure I form an integral part of these unconsolidated financial statements.



Riyad S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Mohammad Abdul Aleem
Director



Bader H.A.M.A.
AlRabiah
Director



Syed Imran Ali Shah
Chief Financial Officer

Unconsolidated Statement of Profit and Loss Account

For The Year Ended December 31, 2024

	Note	2024	2023
		Rupees in '000	
Profit / return earned on Islamic financing and related assets, investments and placements	27	494,296,852	431,722,282
Profit / return on deposits and other dues expensed	28	207,257,493	205,293,460
Net profit / return		287,039,359	226,428,822
OTHER INCOME			
Fee and commission income	29	21,338,882	17,414,213
Dividend income		2,190,252	1,107,177
Foreign exchange income		829,592	3,094,654
Gain / (loss) on securities	30	3,515,947	(808,307)
Net loss on derecognition of financial assets measured at amortised cost	31	(186,473)	-
Other income	32	1,189,746	1,299,424
Total other income		28,877,946	22,107,161
Total income		315,917,305	248,535,983
OTHER EXPENSES			
Operating expenses	33	79,509,599	67,876,595
Workers welfare fund	22.8	4,666,190	3,606,231
Other charges	34	435,343	304,830
Total other expenses		84,611,132	71,787,656
Profit before credit loss allowance / provisions		231,306,173	176,748,327
Credit loss allowance / provisions and write offs - net	35	9,221,069	7,340,411
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		222,085,104	169,407,916
Taxation	36	120,577,580	84,932,274
PROFIT AFTER TAXATION		101,507,524	84,475,642
		Rupees	
Basic earnings per share	37	56.62	47.18
Diluted earnings per share	37	56.30	47.13

The annexed notes 1 to 54 and annexure I form an integral part of these unconsolidated financial statements.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Mohammad Abdul Aleem
Director



Bader H.A.M.A.
AlRabiah
Director



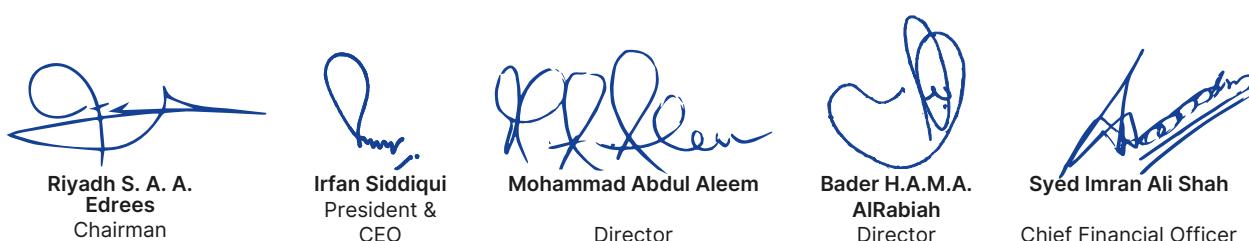
Syed Imran Ali Shah
Chief Financial Officer

Unconsolidated Statement of Comprehensive Income

For The Year Ended December 31, 2024

	Note	2024	2023
		Rupees in '000	
Profit after taxation for the year		101,507,524	84,475,642
Other comprehensive income / (loss)			
Items that may be reclassified to the unconsolidated statement of profit and loss account in subsequent periods:			
- Movement in surplus on revaluation of debt investments through FVOCI / available for sale - net of tax		10,091,688	-
- Gain on sale of debt investments carried at FVOCI - reclassified to the unconsolidated statement of profit and loss account - net of tax		(1,613,480)	-
- Movement in surplus on revaluation of investments - net of tax		-	11,586,946
Items that will not be reclassified to the unconsolidated statement of profit and loss account in subsequent periods:			
- Movement in surplus on revaluation of equity investments through FVOCI - net of tax		2,231,135	-
- Remeasurement loss on defined benefit obligations - net of tax	40.6.2 & 40.15	(208,738)	(123,510)
- Movement in deficit on revaluation of non - banking assets - net of tax		-	(2,674)
Total comprehensive income for the year		<u>112,008,129</u>	<u>95,936,404</u>

The annexed notes 1 to 54 and annexure I form an integral part of these unconsolidated financial statements.



Unconsolidated Statement of Changes in Equity

For The Year Ended December 31, 2024

	Capital reserves					Revenue reserves		Surplus / (Deficit) on revaluation of			Total
	Share capital	Share premium	Statutory reserve*	Non - Distributable Capital Reserve - Gain on Bargain Purchase	Employee share option compensation reserve	General reserve	Investments	Non-banking Assets	Unappropriated profit		
— Rupees in '000 —											
Balance as at January 01, 2023	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 for the year											
- Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	-	-	11,586,946	-	-	11,586,946	
- Remeasurement Loss on valuation of employee retirement benefits	-	-	-	-	-	-	-	-	(123,510)	(123,510)	
- Movement in deficit on revaluation of non - banking assets - net of tax	-	-	-	-	-	-	-	(2,674)	(123,510)	(2,674)	
Transfer from surplus in respect of incremental depreciation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	11,586,946	(2,674)	(123,510)	11,460,762	
Recognition of share based compensation (Note 42)	-	-	-	-	-	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)	
Issue of 1,628,873 shares under the Employees share option scheme (note 37.4)	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	
Impact of adoption of IFRS 9 - net of tax (note 6.1.3)	-	-	-	-	-	-	1,188,390	-	25,760	1,214,150	
Profit after taxation for the year	-	-	-	-	-	-	-	-	101,507,524	101,507,524	
Other comprehensive income for the year											
- Movement in surplus on revaluation of investments in debt instruments at FVOCI - net of tax	-	-	-	-	-	-	10,091,688	-	-	10,091,688	
- Gain on sale of debt investments carried at FVOCI - reclassified to the unconsolidated statement of profit and loss account - net of tax	-	-	-	-	-	-	(1,613,480)	-	-	(1,613,480)	
- Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(677,138)	-	677,138	-	
- Remeasurement loss on valuation of employee retirement benefits	-	-	-	-	-	-	-	-	(208,738)	(208,738)	
- Movement in surplus on revaluation of equity investments carried at FVOCI - net of tax	-	-	-	-	-	-	2,231,135	-	-	2,231,135	
Total other comprehensive income - net of tax	-	-	-	-	-	-	10,032,205	-	468,400	10,500,605	
Recognition of share based compensation (Note 42)	-	-	-	-	590,777	-	-	-	-	590,777	
Other appropriations											
Transfer to statutory reserve*	-	-	10,150,752	-	-	-	-	-	(10,150,752)	-	
Transactions with owners recognised directly in equity											
Final cash dividend for the year 2023 @ Rs 8 per share	-	-	-	-	-	-	-	-	(14,330,026)	(14,330,026)	
First interim cash dividend for the year 2024 @ Rs 7 per share	-	-	-	-	-	-	-	-	(12,538,773)	(12,538,773)	
Second interim cash dividend for the year 2024 @ Rs 7 per share	-	-	-	-	-	-	-	-	(12,563,185)	(12,563,185)	
Third interim cash dividend for the year 2024 @ Rs 7 per share	-	-	-	-	-	-	-	-	(12,563,185)	(12,563,185)	
Issue of 3,487,520 shares under the Employees shares option scheme (note 37.4)	34,875	477,812	-	-	(299,231)	-	-	-	45,432	258,888	
Balance as at December 31, 2024	17,947,407	3,104,253	40,767,834	3,117,547	945,867	66,766	22,141,192	-	158,893,426	246,984,292	

*This represents reserve created under section 21(i)(b) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 54 and annexure I form an integral part of these unconsolidated financial statements.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Mohammad Abdul Aleem
Director



Bader H.A.M.A.
AlRabiah
Director



Syed Imran Ali Shah
Chief Financial Officer

Unconsolidated Cash Flow Statement

For The Year Ended December 31, 2024

	Note	2024	2023
		Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		222,085,104	169,407,916
Less: Dividend income		(2,190,252)	(1,107,177)
		219,894,852	168,300,739
Adjustments:			
Depreciation	33	5,929,556	4,365,348
Net profit / return		(290,861,636)	(228,506,149)
Amortisation	33	671,992	521,832
Depreciation on right-of-use-assets	33	2,622,253	2,742,876
Amortisation of lease liability against right-of-use assets	28	3,822,277	2,077,327
Credit loss allowance / provisions and write offs - net	35	9,221,069	7,340,411
Charge for defined benefit plan	33	1,036,001	778,597
Share based compensation expense	42	590,777	409,746
Unrealised (gain) / loss - FVTPL	30	(4,351)	18
Gain on sale of property and equipment	32	(363,819)	(446,997)
		(267,335,881)	(210,716,991)
		(47,441,029)	(42,416,252)
(Increase) / decrease in operating assets			
Islamic financing and related assets		(579,531,205)	26,293,235
Other assets		(14,051,552)	(6,626,338)
		(593,582,757)	19,666,897
Increase / (decrease) in operating liabilities			
Bills payable		72,881,231	(450,946)
Due to financial institutions		350,118,657	(198,014,243)
Deposits and other accounts		367,397,376	558,983,806
Other liabilities		45,366,931	(17,412,730)
		835,764,195	343,105,887
Contribution to defined benefit plan	40.5	194,740,409	320,356,532
Net profit / return received		(886,629)	(669,015)
Net profit / return paid	38.2	512,158,761	395,521,775
Income tax paid		(210,887,181)	(200,869,722)
Net cash generated from operating activities		(133,892,053)	(80,342,884)
		361,233,307	433,996,686
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments / divestments in amortised cost securities / held to maturity securities		(20,970,295)	253,666
Net investments in securities classified as FVOCI / available for sale securities		(254,938,436)	(266,279,529)
Net divestment in securities classified as FVTPL / held for trading securities		5,785,702	2,470
Net investments in associates		(14,031)	-
Net investments in subsidiaries		(1,000,000)	-
Dividends received		2,190,252	1,107,866
Additions in property and equipment		(13,953,803)	(14,864,282)
Additions in intangible assets		(1,297,163)	(938,921)
Proceeds from sale of property and equipment	12.2.2	586,816	668,315
Net cash used in investing activities		(283,610,958)	(280,050,415)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets	19	(4,348,408)	(3,764,410)
Proceed against issue of shares	37.4	258,888	99,699
Dividend paid		(52,818,741)	(29,819,429)
Net cash used in financing activities		(56,908,261)	(33,484,140)
Increase / (decrease) in cash and cash equivalents		20,714,088	120,462,131
Cash and cash equivalents at the beginning of the year	38	251,384,492	130,922,361
Opening net credit loss allowance on cash and cash equivalents	61.3	(36,327)	-
		251,348,165	130,922,361
Impact of net credit loss allowance on cash and cash equivalents during the year	35	13,665	-
Cash and cash equivalents at the end of the year	38	272,075,918	251,384,492

The annexed notes 1 to 54 and annexure I form an integral part of these unconsolidated financial statements.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Director



Bader H.A.M.A.
AlRabiah
Director



Syed Imran Ali Shah
Chief Financial Officer

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

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 provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017), 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 fifty one branches as at December 31, 2024 (2023: one thousand and four branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.
- 1.4 The VIS Credit Rating Company Limited (VIS) has reaffirmed the Bank's medium to long-term rating as 'AAA' and short-term rating as 'A1+' on June 28, 2024 (2023: 'AAA' and 'A1+' dated June 27, 2023).

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 6.6.

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, 2024

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, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2024 but are considered not to be relevant or do not have any material effect on the Bank's operations and therefore not detailed in these unconsolidated financial statements except for IFRS 9 (Financial Instruments), the impacts of which are disclosed in note 6.1.3.

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

- IAS 21 - 'Lack of exchangeability' (amendments)	January 1, 2025
- IFRS 1- 'First-time Adoption of International Financial Reporting Standards' (amendments)	January 1, 2026
- IFRS 9 - 'Financial Instruments' (amendments)	January 1, 2026
- IAS 7 - 'Statement of Cash Flows' (amendments)	January 1, 2026
- IFRS 18 - 'Presentation and Disclosure in Financial Statements'	January 1, 2027

The management is in the process of assessing the impact of these standards and amendments on the unconsolidated financial statements of the Bank.

4 BASIS OF MEASUREMENT

4.1 These unconsolidated financial statements have been prepared under the historical cost convention, except for certain non banking assets acquired in satisfaction of claims which are stated at revalued amounts, investment classified at fair value through profit or loss and fair value through other comprehensive income, commitments in respect of certain foreign exchange contracts which are measured at fair value, staff retirement benefits and compensated absences which are carried at present value.

4.2 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.

Significant accounting estimates and areas where judgments were made by the management in the application of the material accounting policies are as follows:

- i) classification and credit loss allowance / provisioning against investments (notes 6.2.1, 6.2.4, 6.3 and 10);
- ii) classification and credit loss allowance / provisioning against Islamic financing and related assets (notes 6.2.1, 6.3 and 11.8.6);
- iii) accounting for defined benefit plan and compensated absences (notes 6.15, 6.16 and 40);
- iv) valuation and depreciation of property and equipment (notes 6.8.5, 6.21 and 12.2);
- v) valuation and amortisation of intangible assets (note 6.8.5, 6.21 and 14);
- vi) impairment of non-financial assets (note 6.21);
- vii) valuation of non-banking assets acquired in satisfaction of claims (note 6.11 and 15.2.1);
- viii) assumption and estimation in recognition of provision for taxation (current and prior years) and deferred taxation (notes 6.10 and 36);

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

- ix) determination of the lease term and incremental fund acceptance rate for lease contracts of various properties used by the Bank's branches and valuation of right-of-use assets and their related lease liability (notes 6.21, 6.9, 13 and 19);
- x) provisions, contingent assets and liabilities (6.20, 6.23, 22, and 26);
- xi) assumptions and estimates used in valuation of options under share-based compensation (6.17 and note 42);
- xii) fair valuation measurement of financial instruments (note 6.2, 6.5, 6.6, 11 and 17);
- xiii) credit loss allowance / provision against other assets and other provisions (6.23 and 15.3); and
- xiv) credit loss allowance / provision against off balance sheet obligations and contingent liabilities (note 6.22 and 22.4).

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 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These are consistent with those applied to all the years presented except for changes mentioned in notes 6.1 and 6.1.2.

6.1 IFRS 9 - 'Financial Instruments'

As directed by the SBP via BPRD Circular No. 07 of 2023 dated April 17, 2023 , IFRS 9, 'Financial Instruments' is effective for periods beginning on or after January 1, 2024 (previously January 01, 2023) for banks having asset base of more than Rs. 500 billion as at December 31, 2022. Moreover, SBP has also issued application instructions on IFRS 9 for banks in Pakistan for ensuring smooth and consistent implementation of the standard in the banks.

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

The SBP through BPRD Circular Letter No.16 dated July 29, 2024 and BPRD Circular Letter No.01 dated January 25, 2025 (Letters) has made certain amendments and clarified the timelines of some of the SBP's IFRS 9 Application Instructions to address the matters raised by the banks to ensure compliance by the timelines. The Letters have provided clarifications / relaxations on measurement of unquoted equity securities, modification accounting, maintenance of general provisions over and above expected credit loss allowance (ECL), accounting methodology for Islamic Banking Institutions and treatment of charity. Accordingly, the Bank has adopted the treatment as instructed in the aforementioned Letters in these unconsolidated financial statements. In addition, the SBP in a separate instructions BPRD/RPD/822456/25 dated January 22, 2025 has allowed extension for application of Effective Profit Rate up to December 31, 2025.

On application of IFRS 9, certain accounting policies have been revised to comply with the requirements of IFRS 9. The revised accounting policies have been disclosed in their respective policy notes in these unconsolidated financial statements.

The SBP has directed the Banks through its BPRD Circular Letter No.1 dated January 22, 2025 to disclose the impact of IFRS 9 on revenue recognition from Islamic Operations which is as follows:

Had IFRS 9 been adopted in its entirety for revenue recognition from Islamic operations profit / return earned on Islamic financing and related assets in unconsolidated statement of profit and loss account for the year ended December 31, 2024 would have been higher by Rs. 907.35 million and taxation would have been higher by Rs 489.97 million. Further, an unappropriated profit in unconsolidated statement of changes in equity would have been higher by Rs 5,186 million.

6.1.1 Application to the Bank's financial assets

Debt based financial assets

Debt based financial assets held by the Bank include: Islamic financing and related assets, investments in federal government securities and other government / private sukuks, due from financial institutions, cash and balances with treasury banks, balances with other banks, and other financial assets.

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- a) Financial assets are measured at amortised cost if they meet both of the following conditions and are not designated as at FVTPL:

- the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The Bank's business model for these financial assets can still be held to collect (HTC) even when sales of these financial assets occur. However, if more than an infrequent number of sale of significant value are made, the Bank assesses whether and how the sales are consistent with the HTC objective. This assessment include the reasons for the sales, the expected frequency of sales, and whether the assets that are sold are held for an extended period of time relative to their contractual maturities.

- b) Financial assets are measured at fair value through other comprehensive income (FVOCI) only if it meets both of the following conditions and are not designated as at FVTPL:

- the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

- c) Financial assets, if held for trading purposes are measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at fair value through profit or loss (FVTPL) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The application of these policies also resulted in classifications and consequent remeasurements of certain investments in GoP Ijarah sukuk held under available for sale portfolio as at December 31, 2023 based on business model. Moreover, the Bank's investment in sub-ordinated sukuks issued by other Banks under available for sale portfolio as of December 31, 2023 have been reclassified to FVTPL since they do not pass the solely payments of principal and profit (SPPI) criteria due to equity conversion features embedded in the terms of these sukuks. Additionally, the Bank, has elected to classify its investments in Islamic Naya Pakistan Certificates (previously classified under Available for Sale portfolio) as at January 31, 2024 at FVTPL. The following table reconciles their carrying amounts as reported on December 31, 2023 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 01, 2024:

Impact of reclassification

Investment type and category	Balances as at December 31, 2023 (Audited)	IFRS 9 Classification	Balances as at December 31, 2023	Remeasurements	Balances as at January 01, 2024
- Federal Government Sukuks - AFS	1,202,500,730	FVOCI FVTPL Amortised cost	1,067,226,357 10,473,351 124,801,022	4,931,129 - -	1,072,157,486 10,473,351 124,801,022
- Non Government Sukuks - AFS	135,525,257	FVOCI FVTPL	134,442,257 1,083,000	- -	134,442,257 1,083,000

Equity based financial assets

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual share in the issuer's net assets.

The Bank measures all equity investments at fair value through profit or loss (FVTPL), except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Bank's policy is to designate the equity investments as FVOCI when those investments are held for purposes other than for trading. When this election is used, fair value gains and losses are recognised in the unconsolidated

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statement of other comprehensive income and are not subsequently reclassified to the unconsolidated statement of profit and loss account, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the unconsolidated statement of profit and loss account as income when the Bank's right to receive payments is established.

Unquoted equity instruments can be measured at lower of cost or breakup value till December 31,2024 as per the BPRD Circular Letter No. 16 dated July 29, 2024. However, the Bank has early adopted fair valuation policy for its investment in unquoted equity instruments whose fair value can reliably be determined and accordingly, the Bank has reversed the provision in respect of unquoted equity instruments amounting to Rs 64.77 million.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Bank has reversed impairment of Rs 2,562 million on equity investment held as at December 31, 2023 and the same has been transferred to deficit on revaluation of investments through remeasurements.

Gains and losses on equity instruments at FVTPL are recognised in the 'Gain / (loss) on securities' in the unconsolidated statement of profit and loss account.

The measurement category and carrying amounts of financial assets and financial liabilities in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 1, 2024 are compared as follows:

Financial instruments	Before adoption of IFRS 9		After adoption of IFRS 9	
	Measurement category	Carrying amount as at December 31, 2023	Measurement category	Carrying amount as at January 01, 2024
(Rupees in 000')				
Cash and balances with treasury banks	Loans and receivables	242,611,556	Amortised cost	242,577,553
Balances with other banks	Loans and receivables	11,452,256	Amortised cost	11,449,932
Due from financial institutions - net	Loans and receivables	34,964,299	Amortised cost	34,964,299
Investments - net	Available-for-sale	1,354,524,725	Fair value through profit or loss Fair value through other comprehensive income	11,560,549 1,223,153,197
	Held-to-maturity	216,954,593	Amortised cost Amortised cost Amortised cost	124,801,022 216,954,593
Islamic financing and related assets - net	Loans and receivables	961,673,012	Amortised cost	947,486,456
Other assets (financial assets only)	Loans and receivables	<u>125,309,036</u> <u>2,947,489,477</u>	Amortised cost / FVTPL	<u>125,146,072</u> <u>2,938,093,673</u>
Bills payable	Amortised cost	39,724,176	Amortised cost	39,724,176
Due to financial institutions	Amortised cost	377,494,612	Amortised cost	371,316,817
Deposits and other accounts	Amortised cost	2,217,473,924	Amortised cost	2,217,473,924
Sub-ordinated sukuk	Amortised cost	20,990,000	Amortised cost	20,990,000
Other liabilities - financial liabilities	Amortised cost / FVTPL	<u>122,919,516</u> <u>2,778,602,228</u>	Amortised cost / FVTPL	<u>123,189,351</u> <u>2,772,694,268</u>

6.1.2 Adoption of new formats for the preparation of financial statements

The SBP, vide its BPRD Circular Letter No. 02 dated February 09, 2023 and BPRD Circular Letter No. 07 dated April 13, 2023, issued the revised formats of the annual / interim financial statements which are applicable for the preparation of annual financial statements, periods beginning on or after January 01, 2024 (previously January 01, 2023). The implementation of the revised formats has resulted in certain changes to the presentation and disclosures of various elements of the financial statements. The significant change is that the right of use assets and corresponding lease liabilities against right-of-use assets are now presented separately on the face of statement of financial position. Previously, these were presented under property and equipment (previously titled fixed assets) and other liabilities respectively. As a result of this change, the property and equipment of the Bank decreased by Rs. 20,941 million and Rs. 19,572 million as December 31, 2024 and December 31, 2023 respectively. Furthermore, other liabilities of the Bank decreased

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by Rs. 25,848 million and Rs. 21,230 as of December 31, 2024 and December 31, 2023 respectively. There is no impact of this change on the unconsolidated financial statements in terms of recognition and measurement of assets and liabilities.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to current year presentation, as presented in note 52.

- 6.1.3** The Bank has adopted IFRS 9 effective January 01, 2024 with modified retrospective approach as permitted under IFRS 9. The cumulative impact of initial application of Rs 1,214.150 million has been recorded as an adjustment to equity at the beginning of the current accounting year. The details of the impacts of initial application are tabulated below:

	Impact due to:										
	Balances as at December 31, 2023 (Audited)	Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Classifications due to business model and SPPI assessments	Remeasurements	Reversal of provisions held	Total impact - gross of tax	Taxation (current and deferred)	Total Impact - net of tax	Balances as at January 01, 2024	IFRS 9 Category
	Rupees in '000										
ASSETS											
Cash and balances with treasury banks	242,611,556	(34,003)	-	-	-	-	(34,003)	-	(34,003)	242,577,553	Amortised cost
Balances with other banks	11,452,256	(2,324)	-	-	-	-	(2,324)	-	(2,324)	11,449,932	Amortised cost
Due from financial institutions	34,964,299	-	-	-	-	-	-	-	-	34,964,299	Amortised cost
Investments											
Classified as available for sale	1,354,524,725	-	(1,354,524,725)	-	-	-	(1,354,524,725)	-	(1,354,524,725)	-	
- Classified as fair value through other comprehensive income	-	(52,035)	1,354,524,725	(136,357,373)	2,475,812	2,562,068	1,223,153,197	-	1,223,153,197	1,223,153,197	FVOCI
- Classified as held to maturity	216,954,593	-	(216,954,593)	124,801,022	-	-	(216,954,593)	-	(216,954,593)	-	
- Classified as amortised cost	-	-	216,954,593	-	-	-	341,755,615	-	341,755,615	341,755,615	Amortised cost
- Classified as held for trading	-	-	-	11,556,351	4,198	-	-	-	-	11,560,549	FVTPL
- Classified as fair value through profit or loss	-	-	-	-	-	-	11,560,549	-	-	11,560,549	Outside the scope of IFRS 9
- Associates	845,252	-	-	-	-	-	-	-	-	845,252	Outside the scope of IFRS 9
- Subsidiary	63,050	-	-	-	-	-	-	-	-	63,050	Outside the scope of IFRS 9
	1,572,387,620	(52,035)	-	-	2,480,010	2,562,068	4,990,043	-	4,990,043	1,577,377,663	
Islamic financing and related assets											
- Gross Amount	992,027,463	-	-	(10,829,072)	-	647,354	(10,829,072)	-	(10,829,072)	981,198,391	
- Provisions	(30,354,451)	(4,004,838)	-	-	-	-	(3,357,484)	-	(3,357,484)	(33,711,935)	
	961,673,012	(4,004,838)	-	(10,829,072)	647,354	(14186,556)	-	(14186,556)	-	947,486,456	Amortised cost
Amortised cost											
Property and equipment	39,046,484	-	-	-	-	-	-	-	-	39,046,484	Outside the scope of IFRS 9
Right-of-use assets	19,571,852	-	-	-	-	-	-	-	-	19,571,852	Outside the scope of IFRS 9
Intangible assets	2,271,709	-	-	-	-	-	-	-	-	2,271,709	Outside the scope of IFRS 9
Deferred tax asset	-	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Other assets - financial assets	125,309,036	(162,964)	-	-	-	-	(162,964)	-	(162,964)	125,146,072	Amortised cost / FVTPL
Other assets - non financial assets	2,820,933	-	-	-	6,019,657	-	6,019,657	-	6,019,657	8,840,590	Outside the scope of IFRS 9
	3,012,108,757	(4,256,164)	-	-	(2,329,405)	3,209,422	(3,376,147)	-	(3,376,147)	3,008,732,610	
LIABILITIES											
Bills payable	39,724,176	-	-	-	-	-	-	-	-	39,724,176	Amortised cost
Due to financial institutions	377,494,612	-	-	-	(6,177,795)	-	(6,177,795)	-	(6,177,795)	371,316,817	Amortised cost
Deposits and other accounts	2,217,473,924	-	-	-	-	-	-	-	-	2,217,473,924	Amortised cost
Lease liability against right-of-use assets	22,093,855	-	-	-	-	-	-	-	-	22,093,855	Outside the scope of IFRS 9
Sub-ordinated sukuk	20,990,000	-	-	-	-	-	-	-	-	20,990,000	Amortised cost
Deferred tax liabilities	4,213,492	-	-	-	-	-	-	-	-	5,531,155	Outside the scope of IFRS 9
Other liabilities - non financial liabilities	22,291,665	-	-	-	-	-	-	-	-	22,291,665	Outside the scope of IFRS 9
Other liabilities - financial liabilities	122,919,516	289,835	-	-	-	-	289,835	-	289,835	123,189,351	Amortised cost / FVTPL
	2,827,201,240	289,835	-	-	(6,177,795)	-	(5,907,960)	1,317,663	(4,590,297)	2,822,610,943	
NET ASSETS	184,907,517	(4,525,999)	-	-	3,848,390	3,209,422	2,531,813	(1,317,663)	1,214,150	186,121,667	
REPRESENTED BY											
Share capital	17,912,532	-	-	-	-	-	-	-	-	17,912,532	
Reserves	37,082,157	-	-	-	-	-	-	-	-	37,082,157	
Surplus on revaluation of assets - net of tax	10,920,597	-	-	-	2,475,812	-	2,475,812	(1,287,422)	1,188,390	12,108,987	
Unappropriated profit	118,992,231	(4,525,999)	-	-	1,372,578	3,209,422	56,001	(30,241)	25,760	119,017,991	
	184,907,517	(4,525,999)	-	-	3,848,390	3,209,422	2,531,813	(1,317,663)	1,214,150	186,121,667	

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6.2 Financial assets and liabilities

6.2.1 Classification

Financial assets

Under IFRS 9, existing categories of financial assets: Held for Trading (HFT), Available for Sale (AFS) and Held to Maturity (HTM) and loans and receivables have been replaced by:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss account (FVTPL)

Financial liabilities

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus all financial liabilities are being carried at amortised cost. Financial liabilities can also be designated at FVTPL where gains or losses arising from entity's own credit rating risk are required to be presented in other comprehensive income with no reclassification to profit and loss account.

6.2.2 Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Eventually, the financial assets fall under either of the following three business models:

- i) **Hold to Collect (HTC) Business Model:** Holding assets in order to collect contractual cash flows.
- ii) **Hold to Collect and Sell (HTC&S) Business Model:** Collecting contractual cash flows and selling financial assets.
- iii) **Other Business Models:** Resulting in classification of financial assets as FVTPL.

6.2.3 Assessments whether contractual cash flows are solely payments of principal and profit (SPPI)

As a second step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount). The most significant elements of profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant

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factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic financing arrangement, the related financial asset is classified and measured at FVTPL.

6.2.3.1 Debt instruments previously classified as available for sale but which fail the SPPI test

The Bank holds a portfolio of debt instruments that failed to meet the 'solely payments of principal and profit' (SPPI) requirement for amortised cost and FVOCI classification under IFRS 9. These instruments contain provisions that, in certain circumstances, allow the issuer to fully convert the instrument into common shares or the issuer can also exercise the call option with prior approval of the SBP. This clause breaches the criterion that profit payments should only be consideration for credit risk and the time value of money on the principal. As a result, these instruments, were classified as FVTPL from the date of initial application as mentioned in the note 6.1.3.

6.2.4 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchase or sell the asset. Other financial assets and liabilities like Islamic financing and related assets, due from financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions or as per underlying Shariah mode. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased. The Bank will recognise due to customer and financial institution balances when these funds reach the Bank.

a) Amortised cost (AC)

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit ('SPPI), and that are not designated at FVTPL, are measured at amortised cost. Financial assets and financial liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction costs. They are subsequently measured at amortised cost. An expected credit loss allowance (ECL) is recognised for financial assets in unconsolidated statement of profit and loss account. Rental / profit income / dividend income / expense on these assets / liabilities are recognised in unconsolidated statement of profit and loss account. On derecognition of these financial assets and liabilities, gain / (loss) is recognised in unconsolidated statement of profit and loss account.

b) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are measured at fair value through other comprehensive income. They are initially recognised at fair value adjusted for directly attributable transaction costs. These assets are subsequently measured at fair value with changes recorded in unconsolidated statement of other comprehensive income. An expected credit loss allowance (ECL) is recognised for these financial assets in unconsolidated statement of profit and loss account. Rental / profit / dividend income on these assets are recognised in unconsolidated statement of profit and loss account. On derecognition of these financial assets, capital gain / (loss) will be recognised in unconsolidated statement of profit and loss account only in case of debt instruments. For equity based financial assets classified as FVOCI, capital gain / (loss) is transferred from surplus / deficit on revaluations of assets to unappropriated profit.

c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. They are initially recognised at fair value. Transaction cost is directly recorded in unconsolidated statement of profit and loss account. These assets are subsequently measured at fair value with changes recorded in unconsolidated statement of profit and loss account. Rental / profit / dividend income on these assets are recognised in unconsolidated statement of profit and loss account. On derecognition of these financial assets, capital gain / loss is recognised in unconsolidated statement of profit and loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

6.2.5 Derecognition

Financial assets

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash

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flows from the assets have expired, or when they have been transferred and either (i) the Bank transfers substantially all the risks and rewards of ownership, or (ii) the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control.

The Bank enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Bank:

- i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
- ii) Is prohibited from selling or pledging the assets; and
- iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and sukuks) furnished by the Bank under due from institutions are not derecognised because the Bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

Financial liabilities

Financial liabilities are derecognised when these are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Bank and its original participants of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of profit rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in unconsolidated statement of profit and loss account.

6.2.6 Modification

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset (that is terms are not substantially different) in accordance with IFRS 9, the Bank recalculates the gross carrying amount of the financial asset and shall recognise a modification gain or loss in unconsolidated statement of profit and loss account. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original approximate effective profit rate (or approximate credit-adjusted effective profit rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If the terms are substantially different, the Bank derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new approximate to effective profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for credit loss allowance calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. Gain / loss on derecognition of such financial asset is recognised in unconsolidated statement of profit and loss account.

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

6.2.7 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance ; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

6.3 Overview of the expected credit loss allowance (ECL) principles

The Bank assesses on a forward-looking basis the expected credit loss allowance ('ECL') associated with Islamic financing and related assets and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and irrevocable unutilised financing commitments hereinafter referred to as "Financial Instruments". The Bank recognises a credit loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' or remaining maturity, whichever is lower, expected credit loss (12mECL) as outlined below.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months or remaining maturity after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

Effective profit rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The Bank has identified basis of ECL computation for following stages:

Stage 1 : No significant deterioration in credit quality of financial asset - 12 month expected credit loss.

Stage 2 : Significant deterioration in credit quality of financial asset since recognition - lifetime expected credit loss.

Stage 3 : Credit impaired - impairment determined on individual or collective basis over the lifetime.

The staging guidelines applicable on the Bank has been adopted from the application instructions of IFRS - 9 issued by the SBP vide its BPRD circular 3 of 2022.

Particular	Classification	Days due	Stage allocation under IFRS 9	Provisions to be made
Prudential regulation for corporate	Performing	1-59	Stage 1	As per IFRS 9 ECL modelling
	Under-performing	60-89	Stage 2	
	Non-performing:			
	Substandard	90-179		Whichever is higher: a) IFRS 9 ECL or b) PR's requirement
	Doubtful	180 or more days	Stage 3	
	Loss	one year or more		

* Other criterias have been mentioned in note 50.1.1.6.1

Notes to and Forming Part of the Unconsolidated Financial Statements

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Definition of default

The concept of "impairment" or "default" is critical to the implementation of IFRS 9 as it drives determination of risk parameters i.e PD and LGD.

SBP vide BPRD Circular No. 3 of 2022 dated July 5, 2022 has prescribed objective basis, based on Days Past Due, for classification of financing in stage 3. In addition to time based criteria, SBP requires Banks to evaluate and, where required, subjectively classify or further downgrade classification of financing. ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at Customer /Obligor/ facility level for corporate / commercial / SME /Agri Financing portfolios and at segment / product basis for retail portfolio as prescribed by SBP vide BPRD Circular Letter No. 16 of 2024 dated July 29, 2024.

Write-offs

The Bank's accounting policy under IFRS 9 remains the same as it was under SBP regulations / existing reporting framework. Financing written off in accordance with the policy do not in any way prejudice the Bank's right of recovery from the customer.

6.4 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances with treasury banks, balances with other banks in current and deposit accounts, national prize bonds, overdrawn nostro accounts, placements and investments having original maturity of three months or less.

6.5 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.

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.

The mudaraba investments from the SBP are initially recognised at amount of funds accepted except for an investment from SBP under Islamic Temporary Economic Refinance Facility (ITERF).

The Islamic Temporary Economic Refinance Facility (ITERF) mudaraba investment from the SBP is recorded at present value on initial recognition discounted at market rate. The difference between the fair value of the financial liability and the amount accepted is recognised as gain / (loss) in the unconsolidated statement of profit and loss account. Unwinding of an expense on fair value adjustment is also recognised in the unconsolidated statement of profit and loss account.

6.6 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.

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

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 is 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.

However, the Diminishing Musharakah financing disbursed under Islamic Temporary Economic Refinance Facility (ITERF) and under staff financing policy is recorded at fair value on initial recognition discounted at prevailing market rate. The difference between the fair value of the financial asset and the amount disbursed is recorded as gain / (loss) and unwinding of income on fair value adjustment is recognised in the unconsolidated statement of profit and loss account.

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.

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 Wakala business performance by the agent.

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For The Year Ended December 31, 2024

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.

- 6.6.1** Funds disbursed, under financing arrangements for purchase of goods / assets are recorded as an 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 as disclosed in note 6.6.3.

6.6.2 Credit loss allowance / provision against non-performing Islamic financing and related assets

Islamic financing and related assets are stated net of credit loss allowance / provision held against non-performing Islamic financing and related assets in accordance with the requirements of the Prudential Regulations and IFRS 9 application instructions issued by the SBP as disclosed in note 6.3 which are charged to the unconsolidated statement of profit and loss account. In addition to the above the Bank has also maintained a general provision in respect of financing against potential losses as may be present in the portfolio as disclosed in note 11.8. This provision is based on management's best estimate and is approved by the Board of Directors of the Bank.

The net ECL / provision made / reversed during the year is charged to the unconsolidated statement of profit and loss account and accumulated ECL / 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.

6.6.3 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.

6.7 Investments

Investments include Federal Government securities, shares, units of mutual funds, non-Government sukuk, foreign securities, associates and subsidiaries. Classification and measurement of Investments have been disclosed in note 6.2.

- 6.7.1** 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. Investment in associates is carried at cost less accumulated impairment losses, if any.

- 6.7.2** Subsidiary is an entity over which the Bank has control. Investment in subsidiaries are carried at cost less accumulated impairment losses, if any.

6.7.3 Impairment of Investment in associates and subsidiaries

In respect of investment in associates and subsidiaries, 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 statement of profit and loss account.

6.7.4 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.

6.8 Property and Equipment and Intangible assets

6.8.1 Property and equipment

They are stated at cost less accumulated depreciation and any identified impairment loss. Items of property and equipment 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 property and equipment is included in the unconsolidated statement of profit and loss account.

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6.8.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

6.8.3 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).

6.8.4 Subsequent costs related to property and equipment and intangible assets

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 statement of profit and loss account as and when incurred.

6.8.5 Depreciation / amortisation related to property and equipment and intangible assets

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 14.1 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 13.

6.8.6 Useful lives and residual values related to property and equipment and intangible assets

Useful lives, residual values and depreciation method are reviewed at each reporting date and adjusted, if impact on depreciation / amortisation is significant.

6.9 Right-of-use assets and lease liabilities

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any reassessment of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are subject to impairment in line with the Bank's policy as described in note 6.21.

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.

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.

Incremental fund acceptance rate

The Incremental fund acceptance rate is the rate of profit that the Bank would have to pay to accept its fund over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

6.10 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the unconsolidated statement of profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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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.

Prior years

This charge includes tax charge for prior years arising from assessments, changes in estimates and change in law.

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.

6.11 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 statement of profit and loss account.

6.12 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 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.

6.13 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 statement of profit and loss account. These are subsequently measured at amount outstanding.

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6.14 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 investing funds, the Bank prioritizes 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 in note 50.1.2.3. 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 sukuks 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.

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Equity Pools:

All other assets including fixed assets, exposure in shares, Rupee bai-salam financing and subsidized 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.

6.15 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, 2024.

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, 2024.

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 and future salary increases as disclosed in note 40.

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.

6.16 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, 2024 using the projected unit credit method.

6.17 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 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 42). 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.

6.18 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.

6.19 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.

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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 statement of 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 statement of profit and loss account.

6.20 Contingent assets and liabilities

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.

6.21 Impairment of non-financial assets

The carrying amount of the assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the relevant asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the unconsolidated statement of profit and loss account. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

6.22 Credit loss allowance for claims under guarantees and other off balance sheet obligations

The Bank assesses on a forward-looking basis the expected credit loss allowance ('ECL') associated with letter of credit, guarantees and irrevocable unutilised financing commitments hereinafter referred to as "Financial Instruments". The Bank recognises a credit loss allowance for such losses at each reporting date as more detailed in note 6.3 to these unconsolidated financial statements.

6.23 Provisions

Provisions are recognised when the Bank has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

6.24 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.

6.25 Off-setting of financial assets and financial

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.

6.26 Revenue recognition

Revenue is recognised in accordance with the requirements of IFRS-15. The amount is recognised when the Bank satisfies the performance obligation, either over time or at a specific point of time unless mentioned otherwise.

- 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

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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 FVTPL securities) are purchased at a premium or discount, those premiums / discounts are amortised through the unconsolidated statement of 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.
- 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 recognition of fee and commission income depends on the purpose for which the fees are received. The majority share of the income classified as card related fees (debit cards), commission on trade and commission on remittances constitutes revenue from contracts with customers. Fee and commission income is recognised when or as an entity satisfies the performance obligation, either over time or at a specific point of time.
- xii) Dividend income is recognised when the Bank's right to receive dividend is established.
- xiii) Gain or loss on sale / modification of financial assets is included in the unconsolidated statement of profit and loss account in the period in which they arise.
- xiv) Gain or loss on disposal of property and equipment, intangible assets, Ijarah assets and Musharakah assets is taken to the unconsolidated statement of 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.

6.27 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.

6.28 Share Capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

6.29 Segment reporting

Segment reporting is based on the operating (business) segments of the Bank. An operating segment is a component of the Bank that engages in business activities (offering products and services within a particular economic environment [geographical segment]) from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Bank's other components (business segments), which is subject to risks and rewards that are different from those of other segments. An operating segment's results are reviewed regularly by the Management, that includes Chief Executive (decision maker) to

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make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. 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.

6.29.1 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.

6.29.2 Geographical segments

The Bank operates only in Pakistan.

		Note	2024	2023
			Rupees in '000	
7	CASH AND BALANCES WITH TREASURY BANKS			
	In hand			
	- local currency		54,273,193	44,000,090
	- foreign currencies		4,243,363	4,043,711
			58,516,556	48,043,801
	With the State Bank of Pakistan in			
	- local currency current accounts		147,811,687	105,848,962
	- foreign currency current accounts		15,694,215	14,790,799
		7.1	163,505,902	120,639,761
	With the National Bank of Pakistan in			
	- local currency current accounts		38,694,972	73,915,744
	National prize bonds	7.2	22,945	12,250
	Less: Credit loss allowance held against cash and balances with treasury banks		(6,117)	-
	Cash and balances with treasury banks - net of credit loss allowance		<u>260,734,258</u>	<u>242,611,556</u>

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For The Year Ended December 31, 2024

- 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.
- 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	2024	2023
8	BALANCES WITH OTHER BANKS	Rupees in '000	
In Pakistan			
- in current accounts		10,723,532	9,035,396
Outside Pakistan			
- in current accounts	8.1	2,437,740	1,879,152
- in deposit accounts		280,223	537,708
		2,717,963	2,416,860
Less: Credit loss allowance held against balances with other banks		(16,545)	-
Balances with other banks - net of credit loss allowance		<u>13,424,950</u>	<u>11,452,256</u>

8.1 This represents the balance in the remunerative account maintained with financial institutions outside Pakistan. The return on these balances are 3.50% (2023: 0.20% to 3.00%) per annum.

	Note	2024	2023
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
Less: Credit loss allowance / provision held against due from financial institutions	9.2	34,979,799	34,979,799
Due from financial institutions - net of credit loss allowance / provision held	9.4	(15,500)	(15,500)
		<u>34,964,299</u>	<u>34,964,299</u>

9.1 The effective average return on this product is 12.17% (2023: 11.72%) per annum. The balances have maturities in July 2025 (2023: July 2025). These Bai Muajjal are secured against Federal Government securities received as collateral and having market value of Rs 49,280 million as at December 31, 2024 (2023: Rs 42,831 million).

		2024	2023
		Rupees in '000	
9.2 Bai Muajjal Placements		52,821,177	52,821,177
Less: Deferred income		(2,166,186)	(6,186,642)
Profit receivable shown in other assets		(15,675,192)	(11,654,736)
Bai Muajjal Placements		<u>34,979,799</u>	<u>34,979,799</u>
9.3 Particulars of due from financial institutions			
In local currency		<u>34,979,799</u>	<u>34,979,799</u>

Notes to and Forming Part of the Unconsolidated Financial Statements

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9.4 Due from financial institutions - particulars of credit loss allowance / provision held

Note	Due from financial institutions	Credit loss allowance	2024		2023	
			Domestic	Rupees in '000	Domestic	Provision held
Domestic						
Stage 1 / Performing	9.1	34,964,299	-	34,964,299	-	-
Stage 2 / Under performing		-	-	-	-	-
Stage 3 / Non-performing						
Substandard		-	-	-	-	-
Doubtful		-	-	-	-	-
Loss		15,500	15,500	15,500	15,500	15,500
Total		34,979,799	15,500	34,979,799	15,500	15,500

9.4.1 Due from financial institutions - particulars of credit loss allowance / provision held

	2024					2023	
	Expected Credit Loss			Specific	Total	Total	Total
	Stage 1	Stage 2	Stage 3				
Rupees in '000							
Opening balance	-	-	-	15,500	15,500	41,566	
Implementation of IFRS 9				15,500	(15,500)	-	
Balance as at January 01 after implementing IFRS 9	-	-	15,500	-	15,500	41,566	
Fresh disbursements							
Amount derecognised / repaid	-	-	-	-	-	-	
Transfer from / (to)	-	-	-	-	-	-	
Reversal for the year	-	-	-	-	-	(20,000)	(20,000)
Amounts written off / charged off	-	-	-	-	-	-	(6,066)
Changes in risk parameters / other changes	-	-	-	-	-	-	-
Closing balance	-	-	15,500	-	15,500	15,500	15,500

Notes to and Forming Part of the Unconsolidated Financial Statements

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10 INVESTMENTS

10.1 Investments by types

Note	2024	2023								
		Cost / Amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value	
Rupees in '000										
Debt Instruments										
Classified / measured at FVOCI										
- Federal Government securities	10.5.1	1,317,019,755	-	37,668,822	1,354,688,577	-	-	-	-	
- Non Government sukuks	10.5.4	126,953,624	344,437	3,711,417	130,320,604	-	-	-	-	
- Foreign securities	10.5.5	4,028,707	429	(70,608)	3,957,670	-	-	-	-	
		1,448,002,086	344,866	41,309,631	1,488,966,851					
Classified / measured at amortised cost										
- Federal Government securities	10.6 & 10.2.2	362,725,910	-	-	362,725,910	-	-	-	-	
Instruments mandatorily classified / measured at FVTPL										
- Federal Government securities		4,778,499	-	-	4,778,499	-	-	-	-	
- Units of mutual funds		59,150	-	7,483	66,633	-	-	-	-	
- Non Government sukuks		933,000	-	1,066	934,066	-	-	-	-	
		5,770,649	-	8,549	5,779,198					
Equity instruments										
Classified / Measured at FVOCI (Non-reclassifiable)										
Shares										
- Listed companies	10.5.2	5,708,407	-	4,804,705	10,513,112	-	-	-	-	
- Unlisted companies	10.5.3	604,679	-	13,148	617,827	-	-	-	-	
- Foreign company (SWIFT)		10,389	-	-	10,389	-	-	-	-	
		6,323,475	-	4,817,853	11,141,328					
Available for sale securities										
- Federal Government Securities	10.5.1	-	-	-	-	1,190,199,366	-	12,301,364	1,202,500,730	
- Shares	10.5.2 & 10.5.3	-	-	-	-	9,883,161	2,562,064	4,064,496	11,385,593	
- Non Government Sukuks	10.5.4	-	-	-	-	130,442,094	70,645	5,153,808	135,525,257	
- Foreign Securities	10.5.5	-	-	-	-	5,219,877	-	(106,732)	5,113,145	
		-	-	-	-	1,335,744,498	2,632,709	21,412,936	1,354,524,725	
Held to maturity securities										
- Federal Government Securities	10.6	-	-	-	-	216,954,593	-	-	216,954,593	
In related parties										
Subsidiaries										
Al Meezan Investment Management Limited	10.1.1 & 10.1.2 & 10.2 & 10.7	63,050	-	-	63,050	63,050	-	-	63,050	
Meezan Exchange Company (Private) Limited		1,000,000	-	-	1,000,000	-	-	-	-	
		1,063,050	-	-	1,063,050	63,050	-	-	63,050	
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		225,081	-	-	225,081	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	
Meezan Cash Fund		5,000	-	-	5,000	-	-	-	-	
Meezan Islamic Income Fund		5,000	-	-	5,000	-	-	-	-	
		859,283	-	-	859,283	845,252	-	-	845,252	
Total Investments		1,824,744,453	344,866	46,136,033	1,870,535,620	1,553,607,393	2,632,709	21,412,936	1,572,387,620	

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

10.1.1 Details of investment in subsidiaries and associates

	Percentage of holding (%)	Assets	Liabilities	Revenue / Income	Profit after taxation	Total comprehensive income	Market Value/Net Asset Share						
		Rupees in '000											
Subsidiaries (unlisted)													
Al Meezan Investment Management Limited													
	65.00%	8,130,073	2,662,520	7,137,629	2,943,580	2,943,580	N/A						
	100.00%	1,057,295	23,447	150,306	33,848	33,848	N/A						
Associates (open ended - listed)													
Meezan Balanced Fund													
	13.40%	3,606,799	257,557	1,060,056	954,492	954,492	448,928						
Al Meezan Mutual Fund													
	8.42%	10,430,810	235,289	4,113,019	3,883,772	3,883,772	858,366						
Meezan Islamic Fund													
	3.55%	44,842,591	1,115,789	17,625,926	16,655,792	16,655,792	1,550,277						
Meezan Sovereign Fund*													
	-	272,303,981	2,755,188	23,900,940	22,176,692	22,176,692	572						
Meezan Gold Fund													
	7.49%	2,787,923	20,177	478,263	430,402	430,402	207,432						
KSE Meezan Index Fund													
	4.49%	6,804,275	115,925	2,249,888	2,166,786	2,166,786	300,253						
Meezan Cash Fund													
	0.01%	90,343,436	423,819	12,858,463	11,994,400	11,994,400	5,429						
Meezan Islamic Income Fund													
	0.01%	46,775,350	516,945	4,850,189	4,453,056	4,453,056	5,464						
		477,895,165	5,440,689	67,136,744	62,715,392	62,715,392	3,376,721						

	Percentage of holding (%)	Assets	Liabilities	Revenue / Income	Profit after taxation	Total comprehensive income	Market Value/Net Asset Share						
		Rupees in '000											
Subsidiaries (unlisted)													
Al Meezan Investment Management Limited													
	65.00%	5,999,799	1,572,275	3,720,349	1,693,132	1,686,393	N/A						
	-	-	-	-	-	-	N/A						
Associates (open ended - listed)													
Meezan Balanced Fund													
	21.94%	1,790,098	64,251	552,510	463,682	463,682	378,717						
Al Meezan Mutual Fund													
	12.52%	4,501,792	171,965	1,654,281	1,506,866	1,506,866	542,137						
Meezan Islamic Fund													
	4.95%	21,253,561	659,628	8,023,268	7,271,875	7,271,875	1,019,099						
Meezan Sovereign Fund*													
	-	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	200,790						
		110,869,682	2,343,171	16,560,559	15,197,230	15,197,230	2,306,713						

* Nil percentage due to round off

Subsidiaries and associates are incorporated / registered in Pakistan. Shares in subsidiaries are placed in custody account with Central Depository of Pakistan and cannot be sold without the prior approval of 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 invested Rs 1 billion as initial paid up capital in fully owned subsidiary - Meezan Exchange Company (Private) Limited.

Notes to and Forming Part of the Unconsolidated Financial Statements

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10.2 Investments by segments

Note	2024				2023				
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	
Rupees in '000									
Federal Government Securities									
- Ijarah Sukuks	10.5.1								
- Bai Muajjal with Government of Pakistan & (through State Bank of Pakistan)	10.6								
- Islamic Naya Pakistan Certificates									
	1,658,692,091	-	37,668,822	1,696,360,913	1,396,680,608	-	12,301,364	1,408,981,972	
	21,053,574	-	-	21,053,574	-	-	-	-	
	4,778,499	-	-	4,778,499	10,473,351	-	-	10,473,351	
	1,684,524,164	-	37,668,822	1,722,192,986	1,407,153,959	-	12,301,364	1,419,455,323	
Shares and units of mutual fund									
Listed companies	10.5.2								
Unlisted companies	10.5.3								
Units of mutual funds									
	5,708,407	-	4,804,705	10,513,112	9,278,482	2,497,288	4,064,496	10,845,690	
	604,679	-	13,148	617,827	604,679	64,776	-	539,903	
	59,150	-	7,483	66,633	-	-	-	-	
	6,372,236	-	4,825,336	11,197,572	9,883,161	2,562,064	4,064,496	11,385,593	
Non Government Sukuk									
Listed	10.2.1 & 10.5.4								
Unlisted	10.5.4								
	114,348,701	-	3,696,976	118,045,677	114,367,048	-	5,153,808	119,520,856	
	13,537,923	344,437	15,507	13,208,993	16,075,046	70,645	-	16,004,401	
	127,886,624	344,437	3,712,483	131,254,670	130,442,094	70,645	5,153,808	135,525,257	
Foreign Securities									
Government sukus	10.5.5								
Non Government sukus									
Shares									
	3,194,577	326	(67,060)	3,127,191	4,645,817	-	(106,467)	4,539,350	
	834,130	103	(3,548)	830,479	563,671	-	(265)	563,406	
	10,389	-	-	10,389	10,389	-	-	10,389	
	4,039,096	429	(70,608)	3,968,059	5,219,877	-	(106,732)	5,113,145	
Associates									
Meezan Balanced Fund									
Al Meezan Mutual Fund									
Meezan Islamic Fund									
Meezan Sovereign Fund									
Meezan Gold Fund									
KSE Meezan Index Fund									
Meezan Cash Fund									
Meezan Islamic Income Fund									
	161,345	-	-	161,345	161,345	-	-	161,345	
	312,371	-	-	312,371	312,371	-	-	312,371	
	225,081	-	-	225,081	221,050	-	-	221,050	
	514	-	-	514	514	-	-	514	
	49,972	-	-	49,972	49,972	-	-	49,972	
	100,000	-	-	100,000	100,000	-	-	100,000	
	5,000	-	-	5,000	-	-	-	-	
	5,000	-	-	5,000	-	-	-	-	
	859,283	-	-	859,283	845,252	-	-	845,252	
Subsidiaries									
Al Meezan Investment Management Limited	10.7								
Meezan Exchange Company (Private) Limited									
	63,050	-	-	63,050	63,050	-	-	63,050	
	1,000,000	-	-	1,000,000	-	-	-	-	
	1,063,050	-	-	1,063,050	63,050	-	-	63,050	
Total Investments		1,824,744,453	344,866	46,136,033	1,870,535,620	1,553,607,393	2,632,709	21,412,936	1,572,387,620

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 Sukuk are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuk are based on Islamic mode of Ijarah with semi-annual rental payments and are due to mature in 2029-30.

10.2.2 Investments given as collateral

	2024		2023	
	Cost / Amortised Cost	Market value	Cost / Amortised Cost	Market value
Rupees in '000				
Federal Government Securities				
- Ijarah sukuk	485,500,000	503,414,750	184,000,000	186,760,000

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	Note	2024	2023
		Rupees in '000	
10.3 Particulars of credit loss allowance / Provision against diminution in value of investments			
Opening balance		2,632,709	3,204,697
Impact of adoption of IFRS 9 - reversal of provision held against shares	6.1.3	(2,562,068)	-
Impact of adoption of IFRS 9 - credit loss allowance	6.1.3	52,035	-
		(2,510,033)	-
Charge / (reversals)			
Credit loss allowance / provision for the year		239,996	238,864
ECL reversals for the year (including cash recovery)		(17,806)	(5,247)
Reversals for the year on disposals of shares		-	(805,605)
		222,190	(571,988)
Closing balance	10.4.1 & 10.4.3	<u>344,866</u>	<u>2,632,709</u>

10.4 Particulars of credit loss allowance / provision against debt securities

10.4.1 Particulars of credit loss allowance / provision against debt securities

	2024		2023	
	Outstanding amount	Credit loss allowance held	Outstanding amount	Provision held
Rupees in '000				
Domestic				
Performing - Stage 1	5,604,416	5,216	-	-
Under performing - Stage 2	-	-	-	-
Non-performing - Stage 3				
Substandard				
Doubtful				
Loss				
	339,650	339,650	70,645	70,645
	339,650	339,650	70,645	70,645
	<u>5,944,066</u>	<u>344,866</u>	<u>70,645</u>	<u>70,645</u>

The debt securities amounting to Rs 1,679,746 million and Rs 125,038 million pertains to Government securities and Government guaranteed exposure respectively. The exposure is exempted for the calculation of ECL by the SBP.

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10.4.2 Investments - exposure (debt securities)*

	2024						2023		
	Outstanding			Performing	Non-performing	Total	Performing *	Non-performing	Total
	Stage 1	Stage 2	Stage 3						
(Rupees in '000)									
Opening balance	-	-	-	9,601,900	70,645	9,672,545	11,930,482	75,892	12,006,374
Implementation of IFRS 9	9,329,900	272,000	70,645	(9,601,900)	(70,645)	-	-	-	-
Impact of adoption of IFRS 9	-	-	-	-	-	-	-	-	-
Balance as at January 01 after adopting IFRS 9	9,329,900	272,000	70,645	-	-	9,672,545	11,930,482	75,892	12,006,374
Fresh disbursements	1,318,705	-	-	-	-	1,318,705	-	-	-
Amount derecognised / repaid	(5,012,790)	-	(2,995)	-	-	(5,015,785)	-	-	-
Transfer to stage 1	-	-	-	-	-	-	-	-	-
Transfer to stage 2	-	(272,000)	-	-	-	(272,000)	-	-	-
Transfer to stage 3	-	-	272,000	-	-	272,000	-	-	-
Net change during the year	-	-	-	-	-	-	(2,328,582)	(5,247)	(2,333,829)
	(3,694,085)	(272,000)	269,005	-	-	(3,697,080)	(2,328,582)	(5,247)	(2,333,829)
Amounts written off / charged off	-	-	-	-	-	-	-	-	-
Changes in risk parameters	-	-	-	-	-	-	-	-	-
Other changes	(31,399)	-	-	-	-	(31,399)	-	-	-
Closing balance	5,604,416	-	339,650	-	-	5,944,066	9,601,900	70,645	9,672,545

* Excluding Government and Government Guaranteed Exposures

10.4.3 Investment - Credit loss allowance

Note	2024						2023			
	Expected Credit Loss			Specific	Total	Total - Specific				
	Stage 1	Stage 2	Stage 3			(Rupees in '000)				
(Rupees in '000)										
Opening balance	-	-	-	2,632,709	2,632,709	3,204,697				
Implementation of IFRS 9	17,601	34,434	70,645	(70,645)	52,035	-				
Impact of adoption of IFRS 9	-	-	-	(2,562,064)	(2,562,064)	-				
Balance as at January 01 after adopting IFRS 9	17,601	34,434	70,645	-	122,680	3,204,697				
New investments	2,337	-	-	-	2,337	-				
Investments derecognised or repaid	(2,267)	-	(2,995)	-	(5,262)	-				
Transfer to stage 1	-	-	-	-	-	-				
Transfer to stage 2	-	(34,434)	34,434	-	-	-				
Transfer to stage 3	-	-	-	-	-	-				
Impairment charge against shares for the year	-	-	-	-	-	238,864				
Impairment reversal against disposal of shares for the year	-	-	-	-	-	(805,605)				
Reversal for the year	-	-	-	-	-	(5,247)				
	70	(34,434)	31,439	-	(2,925)	(571,988)				
Amounts written off / charged off	-	-	-	-	-	-				
Changes in risk parameters (PDs/LGDs/EADs)	(9,320)	-	237,566	-	228,246	-				
Other changes	(3,135)	-	-	-	(3,135)	-				
Closing balance	5,216	-	339,650	-	344,866	2,632,709				

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

10.5 Quality of securities

Details regarding quality of securities held under "Held to Collect and Sell" / Available for Sale model are as follows:

		2024	2023
		Cost Rupees in '000	Cost Rupees in '000
10.5.1	Federal Government Securities - Government guaranteed		
Ijarah Sukuks - VRR		1,197,612,762	1,152,156,662
Ijarah Sukuks - FRR		118,915,329	26,934,511
Ijarah Sukuks - Discounted		491,664	634,842
Islamic Naya Pakistan Certificates		-	10,473,351
		1,317,019,755	1,190,199,366
10.5.2	Shares - Listed		
Automobile assembler		-	87,912
Cement		1,359,104	1,704,295
Power generation and distribution		98,341	98,341
Oil and gas marketing companies		244,202	888,677
Oil and gas exploration companies		1,631,049	2,006,910
Fertilizers		446,350	1,083,659
Chemicals		122,163	129,571
Pharmaceuticals		295,596	619,695
Miscellaneous		-	79,634
Modarabas		115,390	66,390
Technology and communication		397,453	918,241
Paper and board		490,917	602,565
Glass and ceramics		-	106,833
Textile (Composite)		387,360	378,394
Food and personal care products		-	14,797
Engineering		120,482	492,568
		5,708,407	9,278,482
10.5.3	Shares - Unlisted		
		2024	2023
		Cost Rupees in '000	Cost Breakup value* Rupees in '000
Sapphire Electric Company Limited		318,638	318,638
Daewoo Pakistan Express Bus Service Limited		253,240	253,240
Pakistan Corporate Restructuring Company Limited		32,801	32,801
		604,679	617,827
		Cost Rupees in '000	Cost Breakup value* Rupees in '000
		343,794	1,090,111
		253,240	244,281
		20,793	19,745
		604,679	1,354,137
10.5.4	Non Government Sukuks	Note	
		2024	2023
		Cost Rupees in '000	Cost Rupees in '000
Listed			
- Government guaranteed	10.2.1	114,348,701	114,367,048
Unlisted			
- Government guaranteed		10,689,564	10,528,989
Unlisted			
- AAA		-	2,280,703
- AA / AA+, AA, AA-		656,961	1,443,000
- A / A+, A, A-		1,190,748	1,751,709
- Unrated		67,650	70,645
		1,915,359	5,546,057
		126,953,624	130,442,094

* Based on latest available audited financial statements and based on holding percentage.

		2024	2023
		Cost Rupees in '000	Cost Rupees in '000
Listed			
- Government guaranteed	10.2.1	114,348,701	114,367,048
Unlisted			
- Government guaranteed		10,689,564	10,528,989
Unlisted			
- AAA		-	2,280,703
- AA / AA+, AA, AA-		656,961	1,443,000
- A / A+, A, A-		1,190,748	1,751,709
- Unrated		67,650	70,645
		1,915,359	5,546,057
		126,953,624	130,442,094

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

10.5.5	Foreign Securities Government Sukuks	Rating		Cost	
		2024	2023	2024	2023
		Rupees in '000			
Saudi Arabia	A	1,801,782		1,826,515	
Indonesia	Baa2	1,392,795		2,819,302	
		3,194,577		4,645,817	

Non Government Sukuks - Unlisted

- Aa3 / A

Equity securities - Unlisted

S.W.I.F.T. SCRL

	834,130	563,671
	834,130	563,671
	10,389	10,389
	<u>4,039,096</u>	<u>5,219,877</u>

10.6 Particulars relating to securities classified under "Held to collect" / "Held to maturity" model are as follows:

Federal Government Securities - Government guaranteed

Ijarah Sukuks - VRR	85,444,424	-
Ijarah Sukuks - FRR	256,227,912	216,954,593
Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	21,053,574	-
	<u>362,725,910</u>	<u>216,954,593</u>

The market value of securities classified as amortised cost as at December 31, 2024 amounted to Rs 364,085 million (2023: Rs 187,691 million).

10.7 Investment in subsidiaries

	2024		2023	
	Cost	Breakup value*	Cost	Breakup value*
	Rupees in '000			
Al Meezan Investment Management Limited	63,050	<u>3,206,882</u>	63,050	<u>2,416,614</u>
Meezan Exchange Company (Private) Limited	<u>1,000,000</u>	<u>1,033,856</u>	-	-

* Based on latest available audited financial statements & based on holding percentage.

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

	Note	2024	2023
		Rupees in '000	
11 ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan:			
Murabaha financing and related assets			
- Murabaha financing	11.1	5,552,574	6,547,184
- Financing under Islamic Export Refinance - Murabaha	11.1	303,924	503,859
- Financing against Islamic SME Asaan Finance	11.1	1,818,265	126,483
- Advances against Murabaha		22,450,689	11,526,208
- Murabaha inventory		1,484,181	1,958,612
- Advance against Islamic SME Asaan Finance		354,722	1,005,534
- Inventory under Islamic SME Asaan Finance		2,852	5,000
- Advance against Islamic Export Refinance - Murabaha		770,105	244,700
		32,737,312	21,917,580
Running Musharakah financing			
- Running Musharakah financing		676,407,577	182,916,112
- Financing under Islamic Export Refinance - Running Musharakah		36,943,954	58,491,956
		713,351,531	241,408,068
Istisna financing and related assets			
- Istisna financing		24,178,898	35,529,463
- Advances against Istisna		75,741,840	99,829,298
- Istisna inventory		57,719,292	5,988,841
- Financing under Islamic Export Refinance - Istisna		419,234	344,330
- Advances under Islamic Export Refinance - Istisna		10,612,565	10,743,412
- Inventory under Islamic Export Refinance - Istisna		4,193,560	4,756,387
		172,865,389	157,191,731
Tijarah financing and related assets			
- Tijarah financing		4,876,050	2,311,642
- Tijarah inventory		14,434,733	13,079,258
- Financing under Islamic Export Refinance - Tijarah		1,086,970	1,701,367
- Inventory under Islamic SME Asaan Finance		311,241	-
- Inventory under Islamic Export Refinance - Tijarah		855,201	836,798
		21,564,195	17,929,065
Musawammah financing and related assets			
- Musawammah financing	11.2	23,777,208	32,401,509
- Financing under Islamic Export Refinance - Musawammah	11.2	669,459	563,377
- Financing under SBP's Islamic Financing Facility for Renewable Energy (IFRE) - Musawammah	11.2	428,575	359,297
- Financing against Islamic SME Asaan Finance	11.2	26,508	-
- Advances against Musawammah		12,317,484	22,924,687
- Advance against Islamic SME Asaan Finance		11,853	-
- Musawammah inventory		13,320,611	17,065,727
- Advances under Islamic Export Refinance - Musawammah		879,245	73,300
- Inventory under Islamic Export Refinance - Musawammah		28,000	301,000
		51,458,943	73,688,897
Salam financing and related assets			
- Salam financing		1,569,320	1,392,987
- Advances against Salam		25,511,879	23,878,427
- Salam inventory		2,625,049	1,393,814
		29,706,248	26,665,228
Financing against bills			
- Financing against bills - Salam		1,196,715	1,291,913
- Advance against bills - Salam		1,738	1,738
		1,198,453	1,293,651
- Bai Muajjal financing	11.3	43,662,372	33,086,224
Ijarah financing and related assets			
- Net investment in Ijarah		48,758	56,050
- Net book value of assets / investment in Ijarah under IFAS 2		61,624,855	60,109,729
- Advances against Ijarah	11.4	61,673,613	60,165,779
		7,857,788	2,839,276
		69,531,401	63,005,055

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

	Note	2024	2023
		Rupees in '000	
Diminishing Musharakah financing and related assets			
- Diminishing Musharakah financing		219,903,211	198,619,635
- Diminishing Musharakah financing - housing		16,873,015	18,552,137
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)		399,281	350,586
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Renewable Energy (IFRE)		15,153,734	15,917,226
- Diminishing Musharakah financing - SBP's Islamic Refinance Facility for Combating COVID – 19 (IRFCC)		107,606	215,211
- Diminishing Musharakah financing - SBP's Islamic SME Asaan Finance (I-SAAF) Scheme		3,190,659	76,973
- Diminishing Musharakah financing - SBP's Islamic Long Term Financing Facility (ILTFF) for Plant & Machinery		16,898,044	19,291,370
- Diminishing Musharakah financing - SBP's Islamic Temporary Economic Refinance Facility (ITERF)		12,790,555	17,643,962
- Diminishing Musharakah financing - under SBP's Islamic Refinance Facility for Modernization of SMEs (IRFMS)		190,903	-
- Diminishing Musharakah financing - SBP's Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs (IRCGSWE)		10,327	7,873
- Advances against Diminishing Musharakah		55,505,976	16,379,833
- Advances against Diminishing Musharakah under SBP's IFFSAP		693,503	185,000
- Advances against Diminishing Musharakah under SBP's IFRE		2,228,906	1,284,996
- Advances against Diminishing Musharakah under SBP's IRFCC		109,029	181,715
- Advances against Diminishing Musharakah under SBP's ISAAF		560,712	963,154
- Advances against Diminishing Musharakah under SBP's Islamic Refinance Facility for Modernization of SMEs (IRFMS)		14,903	-
- Advances against Diminishing Musharakah under SBP's ITERF		427,647	2,514,059
- Advances against Diminishing Musharakah under SBP's IRCGSWE		5,000	9,963
- Advances against Diminishing Musharakah under SBP's ILTFF		3,151,948	4,005,820
		348,214,959	296,199,513
- Musharakah financing		1,300,000	988,725
- Wakalah Tul Istithmar financing		-	30,602,133
- Advances against Wakalah Tul Istithmar		30,602,133	-
- Advance against Service Ijarah		30,508,677	14,884,577
- Qard financing under SBP's IRFCC		114,803	250,531
- Labbaik (Qard for Hajj and Umrah)		5,547	15,593
- Staff financing (including under SBP's IFRE)	11.5	8,321,137	11,614,300
- Other financing		1,219,218	1,286,592
Gross Islamic Financing and Related Assets	11.6	1,556,362,318	992,027,463
Less: Credit loss allowance against Islamic financing and related assets			
Stage 1		11.8 & 11.8.6 & 11.8.7	(2,609,888)
Stage 2			(1,511,416)
Less: Credit loss allowance / provision against non-performing Islamic financing and related assets - Specific / Stage 3		11.7 & 11.8 & 11.8.6 & 11.8.7	(23,885,078)
Less: Provision against non-performing Islamic financing and related assets - General		11.8 & 11.8.3 & 11.8.6 & 11.8.7	(13,600,000)
Islamic financing and related assets - net of credit loss allowance / provision		1,514,755,936	961,673,012

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

	Note	2024	2023
		Rupees in '000	
11.1	Murabaha receivable - gross	11.1.1	8,091,467
	Less: Deferred murabaha income	11.1.3	(145,025)
	Profit receivable shown in other assets		(271,679)
	Murabaha financing	11.1.2	<u>7,674,763</u>
11.1.1	Murabaha Sale Price		8,091,467
	Murabaha Purchase Price		(7,674,763)
			<u>416,704</u>
11.1.2	The movement in Murabaha financing during the year is as follows:		
	Opening balance		7,177,526
	Sales during the year		53,863,021
	Adjusted during the year		(53,365,784)
	Closing balance		<u>7,674,763</u>
11.1.3	Deferred Murabaha Income		
	Opening balance		248,064
	Arising during the year		3,416,239
	Recognised during the year		(3,519,278)
	Closing balance		<u>145,025</u>
11.2	Musawammah financing - gross		26,413,197
	Less: Deferred income		(627,968)
	Less: Profit receivable shown in other assets		(883,479)
	Musawammah financing		<u>24,901,750</u>
11.3	Bai Muajjal financing - gross		45,392,716
	Less: Deferred income		(1,103,526)
	Less: Profit receivable shown in other assets		(626,818)
	Bai Muajjal financing		<u>43,662,372</u>
11.4	Net book value of assets / investments in Ijarah under IFRS 2 is net of depreciation of Rs 51,119 million (2023: Rs 49,011 million).		
11.5	This includes Rs 973 million (2023: Rs 707 million) representing profit free financing to staff advanced under the Bank's Human Resource Policies.		
11.6	Particulars of financing - gross	2024	2023
		Rupees in '000	
	- in local currency	1,464,872,537	940,666,342
	- in foreign currencies	91,489,781	51,361,121
		<u>1,556,362,318</u>	<u>992,027,463</u>
11.7	Islamic financing and related assets include Rs 25,243 million (2023: Rs 16,939 million) which have been placed under non-performing / stage 3 status as detailed below:		

	2024		2023					
	Non Performing Amount	Credit loss allowance	Non Performing Amount	Provision Held				
	Rupees in '000							
Category of classification in stage 3								
Domestic								
Other Assets Especially Mentioned	388	176	207,244	2,380				
Substandard	962,362	763,303	127,575	15,877				
Doubtful	4,765,274	4,001,247	482,321	78,538				
Loss	19,515,149	19,120,352	16,122,057	16,010,302				
Total	<u>25,243,173</u>	<u>23,885,078</u>	<u>16,939,197</u>	<u>16,107,097</u>				

Notes to and Forming Part of the Unconsolidated Financial Statements

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11.8 Particulars of credit loss allowance / provision against Islamic financing and related assets:

Note	2024						2023		
	Expected credit loss			Specific	General	Total	Specific	General	Total
	Stage 1	Stage 2	Stage 3						
(Rupees in '000)									
Opening balance	-	-	-	16,107,097	14,247,354	30,354,451	12,812,762	9,780,641	22,593,403
Implementation of IFRS 9	-	-	16,107,097	(16,107,097)	-	-	-	-	-
Impact of adoption of IFRS 9 - credit loss allowance	6.1.3	2,419,726	1,034,559	550,553	-	4,004,838	-	-	-
Impact of adoption of IFRS 9 - reversal of provision	6.1.3	-	-	-	(647,354)	(647,354)	-	-	-
Exchange adjustment for the year		2,419,726	1,034,559	550,553	-	(647,354)	3,357,484	-	-
Charge for the year	11.8.1	1,114,242	1,023,586	10,070,673	-	12,208,501	3,934,473	4,500,000	8,434,473
Less: Reversals for the year		(924,080)	(546,729)	(1,904,128)	-	(3,374,937)	(754,338)	(33,287)	(787,625)
Transfer to other liabilities		190,162	476,857	8,166,545	-	8,833,564	3,180,135	4,466,713	7,646,848
Amount written off	11.9	-	-	(749,988)	-	(749,988)	-	-	-
Closing balance		2,609,888	1,511,416	23,885,078	-	13,600,000	41,606,382	16,107,097	14,247,354
									30,354,451

11.8.1 It includes reversal on account of settlement of exposure amounting to Rs 590 million against acquisition of non-banking asset amounting to Rs 471 million (2023: Nil).

11.8.2 Particulars of credit loss allowance / provision against Islamic financing and related assets:

	2024						2023		
	Expected credit loss			Specific	General	Total	Specific	General	Total
	Stage 1	Stage 2	Stage 3						
(Rupees in '000)									
In local currency	2,517,649	1,501,322	23,312,408	-	13,017,318	40,348,697	15,524,415	14,247,354	29,771,769
In foreign currencies	92,239	10,094	572,670	-	582,682	1,257,685	582,682	-	582,682
	2,609,888	1,511,416	23,885,078	-	13,600,000	41,606,382	16,107,097	14,247,354	30,354,451

11.8.3 In addition, the Bank has also maintained a general provision of Rs 13,600 million (December 31, 2023: Rs 13,600 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of IFRS 9. This general provision can be maintained till December 31, 2026 under BPRD circular No. 1 of 2025 dated January 22, 2025.

11.8.4 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 certain non-performing financing under SBP prudential regulations. The accumulated benefit availed amounts to Rs 438.45 million (2023: Rs 419.00 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 201.69 million (2023: Rs 213.70 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

11.8.5 Islamic Financing and related assets - Exposure

	2024						2023		
	Outstanding			Performing	Non-performing	Total	Performing	Non-performing	Total
	Stage 1	Stage 2	Stage 3						
(Rupees in '000)									
Opening balance	-	-	-	975,088,266	16,939,197	992,027,463	1,004,473,470	13,628,287	1,018,101,757
Implementation of IFRS 9	943,022,366	31,890,123	17,114,974	(975,088,266)	(16,939,197)	-	-	-	-
Impact of adoption of IFRS 9	-	-	-	-	-	-	-	-	-
Balance as at January 01 after adopting IFRS 9	943,022,366	31,890,123	17,114,974	-	-	992,027,463	1,004,473,470	13,628,287	1,018,101,757
Fresh disbursements	763,629,115	10,459,658	13,067	-	-	774,101,840	-	-	-
Amount derecognised / repaid	(200,231,864)	(6,737,985)	(1,858,019)	-	-	(208,827,868)	-	-	-
Transfer to stage 1	4,090,837	(4,088,944)	(1,893)	-	-	-	-	-	-
Transfer to stage 2	(31,597,387)	31,600,838	(3,451)	-	-	-	-	-	-
Transfer to stage 3	(9,309,162)	(1,608,450)	10,917,612	-	-	-	(29,385,204)	3,311,413	(26,073,791)
Net change during the year	526,581,539	29,625,117	9,067,316	-	-	565,273,972	(29,385,204)	3,311,413	(26,073,791)
Transferred to other liabilities	-	-	(749,988)	-	-	(749,988)	-	-	-
Amounts written off / charged off	-	-	(182,323)	-	-	(182,323)	-	(503)	(503)
Changes in risk parameters	-	-	-	-	-	-	-	-	-
Other changes	-	-	(6,806)	-	-	(6,806)	-	-	-
Closing balance	1,469,603,905	61,515,240	25,243,173	-	-	1,556,362,318	975,088,266	16,939,197	992,027,463

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

11.8.5.1 This includes government guaranteed exposure amounting to Rs 51,462.49 million.

11.8.6 Islamic financing and related assets - particulars of credit loss allowance

Note	2024									2023		
	Expected Credit Loss			Specific	General	Total	Specific	General	Total			
	Stage 1	Stage 2	Stage 3						(Rupees in '000)			
Opening balance												
Implementation of IFRS 9	-	-	-	16,107,097	14,247,354	30,354,451	12,812,762	9,780,641	22,593,403			
Impact of adoption of IFRS 9	6.1.3	2,419,726	1,034,559	550,553	-	(647,354)	3,357,484	-	-			
Balance as at January 01 after adopting IFRS 9	2,419,726	1,034,559	16,657,650	-	13,600,000	33,711,935	12,812,762	9,780,641	22,593,403			
Fresh disbursements	1,421,726	20,799	9,760	-	-	1,452,285	-	-	-			
Amount derecognised / repaid	(407,019)	(156,162)	(1,977,819)	-	-	(2,541,000)	-	-	-			
Transfer to stage 1	19,553	(19,542)	(11)	-	-	-	-	-	-			
Transfer to stage 2	(515,067)	515,092	(25)	-	-	-	-	-	-			
Transfer to stage 3	(73,067)	(50,983)	124,050	-	-	-	-	-	-			
Charge for the year - specific and general	-	-	-	-	-	-	4,049,176	4,500,000	8,549,176			
Reversal for the year	-	-	-	-	-	-	(754,338)	(33,287)	(787,625)			
	446,126	309,204	(1,844,045)	-	-	(1,088,715)	3,294,838	4,466,713	7,761,551			
Transfer to Other liability	-	-	(749,988)	-	-	(749,988)	-	-	-			
Amounts written off / charged off	-	-	(182,323)	-	-	(182,323)	(503)	(503)	(503)			
Changes in risk parameters	(255,964)	167,653	10,010,590	-	-	9,922,279	-	-	-			
Other changes	-	-	(6,806)	-	-	(6,806)	-	-	-			
Closing balance	2,609,888	1,511,416	23,885,078	-	13,600,000	41,606,382	16,107,097	14,247,354	30,354,451			

11.8.7 Category of classification

	2024			2023	
	Outstanding amount	Credit loss allowance		Outstanding amount	Provision held
Rupees in '000					
Domestic					
Performing*	Stage 1	1,469,603,905	2,609,888	975,088,266	647,354
Underperforming	Stage 2	61,515,240	1,511,416		
Non-Performing	Stage 3				
Other Assets Especially Mentioned		388	176	207,244	2,380
Substandard		962,362	763,303	127,575	15,877
Doubtful		4,765,274	4,001,247	482,321	78,538
Loss		19,515,149	19,120,352	16,122,057	16,010,302
		25,243,173	23,885,078	16,939,197	16,107,097
Total		1,556,362,318	28,006,382	992,027,463	16,754,451

*This includes government guaranteed exposure amounting to Rs 51,462.49 million.

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

11.9 Particulars of write offs	Note	2024	2023
		Rupees in '000	
Against provisions	11.8	182,323	503
Directly charged to unconsolidated profit and loss account		-	-
		<u>182,323</u>	<u>503</u>
Write offs Rs. 500,000 and above - Domestic		182,323	503
Write offs below Rs. 500,000		-	-
		<u>182,323</u>	<u>503</u>

11.9.1 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, 2024 is given in Annexure I. Financing written off in accordance with the policy do not in any way prejudice the Bank's right of recovery from the customer.

11.10 Details of financing to Women, Women-owned and Managed Enterprise

11.10.1 Outstanding financing to Women, Women-owned and Managed Enterprise		2024	2023
		Rupees in '000	
Women		4,230,246	4,077,052
Women Owned and Managed Enterprise		<u>5,652,020</u>	<u>1,628,296</u>
		<u>9,882,266</u>	<u>5,705,348</u>
11.10.2 Gross Financing Disbursed to Women Owned and -Women Managed Enterprise			
Women		1,150,295	631,495
Women Owned and Managed Enterprise		<u>14,469,538</u>	<u>11,374,083</u>
		<u>15,619,833</u>	<u>12,005,578</u>

11.11 Details of charged off financing

In term of BPRD Circular No. 02 of 2024, the Statement in respect of charged off financing is given as under:

		2024	2023	2024	2023
		Count		Rupees in '000	
Opening Balance		-	-	-	-
Charge off during the year		-	-	-	-
Sub-total		-	-	-	-
Recoveries during the year		-	-	-	-
Amount written off		-	-	-	-
Closing balance		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

11.11.1 Financing charged off do not in any way prejudice the Bank's right of recovery from the customer.

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

	Note	2024	2023					
		Rupees in '000						
12 PROPERTY AND EQUIPMENT								
Capital work-in-progress	12.1	12,577,705	9,449,999					
Property and equipment	12.2	34,570,029	29,896,485					
		47,147,734	39,346,484					
Less: Provision against capital work-in-progress		(300,000)	(300,000)					
		46,847,734	39,046,484					
12.1 Capital work-in-progress								
Advances to suppliers and contractors for:								
- civil works		7,967,486	6,673,418					
- computer hardware		1,074,750	997,260					
- purchase of vehicles		731,613	281,747					
- office machines		2,045,000	1,105,763					
- furniture and fixtures		758,856	391,811					
		12,577,705	9,449,999					
12.2 Property and equipment								
		2024						
		Leasehold Land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Total
		Rupees in '000						
At January 1, 2024								
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		7,588,135	3,524,602	5,649,677	911,849	7,925,946	4,296,276	29,896,485
Year ended December 31, 2024								
Opening net book value		7,588,135	3,524,602	5,649,677	911,849	7,925,946	4,296,276	29,896,485
Additions		798,765	541,640	1,154,752	327,515	5,577,809	2,425,616	10,826,097
Transfer		-	-	-	-	-	-	-
Disposals		-	-	(21,117)	(693)	(6,321)	(194,866)	(222,997)
Depreciation charge (note 33)		-	(250,900)	(1,026,219)	(161,512)	(3,111,428)	(1,379,497)	(5,929,556)
Closing net book value		8,386,900	3,815,342	5,757,093	1,077,159	10,386,006	5,147,529	34,570,029
At December 31, 2024								
Cost		8,386,900	5,237,017	13,023,905	2,019,491	22,315,528	7,946,185	58,929,026
Accumulated depreciation		-	1,421,675	7,266,812	942,332	11,929,522	2,798,656	24,358,997
Net book value		8,386,900	3,815,342	5,757,093	1,077,159	10,386,006	5,147,529	34,570,029
Rate of depreciation (percentage)		-	5	10	10	10 and 20	20	

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

	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	6,493,499	2,956,328	4,685,302	705,612	5,027,624	2,428,727	22,297,092
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 33)	-	(217,439)	(934,389)	(130,780)	(2,112,462)	(970,278)	(4,365,348)
Closing net book value	7,588,135	3,524,602	5,649,677	911,849	7,925,946	4,296,276	29,896,485
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	7,588,135	3,524,602	5,649,677	911,849	7,925,946	4,296,276	29,896,485
Rate of depreciation (percentage)	-	5	10	10	10 and 20	20	

12.2.1 The cost of fully depreciated assets that are still in the Bank's use are as follows:

	2024	2023
	Rupees in '000	
Buildings on leasehold land	42,881	42,881
Leasehold improvements	2,784,479	2,343,719
Furniture and fixtures	374,017	338,112
Electrical, office and computer equipment	5,935,927	4,673,329
Vehicles	271,346	209,969
	9,408,650	7,608,010

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

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						
Audi E-tron	16,192	12,954	3,238	7,261	MBL Staff Policy	Mr Ariful Islam (Ex-DCEO) - Related party
Mercedez	10,915	7,095	3,820	6,251	MBL Staff Policy	Mr Urooj Ul Hasan Khan (Executive, Employee)
Honda Civic	3,543	2,806	737	1,686	MBL Staff Policy	Syed Salman Ahmed (Executive, Employee)
Hyundai Tucson	3,770	2,511	1,259	2,023	MBL Staff Policy	Mr Muhammad Hisham (Executive, Employee)
KIA Sorento	7,778	2,709	5,069	6,978	MBL Staff Policy	Mr Iqbal Fazal Ali Khan (Executive, Ex-Employee)
KIA Sportage	4,895	3,306	1,589	2,695	MBL Staff Policy	Syed Imran Ali Shah (Executive, Employee)
Toyota Corolla	3,635	2,302	1,333	2,074	MBL Staff Policy	Mr Jawwad Hafeez (Executive, Employee)
Toyota Corolla	3,458	2,246	1,212	1,994	MBL Staff Policy	Mr Asad Amin (Executive, Employee)
Honda BRV	3,548	2,246	1,302	2,260	MBL Staff Policy	Mr Anwar Mukhtar (Executive, Employee)
Honda City	2,670	1,646	1,024	1,569	MBL Staff Policy	Mr Muhammad Naseem (Executive, Employee)
Honda City	2,619	1,746	873	1,398	MBL Staff Policy	Mr Ayaz Ali Soomro (Executive, Ex-Employee)
Honda City	2,619	1,948	671	1,280	MBL Staff Policy	Mr Ghous Ahmed (Executive, Employee)
Honda City	2,619	1,964	655	1,298	MBL Staff Policy	Mr Malik Imran Yousaf (Executive, Ex-Employee)
Honda City	2,496	1,788	708	1,258	MBL Staff Policy	Mr Tauqeer Ahmed (Executive, Employee)
Honda City	2,490	1,742	748	1,255	MBL Staff Policy	Mr Muhammad Saeed (Executive, Employee)
Honda City	2,489	1,603	886	1,384	MBL Staff Policy	Mr Zahid Hussain Muzzamil (Executive, Ex-Employee)
Honda City	2,487	1,822	665	2,057	MBL Staff Policy	Mr Sohaib Mehmood (Executive, Employee)
Honda City	2,485	1,574	911	1,402	MBL Staff Policy	Mr Mohsin Idrees (Executive, Employee)
Honda City	2,485	1,574	911	1,417	MBL Staff Policy	Mr Gohar Iqbal Farooqui (Executive, Employee)
Toyota Yaris	4,944	905	4,039	4,829	MBL Staff Policy	Mr Adnan Maqsood (Executive, Ex-Employee)
Toyota Yaris	2,804	1,913	891	1,512	MBL Staff Policy	Mr Saeed Ahmed Jatoi (Executive, Employee)
Toyota Yaris	2,788	1,717	1,071	1,616	MBL Staff Policy	Mr Mohsin Masood (Executive, Employee)
Toyota Yaris	2,739	1,916	823	1,419	MBL Staff Policy	Mr Asad Ali (Executive, Employee)
Toyota Yaris	2,739	1,687	1,052	1,538	MBL Staff Policy	Mr Abrar Amant (Executive, Employee)
Toyota Yaris	2,722	1,813	909	1,495	MBL Staff Policy	Mr Sadiq ur Rehman (Executive, Ex-Employee)
Toyota Yaris	2,670	1,894	776	1,370	MBL Staff Policy	Mr Qaiser Mehmood (Executive, Employee)
Toyota Yaris	2,670	1,985	685	1,290	MBL Staff Policy	Ms Pareesa Zahid (Executive, Ex-Employee)
Toyota Yaris	2,670	1,848	822	1,410	MBL Staff Policy	Mr Rehan Waheed (Executive, Employee)
Toyota Yaris	2,670	1,824	846	1,426	MBL Staff Policy	Mr Muhammad Aminuddin (Executive, Employee)
Toyota Yaris	2,650	1,744	906	1,463	MBL Staff Policy	Syed Mudassir Zaidi (Executive, Employee)
Toyota Yaris	2,618	1,745	873	1,454	MBL Staff Policy	Mr Muhammad Zeeshan (Executive, Employee)
Toyota Yaris	2,618	1,701	917	1,432	MBL Staff Policy	Mr Hammad Pervez Khan (Executive, Employee)
Toyota Yaris	2,589	2,058	531	1,185	MBL Staff Policy	Mr Farhan Ali Memon (Executive, Employee)
Toyota Yaris	2,545	1,631	914	1,426	MBL Staff Policy	Mr Rehan Ahmed (Executive, Employee)
Toyota Yaris	2,458	1,532	926	1,419	MBL Staff Policy	Mr Kashan Ali Khan (Executive, Employee)
Honda Civic	4,733	3,706	1,027	5,086	Negotiation	Mr Muhammad Yameen
Honda City	3,590	838	2,752	3,821	Negotiation	Mr Zubair Abbasi
Honda City	3,190	1,010	2,180	3,443	Negotiation	Mr Muhammad Mohsin Mumtaz
Honda City	2,778	1,064	1,714	3,453	Negotiation	Mr Muhammad Mohsin Mumtaz
Honda City	2,778	1,064	1,714	3,163	Negotiation	Mr Adnan Naseer Ahmed
Honda City	2,739	1,460	1,279	3,936	Negotiation	Mr Sarmad Zaheer
Honda City	2,496	1,664	832	3,479	Negotiation	Mr Waseem Ahmed Paracha
Honda City	2,492	1,534	958	2,840	Negotiation	Mr Suneel Raja
Honda City	2,492	1,285	1,207	2,645	Negotiation	M/s Toyota Creek Motors (Private) Limited
Honda City	2,485	1,450	1,035	2,880	Negotiation	Mr Ameer Hamza Ishfaq
Honda City	2,485	1,489	996	3,313	Negotiation	Mr Muhammad Mohsin Mumtaz
Honda City	2,430	1,779	651	3,413	Negotiation	Syed Yasir Hussain Shah
Toyota Yaris	5,151	1,200	3,951	3,959	Negotiation	Mr Sarmad Zaheer
Toyota Yaris	2,612	1,305	1,307	3,300	Negotiation	Mr Faisal Rafiq
Changan Alsvin	3,247	810	2,437	2,795	Negotiation	M/s Toyota Creek Motors (Private) Limited
Changan Alsvin	2,940	977	1,963	3,057	Negotiation	Mr Faseeh Ul Hassan
Changan Alsvin	2,940	1,271	1,669	3,175	Negotiation	Mr Maaz Saleem
Changan Alsvin	2,859	953	1,906	3,007	Negotiation	M/s F.A. Commodities
Changan Alsvin	2,780	695	2,085	2,556	Negotiation	Mr Mohsin Ilyas
Changan Alsvin	2,780	788	1,992	2,567	Negotiation	Mr Waqas Bashir
Balance carried forward	188,084	109,837	78,247	139,712		

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For The Year Ended December 31, 2024

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
					Rupees in '000	
Vehicles						
Balance brought forward	188,084	109,837	78,247	139,712		
Changan Alsvin	2,780	788	1,992	2,688	Negotiation	Mr Waqas Bashir
Changan Alsvin	2,780	741	2,039	2,629	Negotiation	Mr Irfan Jamil
Changan Alsvin	2,780	741	2,039	2,631	Negotiation	Mr Irfan Jamil
Changan Alsvin	2,780	649	2,131	2,558	Negotiation	Mr Mohsin Ilyas
Changan Alsvin	2,780	779	2,001	2,653	Negotiation	Mr Waqas Bashir
Changan Alsvin	2,779	741	2,038	2,560	Negotiation	Mr Mohsin Ilyas
Changan Alsvin	2,779	738	2,041	2,562	Negotiation	Mr Mohsin Ilyas
Changan Alsvin	2,779	1,065	1,714	2,560	Negotiation	Mr Abdul Munam Khan
Changan Alsvin	2,489	788	1,701	2,373	Negotiation	M/s Toyota Creek Motors (Private) Limited
Changan Alsvin	2,486	952	1,534	2,643	Negotiation	Syed Faseh
Changan Alsvin	2,480	825	1,655	2,323	Negotiation	M/s Toyota Creek Motors (Private) Limited
Changan Alsvin	2,480	785	1,695	2,323	Negotiation	M/s Toyota Creek Motors (Private) Limited
Changan Alsvin	2,480	785	1,695	2,323	Negotiation	M/s Toyota Creek Motors (Private) Limited
Changan Alsvin	2,480	827	1,653	2,327	Negotiation	M/s Toyota Creek Motors (Private) Limited
Changan Alsvin	2,480	1,075	1,405	2,095	Negotiation	M/s Toyota Creek Motors (Private) Limited
Changan Alsvin	2,479	950	1,529	2,323	Negotiation	M/s Driven Innovation
Changan Alsvin	2,474	865	1,609	2,211	Negotiation	Mr Asad Fazil Sheikh
Changan Alsvin	2,474	947	1,527	2,682	Negotiation	Mr Waqas Bashir
Changan Alsvin	2,473	823	1,650	2,500	Negotiation	Ms Nayab Fatima
Changan Alsvin	2,471	823	1,648	2,560	Negotiation	Mr Mohsin Ilyas
Changan Alsvin	2,471	823	1,648	2,353	Negotiation	Mr Usama Qamar
Changan Alsvin	2,409	803	1,606	1,914	Negotiation	M/s Toyota Creek Motors (Private) Limited
Suzuki Cultus	2,504	1,000	1,504	2,449	Negotiation	M/s Driven Innovation
Suzuki Cultus	2,422	647	1,775	2,431	Negotiation	Syed Riaz Ahmed
Suzuki Cultus	1,797	628	1,169	2,394	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,792	626	1,166	2,528	Negotiation	Mr Mohsin Ilyas
Suzuki Cultus	1,792	686	1,106	2,566	Negotiation	Mr Hafiz Zaman
Suzuki Cultus	1,790	1,074	716	2,478	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,790	1,192	598	2,373	Negotiation	Mr Asim Mumtaz
Suzuki Cultus	1,790	1,043	747	2,470	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,790	1,073	717	2,472	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,790	1,012	778	2,468	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,790	1,074	716	2,336	Negotiation	Mr Asgher Ali
Suzuki Cultus	1,790	1,163	627	2,352	Negotiation	M/s Tariq Mehmood Autos
Suzuki Cultus	1,789	924	865	2,492	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,789	983	806	2,357	Negotiation	Mr Chaudhry Kamran Inayat
Suzuki Cultus	1,789	893	896	2,428	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,787	595	1,192	2,595	Negotiation	Mr Waqar Ali
Suzuki Cultus	1,787	624	1,163	2,525	Negotiation	Mr Abdul Raheem
Suzuki Cultus	1,786	952	834	2,535	Negotiation	Mr Muhammad Aslam
Suzuki Cultus	1,786	1,148	638	2,579	Negotiation	Mr Fayyaz Ahmed
Suzuki Cultus	1,786	1,130	656	2,595	Negotiation	Mr Farhan Zeb
Suzuki Cultus	1,781	1,245	536	2,373	Negotiation	Mr Asim Mumtaz
Suzuki Cultus	1,775	651	1,124	2,638	Negotiation	Mr Muhammad Imran
Suzuki Cultus	1,775	591	1,184	2,325	Negotiation	Mr Wasim Mirza
Suzuki Cultus	1,775	621	1,154	2,705	Negotiation	Mr Waseem Ahmed Paracha
Suzuki Cultus	1,774	1,123	651	2,115	Negotiation	Mr Muhammad Fahad Aslam
Suzuki Cultus	1,774	1,241	533	2,318	Negotiation	M/s Driven Innovation
Suzuki Cultus	1,774	1,093	681	1,795	Negotiation	M/s Toyota Creek Motors (Private) Limited
Suzuki Cultus	1,774	1,153	621	2,325	Negotiation	Mr Kashif Zamir
Suzuki Cultus	1,774	1,034	740	2,389	Negotiation	Mr Imran
Suzuki Cultus	1,774	976	798	2,323	Negotiation	Syed Riaz Ahmed
Suzuki Cultus	1,774	1,064	710	2,232	Negotiation	M/s Driven Innovation
Suzuki Cultus	1,774	976	798	2,318	Negotiation	Mr Waseem Ahmed Paracha
Suzuki Cultus	1,774	916	858	2,009	Negotiation	M/s Toyota Creek Motors (Private) Limited

Balance carried forward 305,155 159,301 145,854 272,791

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For The Year Ended December 31, 2024

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
		Rupees in '000				
Vehicles						
Balance brought forward	305,155	159,301	145,854	272,791		
Suzuki Cultus	1,774	1,034	740	2,373	Negotiation	M/s Driven Innovation
Suzuki Cultus	1,774	1,064	710	2,395	Negotiation	Mr Mohammad Arif
Suzuki Cultus	1,774	946	828	2,313	Negotiation	Ms Samina Saeed
Suzuki Cultus	1,773	886	887	2,211	Negotiation	Mr Raheel Mithani
Suzuki Cultus	1,751	700	1,051	2,522	Negotiation	M/s Driven Innovation
Suzuki Cultus	1,750	1,050	700	2,640	Negotiation	Mr Muhammad Aslam
Suzuki Cultus	1,750	1,050	700	2,481	Negotiation	Syed Riaz Ahmed
Suzuki Cultus	1,750	875	875	2,289	Negotiation	Mr Imran
Suzuki Cultus	1,739	839	900	2,354	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,738	1,216	522	2,028	Negotiation	Mr Shahzeb Muhammd Saleem
Suzuki Cultus	1,738	1,216	522	2,117	Negotiation	Mr Raheel Mithani
Suzuki Cultus	1,735	809	926	2,550	Negotiation	Mr Adeel Ahmed
Suzuki Cultus	1,723	804	919	2,225	Negotiation	Mr Wasim Mirza
Suzuki Cultus	1,723	773	950	2,323	Negotiation	Mr Imran
Suzuki Cultus	1,723	832	891	2,369	Negotiation	Mr Imran
Suzuki Cultus	1,666	749	917	2,518	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,664	748	916	2,468	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,664	804	860	2,537	Negotiation	Mr Asim Mumtaz
Suzuki Cultus	1,664	831	833	2,551	Negotiation	Mr Chaudhry Kamran Inayat
Suzuki Cultus	1,647	713	934	2,289	Negotiation	Mr Imran
Suzuki Cultus	1,625	867	758	2,463	Negotiation	Syed Riaz Ahmed
Suzuki Cultus	1,549	746	803	2,234	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,522	709	813	2,375	Negotiation	Mr Muhammad Fahad Aslam
Suzuki Cultus	1,522	709	813	2,170	Negotiation	Mr Muhammad Arif
KIA Picanto	3,700	1,048	2,652	2,827	Negotiation	Mr Sarmad Zaheer
KIA Picanto	3,696	1,046	2,650	2,824	Negotiation	Mr Sarmad Zaheer
KIA Picanto	3,696	1,108	2,588	3,006	Negotiation	Mr Muhammad Rasheed Chaudhry
KIA Picanto	3,572	1,072	2,500	2,500	Negotiation	Mr Muhammad Razak
KIA Picanto	3,230	1,131	2,099	2,368	Negotiation	M/s Toyota Creek Motors (Private) Limited
Honda City	2,496	1,790	706	1,109	Takaful Claim	M/s Salaam Takaful Limited
Honda City	2,484	1,490	994	4,010	Takaful Claim	M/s EFU General Insurance Limited
KIA Picanto	3,571	1,071	2,500	3,400	Takaful Claim	M/s EFU General Insurance Limited
KIA Picanto	3,563	653	2,910	3,560	Takaful Claim	M/s EFU General Insurance Limited
	375,901	190,680	185,221	355,190		
Leasehold improvements						
Civil Works	14,236	9,485	4,751	2,208	Negotiation	M/s Khan Traders
Civil Works	10,838	9,231	1,607	1,317	Negotiation	M/s Muhammadi Cool
Civil Works	7,498	6,303	1,195	927	Negotiation	M/s Moon Light Corporation
Civil Works	6,765	6,223	542	825	Negotiation	M/s Khan Traders
Civil Works	4,174	2,871	1,303	656	Negotiation	M/s Kashif Enterprises
Civil Works	8,057	6,713	1,344	634	Negotiation	M/s Khan Traders
Civil Works	7,553	6,402	1,151	488	Negotiation	M/s Mughal Scrap
Civil Works	10,973	9,155	1,818	419	Negotiation	M/s Khan Traders
Civil Works	7,276	5,408	1,868	411	Negotiation	M/s Khan Traders
Civil Works	3,422	1,782	1,640	384	Negotiation	M/s Hassan Traders
Civil Works	12,487	11,203	1,284	282	Negotiation	M/s Mughal Scrap
Civil Works	9,172	7,719	1,453	266	Negotiation	M/s Mughal Scrap
	102,451	82,495	19,956	8,817		
Electrical, office and computer equipment						
Cash sorting Machine	1,400	583	817	3,775	Takaful Claim	M/s Adamjee Insurance Company Limited
Cash sorting Machine	790	171	619	2,882	Takaful Claim	M/s Adamjee Insurance Company Limited
	2,190	754	1,436	6,657		

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds
	Rupees in '000			
Other disposals				
Vehicles	404,849	395,204	9,645	173,722
Electrical, office and computer equipment	159,008	154,123	4,885	35,152
Furniture and Fixtures	12,627	11,934	693	2,729
Leasehold improvements	53,471	52,310	1,161	4,549
	629,955	613,571	16,384	216,152
Total disposals during December 31, 2024	1,110,497	887,500	222,997	586,816
Total disposals during December 31, 2023	<u>1,309,142</u>	<u>1,087,824</u>	<u>221,318</u>	<u>668,315</u>
2024				
Note	Cost	Accumulated Depreciation	Net book value	
	Rupees in '000			
13. Right-of-use assets				
At January 1, 2024	29,812,340	(10,240,488)	19,571,852	
Additions during the year	4,280,598	-	4,280,598	
Adjusted upon reassessment of lease terms	-	-	-	
Depreciation charge	-	(2,622,253)	(2,622,253)	
Derecognition during the year	(468,377)	468,377	-	
At December 31, 2024	<u>33,624,561</u>	<u>(12,394,364)</u>	<u>21,230,197</u>	
Lease term				<u>Over legal life</u>
2023				
Note	Cost	Accumulated Depreciation	Net book value	
	Rupees in '000			
At January 1, 2023	20,682,720	(9,335,704)	11,347,016	
Additions during the year	881,582	-	881,582	
Adjustment upon reassessment of lease term	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, 2023	<u>29,812,340</u>	<u>(10,240,488)</u>	<u>19,571,852</u>	
Lease term				<u>Over legal life</u>

13.1 These rental agreements mainly pertains to the branches that are operated throughout Pakistan.

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

	Note	2024	2023
		Rupees in '000	
14 INTANGIBLE ASSETS			
Computer software	14.1	2,227,368	1,651,018
Advance against computer software		669,512	620,691
		<u>2,896,880</u>	<u>2,271,709</u>
14.1 At January 1			
Cost		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>
Year ended December 31			
Opening net book value		1,651,018	1,421,338
Additions - directly purchased		1,248,342	740,876
Transfers - cost		-	29,560
Transfers - Accumulated amortisation		-	(18,924)
Amortisation charge	33	(671,992)	(521,832)
Closing net book value		<u>2,227,368</u>	<u>1,651,018</u>
At December 31			
Cost	14.1.1	5,841,699	4,593,357
Accumulated amortisation		3,614,331	2,942,339
Net book value		<u>2,227,368</u>	<u>1,651,018</u>
Rate of amortisation (percentage)		10-20	10-20
Useful life		5 - 10 years	5 - 10 years

- 14.1.1** Included in cost of intangible assets are fully amortised items still in use aggregating Rs 2,306 million (2023: Rs 1,641 million). Remaining life of intangible assets ranges from 1 to 10 years.

	Note	2024	2023
		Rupees in '000	
15 OTHER ASSETS			
Profit / return accrued in local currency		86,337,594	103,885,757
Profit / return accrued in foreign currencies		770,387	1,319,515
Acceptances		28,322,450	15,392,217
Advances, deposits, and other prepayments	15.1	12,243,159	2,898,657
Non-banking assets acquired in satisfaction of claims	15.2 & 15.2.1	521,392	50,243
Receivables on account of sale of securities		-	67,113
Dividends receivable		261	261
Stamps		28,644	24,397
Security deposits		556,929	515,716
Receivable under Alternate Delivery Channel (ADC)		1,772,365	3,373,605
Other		4,813,008	754,852
Less: Credit loss allowance / provision held against other assets	15.3.1	135,366,189	128,282,333
Other Assets (net of credit loss allowance / provision held)		(344,733)	(152,364)
		<u>135,021,456</u>	<u>128,129,969</u>

- 15.1** This includes prepaid takaful aggregating Rs 665 million (2023: Rs 763 million) which is being amortised over a period of one year and prepaid staff benefits amounting to Rs 9,218.22 million (2023: Nil).

	2024	2023
	Rupees in '000	
15.2 Market value of Non-banking assets acquired in satisfaction of claims		
	<u>498,450</u>	<u>36,320</u>
Market value of the non-banking assets acquired in satisfaction of claims has been carried out by an independent valuers, M/s Arif Evaluators in December 2024 based on prevailing market values determined through independent market inquiries from local active realtors as more detailed in note 44.2. The valuer is listed on the panel of Pakistan Banks' Association.		
15.2.1 Non-banking assets acquired in satisfaction of claims	2024	2023
	Rupees in '000	
Opening balance	50,243	50,301
Addition	471,208	-
Depreciation	(59)	(58)
Transfer to fixed assets	-	-
Closing balance	<u>521,392</u>	<u>50,243</u>

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

		Note	2024	2023
			Rupees in '000	
15.3	Credit loss allowance / provision held against other assets			
	Credit loss allowance			
	Profit / return accrued & Others		101,252	-
	Acceptances		45,127	-
			146,379	-
	Provision against other assets			
	Other provisions		175,412	138,441
	Non-banking assets acquired in satisfaction of claims		22,942	13,923
			198,354	152,364
			<u>344,733</u>	<u>152,364</u>
15.3.1	Movement in credit loss allowance / provision held against other assets			
	Opening balance		152,364	107,921
	Impact of adoption of IFRS 9	6.1.3	162,964	-
	Charge for the year		164,222	72,972
	Reversals		(107,145)	(2,680)
	Amount adjusted / written off		(27,672)	(25,849)
	Closing balance		<u>344,733</u>	<u>152,364</u>
16	BILLS PAYABLE			
	In Pakistan		<u>112,605,407</u>	<u>39,724,176</u>
17	DUE TO FINANCIAL INSTITUTIONS			
	In Pakistan	17.1 & 17.2 & 17.3	<u>722,286,318</u>	<u>377,494,612</u>
17.1	Details of due to financial institutions secured / unsecured			
	Secured			
	With State Bank of Pakistan			
	Musharakah under Islamic Export Refinance Scheme	17.1.1	58,932,838	78,802,384
	Investment under Islamic Long Term Financing Facility	17.1.2	19,743,040	23,280,222
	Investment under Islamic Refinance Facility for Combating COVID-19	17.1.2	331,437	646,152
	Investment under Islamic Financing for Renewal Energy	17.1.2	17,508,943	17,405,412
	Investment under Islamic Temporary Economic Refinance Facility for Plant and Machinery	17.1.2	12,742,132	20,093,256
	Investment under Islamic Refinance Scheme for storage of agriculture produce	17.1.2	896,789	525,523
	Investment under Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs (IRCGSWE)	17.1.2	10,327	7,861
	Investment under Islamic Refinance Scheme for modernization of SMEs (IRFMS)	17.1.2	181,818	-
	Investment under Islamic Refinance Scheme for SME Asaan Finance	17.1.2	6,192,179	455,509
	Investment under Shariah Compliant Open Market Operations	17.1.3	390,321,306	180,159,641
	Investment under Shariah Compliant Standing Ceiling Facility	17.1.3	47,627,464	-
	Total secured		<u>554,488,273</u>	<u>321,375,960</u>
	With Scheduled Bank	17.1.4	60,500,000	4,000,000
	Other financial institutions	17.1.5	6,434,755	5,279,332
	Unsecured			
	Overdrawn nostro accounts		2,083,290	2,679,320
	Musharakah with scheduled banks / financial institutions	17.1.6	98,780,000	44,160,000
			<u>722,286,318</u>	<u>377,494,612</u>

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

- 17.1.1** These represent acceptance of funds by the Bank on a profit and loss sharing basis maturing between January 2025 to June 2025 and are secured against demand promissory notes executed in favour of SBP. A limit of Rs 60,933 million (2023: Rs 80,330 million) has been allocated to the Bank by SBP under Islamic Export Refinance Scheme. Last announced profit rate on the Musharakah investment is 7.33% (2023:12.50%) per annum.
- 17.1.2** These represent acceptance of funds are 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 0.15% to 5.58% (2023:0.28% to 5.51%) per annum.
- 17.1.3** 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. The expected average return on Open Market Operations is 13.08% (2023: 22.08%) per annum and Standing Ceiling Facility is 14.00% (2023: Nil) per annum.
- 17.1.4** These represent 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 return on these Musharakah is around 13.25% (2023: 22.95%) per annum. These balances have maturity in January 2025 (2023: January 2024).
- 17.1.5** 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 return on Karandaaz Musharakah ranges from 11.64% to 24.59% (2023: 11.64% to 26.43%) per annum. The expected profit rate on PMRC borrowing is 13.74% (2023: 12.89%) per annum have maturity in November 2027.
- 17.1.6** These represent acceptance of funds by the Bank on Musharakah basis. The expected average return on these Musharakah is around 12.23% (2023: 21.97%) per annum. These balances have maturity in January 2025 (2023: January 2024).

	2024	2023
	Rupees in '000	
17.2 Particulars of due to financial institutions with respect to Currencies		
- in local currency	720,203,028	374,815,292
- in foreign currencies	<u>2,083,290</u>	<u>2,679,320</u>
	<u><u>722,286,318</u></u>	<u><u>377,494,612</u></u>
17.3 Particulars of due to financial institutions		
- short term	660,958,538	310,514,642
- long term	<u>61,327,780</u>	<u>66,979,970</u>
	<u><u>722,286,318</u></u>	<u><u>377,494,612</u></u>

18 DEPOSITS AND OTHER ACCOUNTS

	2024			2023		
	In Local currency	In Foreign currencies	Total	In Local currency	In Foreign currencies	Total
Rupees in '000						
Customers						
- Current accounts - non-remunerative	1,135,625,316	66,726,436	1,202,351,752	1,012,415,113	57,892,401	1,070,307,514
- Savings deposits	1,083,985,583	80,885,820	1,164,871,403	803,833,457	68,537,150	872,370,607
- Fixed deposits	164,386,854	15,146,642	179,533,496	217,884,345	17,080,020	234,964,365
- Margin	19,147,349	1,987,535	21,134,884	25,622,708	1,108,617	26,731,325
	<u>2,403,145,102</u>	<u>164,746,433</u>	<u>2,567,891,535</u>	<u>2,059,755,623</u>	<u>144,618,188</u>	<u>2,204,373,811</u>
Financial institutions						
- Current accounts - non-remunerative	4,692,359	611,371	5,303,730	1,249,647	388,192	1,637,839
- Savings deposits	11,539,703	46,492	11,586,195	10,721,389	-	10,721,389
- Fixed deposits	89,840	-	89,840	740,885	-	740,885
	<u>16,321,902</u>	<u>657,863</u>	<u>16,979,765</u>	<u>12,711,921</u>	<u>388,192</u>	<u>13,100,113</u>
	<u><u>2,419,467,004</u></u>	<u><u>165,404,296</u></u>	<u><u>2,584,871,300</u></u>	<u><u>2,072,467,544</u></u>	<u><u>145,006,380</u></u>	<u><u>2,217,473,924</u></u>

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

	2024	2023
	Rupees in '000	
18.1 Composition of deposits		
- Individuals	1,897,354,434	1,505,269,242
- Government (Federal and Provincial)	40,595,661	26,107,115
- Public Sector Entities	22,549,444	49,514,198
- Banking Companies	229,428	327,236
- Non-Banking Financial Institutions	16,750,337	12,772,877
- Private Sector	607,391,996	623,483,256
	<u>2,584,871,300</u>	<u>2,217,473,924</u>
18.2 Particulars of deposits and other accounts in Pakistan		
- In local currency		
Mudaraba based deposits	1,272,182,701	1,052,144,386
Qard based deposits	1,147,284,303	1,020,323,158
	<u>2,419,467,004</u>	<u>2,072,467,544</u>
- In foreign currencies		
Mudaraba based deposits	98,060,534	86,707,356
Qard based deposits	67,343,762	58,299,024
	<u>165,404,296</u>	<u>145,006,380</u>
	<u>2,584,871,300</u>	<u>2,217,473,924</u>

18.3 This includes eligible deposits covered under deposit protection scheme amounting to Rs 2,259,491 million (2023: Rs 1,828,258 million).

	2024	2023
	Rupees in '000	
19. LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS		
Opening balance	22,093,855	12,813,226
Additions during the year	4,280,598	881,582
Adjustment upon reassessment of lease term	-	10,086,130
Amortisation of lease liability against right-of-use assets	3,822,277	2,077,327
Payments made during the year	(4,348,408)	(3,764,410)
Closing balance	<u>25,848,322</u>	<u>22,093,855</u>

19.1 Contractual maturity of lease liabilities

Short-term lease liabilities - within one year	475,350	395,478
Long-term lease liabilities		
- 1 to 5 years	4,221,716	3,463,564
- 5 to 10 years	8,181,469	7,060,480
- More than 10 years	12,969,787	11,174,333
	<u>25,372,972</u>	<u>21,698,377</u>
Total lease liabilities	<u>25,848,322</u>	<u>22,093,855</u>

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

	Note	2024	2023
		Rupees in '000	
20 SUB-ORDINATED SUKUK			
Additional Tier I Sukuk	20.1	7,000,000	7,000,000
Tier II Sukuk	20.2	13,990,000	13,990,000
		<u>20,990,000</u>	<u>20,990,000</u>

20.1 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 16.59% 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.

20.2 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 20.41% and 13.80% 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, 2024

21 DEFERRED TAX LIABILITIES

	2024				
	At December 31, 2023	Recognised in Unappropriated Profits	At January 1, 2024	Recognised in profit and loss account	Recognised in OCI
	Rupees in '000				
Taxable temporary differences on:					
Excess of accounting book values over tax written down values of owned assets	910,196	-	910,196	217,914	-
Surplus on revaluation of FVOCI Investments	10,492,339	1,287,422	11,779,761	-	12,206,531
Surplus on revaluation of FVTPL investments	-	2,267	2,267	2,349	-
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	-	-	-	-	-
	11,402,535	1,289,689	12,692,224	220,263	12,206,531
Deductible temporary differences on:					
Net credit loss allowance against investments	(1,140,570)	1,355,418	214,848	(394,178)	-
Income not accrued due to non-culmination of financing	(4,982,219)	-	(4,982,219)	(776,854)	-
Net credit loss allowance against non-performing Islamic financing and related assets	(826,762)	(1,813,041)	(2,639,803)	(1,980,933)	-
Provision against non-banking assets acquired in satisfaction of claims and others	(239,492)	485,597	246,105	(594,649)	-
	(7,189,043)	27,974	(7,161,069)	(3,746,614)	-
	4,213,492	1,317,663	5,531,155	(3,526,351)	12,206,531
					14,211,335
	2023				
	At December 31, 2022	Recognised in Unappropriated Profits	At January 1, 2023	Recognised in profit and loss account	Recognised in OCI
	Rupees in '000				
Taxable temporary differences on:					
Excess of accounting book values over tax written down values of owned assets	463,330	-	463,330	446,866	-
Surplus / (deficit) on revaluation of available for sale investments	(502,685)	-	(502,685)	-	10,995,024
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	2,021	-	2,021	(4)	(2,017)
	(37,334)	-	(37,334)	446,862	10,993,007
					11,402,535
Deductible temporary differences on:					
Provision for diminution / impairment in value of investments	(1,378,020)	-	(1,378,020)	237,450	-
Income not accrued due to non-culmination of financing	(2,998,031)	-	(2,998,031)	(1,984,188)	-
Provision against non-performing Islamic financing and related assets	(162,490)	-	(162,490)	(664,272)	-
Provision against non-banking assets acquired in satisfaction of claims and others	(70,127)	-	(70,127)	(169,365)	-
	(4,608,668)	-	(4,608,668)	(2,580,375)	-
	(4,646,002)	-	(4,646,002)	(2,133,513)	10,993,007
					4,213,492

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

	Note	2024	2023
		Rupees in '000	
22 OTHER LIABILITIES			
Return on deposits and other dues			
- payable in local currency	22.1	12,658,579	17,723,633
- payable in foreign currencies		319,959	331,465
Unearned income	22.2	4,301,617	3,290,414
Accrued expenses	22.3	40,269,608	30,548,977
Current taxation (provision less payments)		17,450,552	26,688,813
Acceptances		28,322,450	15,392,217
Dividend payable (including unclaimed dividend)		41,374	864,946
Payable to defined benefit plan	40.3 & 40.15	2,153,351	1,550,202
Credit loss allowance / provision against off-balance sheet obligations	22.4	302,882	55,167
Charity payable	22.5	31,527	242
Security deposits against Ijarah		20,777,476	18,946,084
Payable on account of credit murabaha / ijarah / musawammah	22.6	662,558	1,060
Security deposits against lockers		232,090	207,865
Mark to market loss on forward foreign exchange commitments - net	22.7	685,420	848,249
Withholding taxes payable		461,208	82,892
Workers Welfare Fund payable	22.8	13,893,019	9,226,829
Payable under Alternate Delivery Channel (ADC)		26,625,633	16,978,468
Others		3,425,053	2,473,658
		<u>172,614,356</u>	<u>145,211,181</u>

- 22.1** This includes Rs 1,295 million (2023: Rs 2,464 million) in respect of return accrued on acceptances from SBP under the Islamic Export Refinance Scheme and Rs 376.8 million (2023: Rs 374.75 million) in respect of return accrued on acceptances from the SBP under various Islamic Long Term Refinance Schemes.
- 22.2** Unearned income mainly relates to Alternate Distribution Channels which is expected to be recognised as income in the next financial year.
- 22.3** This includes Rs 2.20 million (2023: Rs 6.71 million) in respect of payable to Al Meezan Investment Management Limited (Subsidiary).

	Note	2024	2023
		Rupees in '000	
22.4 Credit loss allowance/ provision against off-balance sheet obligations			
Opening balance		55,167	55,167
Impact of adoption of IFRS 9	6.1.3	269,835	-
Charge for the year		169,393	-
Reversals for the year		(191,513)	-
Closing balance	22.4.1	<u>302,882</u>	<u>55,167</u>

22.4.1 This represents provision recognised against guarantees, letter of credit and unutilised financing commitments.

	Note	2024	2023
		Rupees in '000	
22.5 Reconciliation of charity payable			
Balance as at January 1		242	4,159
Additions during the year		190,964	187,664
Less: Transferred to charity savings account (included in deposits and other accounts)	22.5.1	(159,679)	(191,581)
Balance as at December 31		<u>31,527</u>	<u>242</u>

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

22.5.1 Charity paid through savings account during the year is Rs 195.00 million (2023: Rs 135.85 million). Charity amounting to Rs 100,000 or higher was paid to the following organisations:

	2024	2023
	Rupees in '000	
Ihsan Trust - Related Party	88,500	80,000
The Cancer Foundation, Karachi	6,000	2,000
Omair Sana Foundation	5,500	2,000
Baitussalam Welfare Trust	5,000	2,000
The Indus Hospital, Karachi	5,000	1,000
Alamgir Welfare Trust	4,500	2,000
Kashif Iqbal Thalassemia Care Center	4,500	1,500
Akhawat Foundation	3,000	-
Transformation International Society, Karachi	3,000	2,000
Afzaal Memorial Thalassemia Foundation	3,000	2,000
SSWAB Trust (Kidney Care & Dialysis Centre)	2,500	1,000
Diya Pakistan - Related Party	2,500	1,000
Patients' Behbud Society for the Aga Khan University Hospital	2,000	2,500
Rashid Memorial Welfare Organization	2,000	2,000
Karachi Vocational Training Centre	2,000	1,000
Green Crescent Trust	2,000	-
Karachi Down Syndrome Program (KDSP)	2,000	1,000
Pakistan's Childrens' Heart Foundation	1,500	1,000
Muhammadi Haematology Oncology Services & Welfare Foundation	1,500	1,000
Molana Tariq Jamil Foundation	1,500	1,000
Bin Qutab Foundation	1,500	750
Professional Education Foundation - Related Party	1,500	500
Khadija Tul Kubra Welfare Trust	1,500	-
Health and Nutrition Development Society (HANDS)	1,500	500
University of Karachi	1,500	-
Roshni Homes Trust	1,000	-
Umeed Welfare Foundation	1,000	-
Sahil Welfare Association	1,000	-
Institute of Business Administration - Centre for Excellence in Islamic Finance	1,000	1,000
Haqqoq-E-Insaniyat Social Welfare Organization	1,000	-
Saylani Welfare Trust	1,000	1,000
Patients Welfare Foundation, Creek General Hospital	1,000	1,000
Idara Al-Khair Welfare Society	1,000	1,000
Child Life Foundation, Karachi	1,000	2,000
Prevention of Blindness Trust	1,000	1,000
Patel Foundation	1,000	1,000
Orange Tree Foundation	1,000	1,000
Pakistan Disabled Foundation	1,000	500
Family Educational Services Foundation	1,000	500
Patients Aid Foundation, Jinnah Postgraduate Medical Centre, Karachi	1,000	500
Mukhtaran Rafiq Foundation	1,000	500
Kiran Foundation	1,000	500
Ida Rieu Welfare Association	1,000	500
Mehrān Welfare Trust	1,000	500
Rights of Special Persons (ROSP) Welfare Foundation	1,000	500
National Disability & Development Forum	1,000	500
Health Promotion Foundation	1,000	-
Pakistan Islamic Medical Association	1,000	-
Al Mustafa Welfare Society - Karachi	1,000	-
Bioniks Welfare Foundation	1,000	-
N.E.D. University Of Engineering & Technology	750	-
Hailey College of Commerce	750	-
Bahauddin Zakariya University	750	-
Quaid-e-Azam University	750	-
Riphah International University	750	-
Islamia University of Bahawalpur	750	-
Sukkur IBA University	750	-
Balochistan University of Information Technology, Enginerring & Management Sciences	750	-
Chhipa Welfare Association	500	500
NICE Welfare Society	500	500
The Life Care Foundation Trust	500	-

Notes to and Forming Part of the Unconsolidated Financial Statements

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	2024	2023
	Rupees in '000	
Jamiyat Punjabi Saudagran-e-Delhi	500	500
Bahria University Karachi	500	-
Bahria University Islamabad	500	-
Madawa Welfare Society	500	500
Pakistan Association of Deaf	500	400
Read Foundation	500	250
COMSATS University	500	-
National University Of Modern Languages	500	-
Islamia University of Bahawalpur (Rahim Yar Khan Campus)	500	-
Shaheed Zulfiqar Bhutto University	500	-
Muhammad Ali Jinnah University	500	-
Chiniot Anjuman-e-Islamia	500	-
University of Engineering and Technology, Lahore	500	-
Air University	500	-
Institute of Business Management, Karachi	500	-
Health Care	-	3,000
Friends of Burns Centre, Karachi	-	2,000
University of Agriculture, Faisalabad	-	2,000
Dar Ul Sukun Welfare Society	-	1,000
Help of Patients in Exigency by Students (HOPES)	-	500
Behbud Association, Karachi	-	500
Zubaida Machiyara Trust	-	500
DHA Suffa University	-	500
Hamdard University	-	500
Ahmed E. H Jaffer Foundation	-	500
Chal Foundation	-	500
Society for Audiological and Development Ailments (SADA)	-	250
Dua Foundation	-	200
	<u>195,000</u>	<u>135,850</u>

22.5.2 The balance in Charity's savings account is Rs 216.78 million (2023: 227.83 million).

22.5.3 Movement of charity fund during the year is as under:

	2024	2023
	Rupees in '000	
Opening balance	228,076	159,950
Additions during the year		
Received from customers on delayed payment	160,034	167,564
Dividend purification amount	23,681	17,721
Non-shariah compliant income	7,249	2,379
Profit on charity saving account (net of tax and bank charges)	24,266	16,312
	<u>215,230</u>	<u>203,976</u>
Distribution of Charity		
Education	(112,500)	(89,750)
Health	(48,500)	(29,900)
Community Development	(34,000)	(16,200)
	<u>(195,000)</u>	<u>(135,850)</u>
Closing balance	<u>248,306</u>	<u>228,076</u>

22.6 This represents payable on account of credit Musawammah in accordance with the guidelines of the State Bank of Pakistan.

22.7 This is net off gain on forward foreign exchange commitments of Rs 1,662 million (2023: Rs 3,078 million).

22.8 The Bank has made full provision for workers welfare fund (WWF) based on profit for the respective years (2008-2024). 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.

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

23 SHARE CAPITAL

23.1 Authorised capital

2024 (Number of Shares)	2023 (Number of Shares)	Ordinary shares of Rs 10 each	2024 Rupees in '000	2023 Rupees in '000
3,253,860,000	3,253,860,000		32,538,600	32,538,600

23.2 Issued, subscribed and paid up capital

2024 (Number of Shares)	2023 (Number of Shares)	Fully paid-up ordinary shares of Rs 10 each	2024 Rupees in '000	2023 Rupees in '000
521,634,301	518,146,781	Issued for cash	5,216,343	5,181,468
1,273,106,413	1,273,106,413	Issued as bonus shares	12,731,064	12,731,064
1,794,740,714	1,791,253,194		17,947,407	17,912,532

23.3 Shareholding held by associated companies / entities are as follows:

Name of Shareholders	2024		2023	
	Number of shares held	Percentage of Shareholding	Number of shares held	Percentage of Shareholding
Noor Financial Investment Company, Kuwait	630,819,684	35.15%	630,819,684	35.22%
Pakistan Kuwait Investment Company (Private) Limited	536,887,288	29.91%	536,887,288	29.97%
Islamic Development Bank, Jeddah	166,863,457	9.30%	166,863,457	9.32%
CDC - Trustee Meezan Islamic Fund	8,269,520	0.46%	6,702,838	0.37%
CDC - Trustee Al Meezan Mutual Fund	1,465,284	0.08%	1,871,284	0.10%
CDC - Trustee Meezan Tahaffuz Pension Fund	1,023,222	0.06%	1,819,724	0.10%
CDC - Trustee KSE Meezan Index Fund	1,732,391	0.10%	1,471,659	0.08%
CDC - Trustee Meezan Balanced Fund	200,744	0.01%	302,023	0.02%
CDC - Trustee Meezan Dedicated Equity Fund*	32,843	-	171,873	0.01%
CDC - Trustee Meezan Asset Allocation Fund*	48,698	-	110,683	0.01%
Trustee Habbah Education Trust*	72,532	-	72,532	-
CDC - Trustee Meezan Pakistan Exchange Traded Fund*	89,452	-	38,613	-
CDC - Trustee Meezan Dynamic Asset Allocation Fund*	13,748	-	-	-

* Nil percentage due to round off

24 RESERVES

Note	2024	2023
	Rupees in '000	
Share premium	3,104,253	2,626,441
Statutory reserve	40,767,834	30,617,082
Non distributable capital reserve - gain on bargain purchase	3,117,547	3,117,547
Employee share option compensation reserve	945,867	654,321
General reserve	66,766	66,766
	48,002,267	37,082,157

24.1 Under section 21(i)(b) of the Banking Companies Ordinance, 1962, an amount not less than 10.00% of the profit is to be transferred to create a reserve fund.

Notes to and Forming Part of the Unconsolidated Financial Statements

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25 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX	Note	2024	2023
		Rupees in '000	
Surplus on revaluation of:			
- Securities measured at FVOCI - Debt		41,309,631	-
- Securities measured at FVOCI - Equity		4,817,853	-
Available for sale securities			
- Listed shares		-	4,064,496
- Sukuk		-	17,348,440
Non-banking assets acquired in satisfaction of claims	25.1	-	21,412,936
Less: Deferred tax surplus on revaluation of :			
- Securities measured at FVOCI - Debt		(21,481,008)	-
- Securities measured at FVOCI - Equity		(2,505,284)	-
- Available for sale securities		-	(10,492,339)
- Non-banking assets acquired in satisfaction of claims	25.1	-	-
		(23,986,292)	(10,492,339)
		22,141,192	10,920,597
25.1 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 1			
Recognised during the year		-	4,699
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		-	(4,691)
Surplus on revaluation as at December 31		-	(8)
Less: Related deferred tax liability on:			
- Revaluation as at January 1		-	2,021
- Impact of change in applicable tax rate		-	282
- Revaluation recognised during the year		-	(2,299)
- Incremental depreciation charged during the year		-	(4)
		-	-
		-	-
26 CONTINGENCIES AND COMMITMENTS			
	Note	2024	2023
		Rupees in '000	
-Guarantees	26.1	78,286,827	67,624,287
-Commitments	26.2	1,810,593,972	1,261,716,514
-Other contingent liabilities	26.3	1,802,000	1,802,000
		1,890,682,799	1,331,142,801
26.1 Guarantees:			
Financial guarantees		30,395	30,395
Performance guarantees		53,520,467	44,956,248
Other guarantees		24,735,965	22,637,644
		78,286,827	67,624,287
26.2 Commitments:			
Documentary letters of credit		369,351,453	235,057,572
Commitments in respect of:		280,886,420	281,400,267
- forward foreign exchange transactions	26.2.1		
Commitments for acquisition of:		799,899	599,915
- property and equipment		904,732	526,922
- intangible assets			
Other commitments	26.2.2	1,158,651,468	744,131,838
		1,810,593,972	1,261,716,514

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

26.2.1 Commitments in respect of forward foreign exchange contracts

	Note	2024	2023
		Rupees in '000	
Purchase		163,944,780	170,276,350
Sale		116,941,640	111,123,917
		<u>280,886,420</u>	<u>281,400,267</u>

26.2.2 Other Commitments

Commitments in respect of financing	26.2.2.1	1,158,651,468	744,131,838
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26.2.2.1 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 68,809 million (2023: Rs 52,125 million).

26.3 Other contingent liabilities

The Income Tax Department amended the deemed assessment orders of the Bank for prior years including the tax year 2024. 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, non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches and the levy of super tax were also raised. The matter has been decided in Bank's favour by Appellate Tribunal Inland Revenue. Both the Bank and the tax department filed a reference with the High Court of Sindh 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.

27	PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS	Note	2024	2023
			Rupees in '000	
Profit / return earned on:				
- Financing	27.1		186,397,118	169,409,252
- Investment			303,021,994	258,234,998
- Deposits / placements with financial institutions			<u>4,877,740</u>	<u>4,078,032</u>
			<u>494,296,852</u>	<u>431,722,282</u>

27.1 The income on Ijarah under IFAS 2 is net of takaful of Rs 1,891 million (2023: Rs 1,848 million) recovered from customers.

28	PROFIT / RETURN ON DEPOSITS AND OTHER DUES EXPENSED	Note	2024	2023
			Rupees in '000	
Deposits and other accounts	28.1		144,813,535	110,560,330
Sub-ordinated sukuks			<u>4,562,021</u>	<u>4,452,067</u>
Shariah Compliant Open Market Operations and Standing Ceiling				
Facility from the State Bank of Pakistan			29,066,824	65,592,923
Other Musharakahs / Mudarabas	28.2		24,992,836	22,610,813
Amortisation of lease liability against right-of-use assets			<u>3,822,277</u>	<u>2,077,327</u>
			<u>207,257,493</u>	<u>205,293,460</u>

28.1 This includes conversion cost of Rs 4,541 million (2023: Rs 3,213 million) against foreign currency deposits.

28.2 This includes Rs 7,175 million (2023: Rs 7,912 million) paid / payable to SBP under Islamic Export Refinance Scheme and Rs 1,524 million (2023: Rs 1,381 million) paid / payable to SBP under the various Islamic Long Term Refinance Schemes.

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

29 FEE AND COMMISSION INCOME	Note	2024	2023
		Rupees in '000	
Trade related fees and commissions	29.1	5,213,310	4,263,344
Commission on guarantees		238,968	219,877
Branch banking customer fees	29.1	3,451,188	2,782,183
Credit related fees	29.2	132,436	104,698
Debit card related fees	29.1	9,571,044	8,122,503
Investment banking related fees		465,962	499,868
Commission on cash management		445,768	412,570
Commission on home remittances		602,818	247,234
Wealth management fees		1,167,305	711,509
Others		50,083	50,427
		<u>21,338,882</u>	<u>17,414,213</u>

29.1 Trade related income pertains to corporate, commercial and SME segments. Branch banking fees pertain to retail banking segment while debit card fee pertains to alternative delivery channel segment.

29.2 This includes consumer processing fees of Rs 49.61 million (2023: Rs 20.41 million).

30 GAIN / (LOSS) ON SECURITIES	Note	2024	2023
		Rupees in '000	
Realised - net	30.1	3,511,596	(808,289)
Unrealised - measured as FVTPL / held for trading - net	30.2	4,351	(18)
		<u>3,515,947</u>	<u>(808,307)</u>

30.1 Realised gain / (loss) on:

Federal Government Securities	3,507,565	(259,041)
Listed shares	-	(549,248)
Associates	4,031	-
	<u>3,511,596</u>	<u>(808,289)</u>

30.2 Net gain / (loss) on financial assets measured at FVTPL / HFT

- designated upon initial recognition	-	(18)
- mandatorily measured at FVTPL	4,351	-
	<u>4,351</u>	<u>(18)</u>
Net realised gain / (loss) on financial assets measured at FVOCI / AFS	3,507,565	(901,767)
	<u>3,511,916</u>	<u>(901,785)</u>

31 NET LOSS ON FINANCIAL ASSETS MEASURED AT AMORTISED COST

Loss on derecognition of financial assets measured at amortised cost	(186,473)	-
	<u>(186,473)</u>	<u>-</u>

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

	Note	2024	2023
		Rupees in '000	
32 OTHER INCOME			
Gain on termination of			
- Ijarah financing		769,661	799,174
- Diminishing Musharakah and other financing		50,316	49,059
Gain on sale of property and equipment		363,819	446,997
Others		5,950	4,194
		1,189,746	1,299,424
33 OPERATING EXPENSES			
Total compensation expense	33.1	43,732,513	39,947,908
Property expense			
Depreciation on right-of-use assets		2,622,253	2,742,876
Rent and taxes		484,980	202,975
Utilities cost (including electricity and diesel)		3,785,248	2,852,297
Security (including guards)		1,736,885	1,314,451
Repair and maintenance (including janitorial charges)		1,263,849	1,381,872
Depreciation		1,277,118	1,151,828
Takaful expenses		21,632	15,825
Others		34,477	40,613
		11,226,442	9,702,737
Information technology expenses			
Software maintenance		2,625,428	1,802,551
Hardware maintenance		651,526	578,708
Depreciation		1,776,457	1,156,793
Amortisation		671,992	521,832
Network charges		385,322	335,548
		6,110,725	4,395,432
Other operating expenses			
Stationery and printing (including debit card related cost)		2,783,893	2,033,644
Repairs and maintenance		868,657	549,068
Local transportation and car running		1,977,017	1,953,895
Depreciation on vehicles, equipment etc.		2,875,981	2,056,727
Legal and professional charges		210,033	191,677
NIFT and other clearing charges		329,737	254,039
Marketing, advertisement and publicity		1,597,153	1,308,306
Security charges - cash transportation		1,588,492	1,067,769
Communication (including courier)		3,048,753	1,872,961
Travelling and conveyance		399,660	358,239
Training and development		129,153	198,863
Donations	33.4 & 33.5	5,878	6,525
Fees, subscription and other charges		906,819	641,633
Brokerage and bank charges		340,183	329,192
Office supplies		721,557	576,482
Entertainment		102,464	85,747
Takaful expense		339,051	168,905
Outsourced services costs	33.2	31,437	22,496
Auditors' remuneration	33.3	51,635	30,561
Fees and allowances to Shariah Board	43	66,528	52,295
Directors' fees and allowances	43	65,430	69,560
Others		408	1,934
		18,439,919	13,830,518
		79,509,599	67,876,595

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For The Year Ended December 31, 2024

33.1 Total compensation expense	Note	2024	2023
		Rupees in '000	
Managerial Remuneration			
i) Fixed		20,201,393	16,111,640
ii) Variable			
a) Cash Bonus / Awards etc.		19,126,878	21,118,908
b) Share based compensation expense	42	590,777	409,746
Charge for defined benefit plan		1,036,001	778,597
Contribution to defined contribution plan		856,545	674,262
Compensated absences		388,953	199,929
Others including EOBI, SESSI, uniform, sports etc.		1,531,966	654,826
Total compensation expense		43,732,513	39,947,908

33.2 Total cost for the year included in other operating expenses relating to outsourced activities is Rs 6,103 million (2023: Rs 4,826 million). This cost includes outsourced service costs, which are disclosed specifically in note 33. The entire cost pertains to payments to companies incorporated in Pakistan and mainly on account of security guards, janitorial staff and courier services. Total cost of outsourced activities on account of portfolio management for the year given to Al Meezan Investment Management Limited (a related party) is Rs 31.44 million (2023: Rs 22.50 million) has been disclosed in outsourced services costs, which has been disclosed above under operating expenses.

33.3 Auditors' remuneration		2024	2023
		Rupees in '000	
Audit fee		18,000	10,000
Fee for interim review		4,500	1,450
Special certifications / review / tax advisory services		22,500	14,867
		45,000	26,317
Sindh sales tax on services		3,600	2,420
Out of pocket expenses		3,035	1,824
		51,635	30,561

This includes remuneration pertaining to tax advisory services amounting to Rs. 20.00 million (2023: Rs. 12.32 million).

33.4 Donation		2024	2023
		Rupees in '000	
The Cancer Foundation		3,075	-
Qazi Hussain Ahmed Medical Complex		1,462	-
Saylani Welfare Trust International		1,241	-
Karachi Bankers Club		100	-
Alamgir Welfare Trust International		-	3,025
Health Care, Sialkot		-	3,000
Patients Aid Foundation		-	500
		5,878	6,525

None of the directors, executives or their spouses had any interest in the donees.

33.5 In addition to these donations, the Bank has paid charity of Rs 195 million (2023: Rs 135.85 million) to different non-profit organizations, the details of which are mentioned in note 22.5.1 of these financial statements.

34 OTHER CHARGES		2024	2023
		Rupees in '000	
Penalties imposed by the State Bank of Pakistan		435,343	304,830

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

35	CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE OFFS - NET	Note	2024	2023
			Rupees in '000	
	Net credit loss allowance / provision against non-performing Islamic financing and related assets	11.8	8,833,564	7,646,848
	Net credit loss allowance / reversal of provisions against investments	10.3	222,190	(571,988)
	Net reversal of credit loss allowance against cash and balance with treasury banks		(27,886)	-
	Net credit loss allowance against balances with other banks		14,221	-
	Net credit loss allowance / provision against other assets and CWIP	12 & 15.3.1 & 35.1	57,077	370,292
	Reversal against due from financial institution		-	(20,000)
	Net reversal of credit loss allowance against off-balance sheet obligations	22.4	(22,120)	-
	Bad debts written off directly		-	-
	Recoveries of written off financings	35.2	(2,027)	(84,741)
	Others		146,050	-
			<u>9,221,069</u>	<u>7,340,411</u>

35.1 This mainly represents provision (net of recoveries) against operational losses incurred by the Bank in the current or prior years. Further, the provision for credit loss allowance in respect of financial assets has also been recorded in the current year.

35.2 This includes recoveries against financing written off by HSBC ME prior to its acquisition by the Bank.

36	TAXATION	Note	2024	2023
			Rupees in '000	
	Current	36.1	124,103,931	85,107,294
	Prior years		-	1,958,493
	Deferred		(3,526,351)	(2,133,513)
			<u>120,577,580</u>	<u>84,932,274</u>

36.1 The super tax amounting to Rs 22,879 million (2023: Rs 17,270 million) has been recorded by the Bank based on taxable income for the year.

36.2	Relationship between tax expense and accounting profit	2024	2023
		Rupees in '000	
	Profit before taxation	<u>222,085,104</u>	<u>169,407,916</u>
Effects of:			
	- Tax calculated at the applicable rate of 44% / 39%	97,717,446	66,069,087
	- Super tax @ 10%	22,879,105	17,270,200
	- Impact of change in tax rate	(188,367)	(578,419)
	- Permanent difference	185,446	(157,357)
	- Prior year windfall	-	1,357,169
	- Enhanced rates	-	762,780
	- Others	(16,050)	208,814
	Tax charge for the year	<u>120,577,580</u>	<u>84,932,274</u>

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For The Year Ended December 31, 2024

37	BASIC AND DILUTED EARNINGS PER SHARE	Note	2024	2023
			Rupees in '000	
37.1	Basic earnings per share			
	Profit for the year		101,507,524	84,475,642
			(Number)	
	Weighted average number of ordinary shares		1,792,873,080	1,790,396,362
			(Rupees)	
	Basic earnings per share		56.62	47.18
37.2	Diluted earnings per share			Rupees in '000
	Profit for the year		101,507,524	84,475,642
			(Number)	
	Weighted average number of ordinary shares	37.3	1,802,969,285	1,792,448,949
			(Rupees)	
	Diluted earnings per share		56.30	47.13
37.3	Reconciliation of basic and diluted earning per share			2024 2023
				(Number)
	Weighted average number of ordinary shares		1,792,873,080	1,790,396,362
	Add: Diluted impact of Employee stock option scheme		10,096,205	2,052,587
	Dilutive potential ordinary shares		1,802,969,285	1,792,448,949
37.4	The Bank has issued 3,487,520 (2023: 1,628,873) shares against proceeds of Rs 258.89 million (2023: 99.70 million) under employees share option scheme. These shares were issued in July 2024 (2023: July 2023).			
38	CASH AND CASH EQUIVALENTS	Note	2024	2023
			Rupees in '000	
	Cash and balances with treasury banks	7	260,734,258	242,611,556
	Balances with other banks	8	13,424,950	11,452,256
	Overdrawn nostro accounts	17.1	(2,083,290)	(2,679,320)
			272,075,918	251,384,492
38.1	Reconciliation of movement of liabilities to cash flows arising from financing activities			2024
			Sub-ordinated Sukuk	Lease liability against right-of-use assets
				Dividend Payable
				Rupees in '000
	Balance as at January 01, 2024		20,990,000	22,093,855
	Changes from financing cash flows			864,946
	Payment against lease liability against right-of-use assets		-	(4,348,408)
	Dividend paid		-	-
	Total changes from financing cash flows		-	(4,348,408)
	Other changes			
	Addition to lease liability against right-of-use assets		-	4,280,598
	Amortisation of lease liability against right-of-use assets		-	3,822,277
	Adjustment upon reassessment of useful life		-	-
	Cash dividend (Rs 29 per share)		-	51,995,169
			-	51,995,169
	Balance as at December 31, 2024		20,990,000	25,848,322
				41,374

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For The Year Ended December 31, 2024

	Sub-ordinated Sukuk	Lease liability against right-of-use assets	Dividend Payable
	Rupees in '000		
Balance as at January 01 2023	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	-
Cash dividend (Rs 15 per share)	-	-	26,859,025
	-	13,045,039	26,859,025
Balance as at December 31, 2023	<u>20,990,000</u>	<u>22,093,855</u>	<u>864,946</u>

38.2 Additional information on operational cash flows from profit / return

Profit / return received on financings, investments and placements	2024 Rupees in '000	2023 Rupees in '000
Profit / return paid on deposits and other dues	512,158,761	395,521,775
	210,887,181	200,869,722
	<u>301,271,580</u>	<u>194,652,053</u>

39 STAFF STRENGTH

Note	2024 (Number of Staff)	2023 (Number of Staff)
Permanent	14,810	13,733
On Bank's contract	1,376	1,107
Bank's own staff strength at the end of the year	<u>16,186</u>	<u>14,840</u>
Outsourced	39.1	2,346
Total staff strength	<u>18,653</u>	<u>17,186</u>

39.1 This excludes outsourced security guards and janitorial staff.

40 DEFINED BENEFIT PLAN

40.1 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.

40.2 Number of Employees under the Gratuity Funded Scheme

Note	2024 (Number)	2023 (Number)
Number of employees eligible under the Gratuity Funded Scheme	<u>12,457</u>	<u>10,695</u>

40.3 Reconciliation of amount payable to defined benefit plan

	2024 Rupees in '000	2023 Rupees in '000
Present value of defined benefit obligations	40.5	6,720,526
Fair value of plan assets	40.5	(5,375,703)
		<u>1,344,823</u>
		<u>886,629</u>

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

40.4 Components of plan assets

	Entity / Instrument Credit Rating	2024 (Rupees in '000)	%	2023 (Rupees in '000)	%
GoP Ijarah sukuks	Govt. Guaranteed	4,997,000	92.97	3,636,265	92.51
Mutual Funds managed by Al Meezan Investment Management Limited	AM1	249,118	4.63	152,164	3.87
Bank Islami Pakistan Limited - Additional Tier 1 sukuks	A-	5,000	0.09	5,000	0.13
Savings account with Dubai Islamic Bank Limited **	AA	161	-	149	-
Savings account with Meezan Bank Limited	AAA	124,424 <u>5,375,703</u>	2.31 <u>100</u>	137,353 <u>3,930,931</u>	3.49 <u>100</u>

** Nil due to rounding off

40.5 The movement in the defined benefit obligation over the year is as follows:

2024			
	Present Value of defined benefit obligation Rupees in '000	Fair value of plan assets Rupees in '000	Total
At January 1	4,817,560	(3,930,931)	886,629
Current service cost	846,978	-	846,978
Return expense / (income)	684,766	(621,823)	62,943
	<u>6,349,304</u>	<u>(4,552,754)</u>	<u>1,796,550</u>
Remeasurements:			
-Return on plan assets, excluding amounts included in return expense / (income) shown as above	-	(253,306)	(253,306)
-Experience gains	688,208	-	688,208
	<u>688,208</u>	<u>(253,306)</u>	<u>434,902</u>
Contribution	7,037,512	(4,806,060)	2,231,452
Benefit payments	-	(886,629)	(886,629)
At December 31	(316,986)	316,986	-
	<u>6,720,526</u>	<u>(5,375,703)</u>	<u>1,344,823</u>
2023			
	Present Value of defined benefit obligation Rupees in '000	Fair value of plan assets Rupees in '000	Total
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
	<u>4,811,741</u>	<u>(3,462,837)</u>	<u>1,348,904</u>
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
	<u>226,080</u>	<u>(19,340)</u>	<u>206,740</u>
Contribution	5,037,821	(3,482,177)	1,555,644
Benefit payments	-	(669,015)	(669,015)
At December 31	(220,261)	220,261	-
	<u>4,811,560</u>	<u>(3,930,931)</u>	<u>886,629</u>

Notes to and Forming Part of the Unconsolidated Financial Statements

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40.6 Charge for defined benefit plan (in respect of the Gratuity Funded Scheme)

	2024 Rupees in '000	2023 Rupees in '000
40.6.1 Cost recognized in unconsolidated statement of profit and loss account		
Current service cost	846,978	633,144
Net return cost	62,943	46,745
	<u>909,921</u>	<u>679,889</u>
40.6.2 Re-measurements recognised in OCI during the year		
Gain on obligation - Experience adjustment	688,208	226,080
Return on plan assets over expected return	(253,306)	(19,340)
Total re-measurements recognised in OCI	<u>434,902</u>	<u>206,740</u>

Total expense recognised in unconsolidated statement of profit and loss account amounted to Rs 1,036.00 million (2023: Rs 778.60 million) of which Rs 909.92 million (2023: Rs 679.89 million) pertains to approved Gratuity Funded Scheme and Rs 126.08 million (2023: Rs 98.71 million) pertains to End of Service Unfunded Defined Benefit Scheme. Total expense recognised in Other Comprehensive Income amounted to Rs 453.78 million (2023: charge of Rs 242.18 million) of which expense of Rs 434.90 million (2023: charge of Rs 206.74 million) pertains to Gratuity Funded Scheme and charge of Rs 18.88 million (2023: charge of Rs 35.44 million) pertains to End of Service Unfunded Defined Benefit Scheme.

40.7 The plan assets and defined benefit obligations (in respect of the Gratuity Funded Scheme) are based in Pakistan.

	2024	2023
40.8 Principal actuarial assumptions		
Discount rate	12.25% p.a	14.75% p.a
Expected rate of increase in salaries	13.25% p.a	14.75% p.a
Expected rate of return on investments	12.25% p.a	14.75% p.a
Normal retirement age	60 years	60 years

40.9 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.

40.10 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, 2024		December 31, 2023	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Rupees in '000				
Discount rate	1.00%	(595,794)	693,568	(492,387)
Salary growth rate	1.00%	712,070	(622,049)	596,630
Withdrawal rate	10.00%	(22,529)	23,911	(5)

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.

40.11 The weighted average duration of the defined benefit obligation is 9.60 years.

40.12 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, 2024	490,434	424,281	1,651,132	32,866,341	35,432,188
At December 31, 2023	<u>272,589</u>	<u>266,748</u>	<u>911,658</u>	<u>48,466,805</u>	<u>49,917,800</u>

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

40.13 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Contribution for the next year works out to Rs 1,692.584 million as per the actuarial valuation report of the Bank as of December 31, 2024.

40.14 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.

40.15 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 144.98 million (2023: Rs 134.14 million). The charge of Rs 126.08 million (2023: Rs 98.71 million) has been recognised in the unconsolidated statement of profit and loss account and the charge of Rs 18.88 million (2023: Rs 35.43 million) has been recognised in Other Comprehensive Income. The present value of defined benefit obligation recognised in respect of this scheme amounts to Rs 808.53 million (2023: Rs 663.57 million).

The principal actuarial assumptions comprise of discount rate of 12.25 percent and salary increase rate of 11.75 percent. The sensitivity of the defined benefit obligation due to a one percent change in discount rate would be Rs 6.55 million (in case the discount rate is increased) and Rs 6.66 million (in case the discount rate is decreased). These sensitivities are calculated using the same methodology as explained in note 40.10.

40.16 The disclosures made in notes 40.1 to 40.15 are based on the information included in the actuarial valuation reports of the Bank as of December 31, 2024.

41 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.

	2024	2023
	Rupees in '000	
Contribution from the Bank	856,545	674,262
Contribution from the employees	<u>856,545</u>	<u>674,262</u>
	<u>1,713,090</u>	<u>1,348,524</u>

42 EMPLOYEES STOCK OPTION SCHEME

During the years 2021-2024, 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 2024	2 years	01-May-26	2,936,667	2,695,906	144.99	112	<u>15.00%</u>	<u>28.56%</u>
	3 years	01-May-27	2,936,667	2,695,906	144.99	129		
	4 years	01-May-28	<u>2,936,667</u>	<u>2,695,906</u>	144.99	145		
			<u>8,810,001</u>	<u>8,087,718</u>				
Share options issued in 2023	2 years	01-May-25	3,164,300	2,605,564	67.87	52	<u>15.75%</u>	<u>28.16%</u>
	3 years	01-May-26	3,164,300	2,605,564	67.87	61		
	4 years	01-May-27	3,164,300	2,605,564	67.87	69		
			<u>9,492,900</u>	<u>7,816,692</u>				
Share options issued in 2022	2 years	01-May-24	2,508,648	-	85.76	44	<u>13.50%</u>	<u>30.08%</u>
	3 years	01-May-25	2,508,648	2,144,529	85.76	55		
	4 years	01-May-26	2,508,648	2,144,529	85.76	64		
			<u>7,525,944</u>	<u>4,289,058</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	-	61.21	85		
	4 years	01-May-25	2,340,834	1,825,400	61.21	90		
			<u>7,022,500</u>	<u>1,825,400</u>				

Expense arising from this scheme is disclosed in note 33.1.

43 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

	2024						
	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	10,680	-	54,750	3,600	-	-	-
Managerial remuneration							
i) Fixed	-	-	-	52,328	114,397	633,251	682,087
ii) Cash Bonus	-	-	-	10,600	286,000	639,670	650,000
iii) Share based compensation expense	-	-	-	-	6,246	57,363	84,724
Charge for gratuity fund / EOSB (note 43.3)	-	-	-	-	-	23,220	27,244
Contribution to defined contribution plan	-	-	-	-	-	28,918	33,846
Others	-	-	-	-	3,706	4,886	-
	<u>10,680</u>	<u>-</u>	<u>54,750</u>	<u>66,528</u>	<u>410,349</u>	<u>1,387,308</u>	<u>1,477,901</u>
Number of persons	<u>1</u>	<u>-</u>	<u>9</u>	<u>5</u>	<u>1</u>	<u>21</u>	<u>66</u>
	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 / EOSB (note 43.3)	-	-	-	-	-	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>

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- 43.1** 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.
- 43.2** 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.
- 43.3** The Chief Executive is also entitled to End of Service Unfunded Defined Benefit Scheme details of which are given under note 40.15.
- 43.4 Remuneration to Directors for participation in Board and Committee Meetings.**

Sr. No.	Name of Director	For Board Meetings	Meeting Fees and Allowances						Total Amount	
			For Board Committees							
			Board Audit Committee	Risk Management Committee	Information Technology Committee	Human Resources, Remuneration & Compensation Committee	IFRS 9 Implementation Oversight Committee	Interview and Selection Committee***		
Rupees in '000										
1	Mr Riyadh S.A.A. Edrees (Chairman)	2,880	-	-	2,600	2,600	2,600	-	10,680	
2	Mr Faisal A.A.A. AlNassar (Vice Chairman)**	2,400	2,600	2,600	2,600	-	-	-	10,200	
3	Mr Bader H.A.M.A. AlRabiah	1,600	-	1,950	-	-	-	-	3,550	
4	Mr Saad Ur Rahman Khan	3,200	2,600	2,600	2,600	-	-	-	11,000	
5	Mr Faisal Fahad AlMuzaini	800	-	-	-	-	2,600	-	3,400	
6	Mr Tariq Mahmood Pasha	3,200	-	-	-	-	-	-	3,200	
7	Mr Mohamed Guermazi**	3,200	2,600	-	-	-	-	-	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**	800	-	2,600	-	-	-	-	3,400	
11	Mr.Zine Elabdine Bachir*	-	-	-	-	-	-	-	-	
12	Mr. Abdulrazzaq T.A.M. Razoqi*	-	-	-	-	-	-	-	-	
		24,480	10,400	9,750	7,800	7,800	5,200	-	65,430	

* They were elected on the Board with effect from November 18, 2024.

** They retired from the Board with effect from November 18, 2024.

Sr. No.	Name of Director	For Board Meetings	Meeting Fees and Allowances						Total Amount	
			For Board Committees							
			Board Audit Committee	Risk Management Committee	Information Technology Committee	Human Resources, Remuneration & Compensation Committee	IFRS 9 Implementation Oversight Committee	Interview and Selection 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. AlNassar (Vice Chairman)	2,800	2,600	2,600	2,600	-	-	-	10,600	
3	Mr Bader H.A.M.A. AlRabiah	1,600	-	1,950	-	-	-	-	3,550	
4	Mr Saad Ur Rehman Khan	800	650	650	650	-	-	-	2,750	
5	Mr Faisal Fahad AlMuzaini	1,600	-	-	-	-	2,600	-	4,200	
6	Mr Tariq Mahmood Pasha	800	-	-	-	-	-	-	800	
7	Mr Mohamed Guermazi	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	

*** This Committee was both formed and dissolved in 2023

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

43.5 Remuneration to Members Shariah Board

	2024			2023		
	Chairman	Resident Member	Non Resident Members	Chairman	Resident Member	Non Resident Members
	Rupees in '000					
Meeting fees	-	-	3,600	-	-	1,900
Managerial remuneration and allowances	-	9,601	42,727	-	7,140	34,755
Cash Bonus	-	10,600	-	-	8,500	-
Total number of persons	1	1	3	1	1	2

44

FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted securities other than those classified as amortised cost / held to maturity, is based on quoted market price. Quoted debt securities classified as amortised cost / held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of valuation methodologies. The fair value of unquoted debt securities, fixed term financings, other assets, other liabilities, fixed term deposits and due to financial institutions cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer financings and deposits, are frequently repriced.

44.1 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, 2024 and December 31, 2023 by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Carrying value	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	1,359,467,076	555,352,527	799,336,050	4,778,499	1,359,467,076		
- Shares / Units of mutual funds	11,197,572	10,513,112	66,633	617,827	11,197,572		
- Non Government Sukuk	131,254,670	118,045,677	2,897,726	10,311,267	131,254,670		
- Foreign Securities	3,968,059	-	3,957,670	10,389	3,968,059		
	1,505,887,377	683,911,316	806,258,079	15,717,982	1,505,887,377		
Financial assets - disclosed but not measured at fair value							
Investments							
- Federal Government securities	362,725,910	-	343,031,635	21,053,574	364,085,209		
	362,725,910	-	343,031,635	21,053,574	364,085,209		
	1,868,613,287	683,911,316	1,149,289,714	36,771,556	1,869,972,586		
Off-balance sheet financial instruments - measured at fair value							
Forward purchase and sale of foreign exchange contracts	685,420	-	685,420	-	685,420		

Notes to and Forming Part of the Unconsolidated Financial Statements

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	Carrying value	2023				
		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	1,202,500,730	633,750	1,201,866,980	-	1,202,500,730	
- Shares	10,845,690	10,845,690	-	-	10,845,690	
- Non Government Sukus	119,520,856	119,520,856	-	-	119,520,856	
- Foreign Securities	5,102,756	-	5,102,756	-	5,102,756	
	<u>1,337,970,032</u>	<u>131,000,296</u>	<u>1,206,969,736</u>	<u>-</u>	<u>1,337,970,032</u>	
Financial assets - disclosed but not measured at fair value						
Investments						
- Federal Government securities	<u>216,954,593</u>	<u>-</u>	<u>187,691,000</u>	<u>-</u>	<u>187,691,000</u>	
	<u>216,954,593</u>	<u>-</u>	<u>187,691,000</u>	<u>-</u>	<u>187,691,000</u>	
	<u>1,554,924,625</u>	<u>131,000,296</u>	<u>1,394,660,736</u>	<u>-</u>	<u>1,525,661,032</u>	
Off-balance sheet financial instruments - measured at fair value						
Forward purchase and sale of foreign exchange contracts						
	<u>848,249</u>	<u>-</u>	<u>848,249</u>	<u>-</u>	<u>848,249</u>	

44.2 Fair Value of non-financial assets

	Carrying value	2024				
		Fair value				
		Level 1	Level 2	Level 3	Total	
Rupees in '000						
Non-banking assets acquired in satisfaction of claims						
	<u>498,450</u>	<u>-</u>	<u>-</u>	<u>498,450</u>	<u>498,450</u>	
	<u>498,450</u>	<u>-</u>	<u>-</u>	<u>498,450</u>	<u>498,450</u>	

	Carrying value	2023				
		Fair value				
		Level 1	Level 2	Level 3	Total	
Rupees in '000						
Non-banking assets acquired in satisfaction of claims						
	<u>36,320</u>	<u>-</u>	<u>-</u>	<u>36,320</u>	<u>36,320</u>	
	<u>36,320</u>	<u>-</u>	<u>-</u>	<u>36,320</u>	<u>36,320</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

For The Year Ended December 31, 2024

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 Sukus	The fair value of GoP Ijarah sukus listed on Pakistan Stock Exchange has been determined through closing rates of Pakistan Stock Exchange. The fair value of other GoP Ijarah sukus 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	These are measured at fair value using the rates published by the valuation expert (Bloomberg)
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by SBP.
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 of the bank for the year ended December 31, 2024
Units of mutual funds	The valuation has been determined based on net asset values (NAV) declared by respective funds.
Unquoted Equity Securities	The value of unquoted equity securities are determined by using different methods for different securities. Fair value of investment in Sapphire Electric Company Limited has been determined by Dividend Discount Model (DDM) by using constant dividends streams of the entity by using various key assumptions considering economic and market conditions. Key assumptions include discount rate and terminal growth rate (if applicable).
Corporate sukus	The valuation has been determined through closing rates announced by FMA (Financial Market Association) through Reuters.

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.

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 15.2.1. The change in the market value has been accounted for in the unconsolidated statement of profit and loss account.

The sensitivity analysis of the fair value measurement of unquoted equity securities due to changes in observable inputs has not been disclosed as the amount is not material and significant.

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

45 SEGMENT INFORMATION

45.1 Segment Details with respect to Business Activities

	2024					
	Corporate and Commercial banking	Retail banking	Trading and sales	Others	Inter-segment Eliminations	Total
Rupees in '000						
Unconsolidated profit and loss account						
External funded revenue	179,663,034	9,794,699	304,839,119	-	-	494,296,852
External non funded revenue	6,119,005	5,437,614	6,535,096	10,786,231	-	28,877,946
Inter segment revenue - net	-	441,879,838	-	80,440	(441,960,278)	-
Total income	185,782,039	457,112,151	311,374,215	10,866,671	(441,960,278)	523,174,798
 External cost of funds	14,557,941	149,691,564	43,007,988	-	-	207,257,493
Segment direct expenses	2,422,665	75,517,200	900,485	5,770,782	-	84,611,132
Inter segment expense allocation	155,448,338	-	286,511,940	-	(441,960,278)	-
Total expenses	172,428,944	225,208,764	330,420,413	5,770,782	(441,960,278)	291,868,625
Credit loss allowance / provisions and write offs - net	8,936,298	114,423	7,184	163,164	-	9,221,069
Profit before tax	4,416,797	231,788,964	(19,053,382)	4,932,725	-	222,085,104
 Unconsolidated statement of financial position						
Cash and bank balances	2,701,418	259,368,426	-	12,089,364	-	274,159,208
Due from financial institutions	-	-	34,964,299	-	-	34,964,299
Investments	13,208,564	-	1,857,327,056	-	-	1,870,535,620
Net inter segment lending	-	2,447,257,940	-	16,951,850	(2,464,209,790)	-
Islamic financings and related assets	1,432,227,514	82,528,422	-	-	-	1,514,755,936
Others	51,394,838	92,412,523	60,257,206	1,931,700	-	205,996,267
Total assets	1,499,532,334	2,881,567,311	1,952,548,561	30,972,914	(2,464,209,790)	3,900,411,330
 Due to financial institutions	109,871,661	13,102,601	599,312,056	-	-	722,286,318
Deposits and other accounts	-	2,584,871,300	-	-	-	2,584,871,300
Sub-ordinated sukuk	20,990,000	-	-	-	-	20,990,000
Net inter segment borrowing	1,236,595,417	-	1,227,614,373	-	(2,464,209,790)	-
Others	37,120,929	256,091,800	1,981,628	30,085,063	-	325,279,420
Total liabilities	1,404,578,007	2,854,065,701	1,828,908,057	30,085,063	(2,464,209,790)	3,653,427,038
Equity	94,954,327	27,501,610	123,640,504	887,851	-	246,984,292
Total equity and liabilities	1,499,532,334	2,881,567,311	1,952,548,561	30,972,914	(2,464,209,790)	3,900,411,330
 Contingencies and Commitments	1,522,044,807	87,751,572	280,886,420	-	-	1,890,682,799

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

	2023					
	Corporate and Commercial banking	Retail banking	Trading and sales	Others	Inter-segment Eliminations	Total
Rupees in '000						
Unconsolidated statement of 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 sukuk	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

46 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.

47 RELATED PARTY TRANSACTIONS

- 47.1 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 companies, associated companies, retirement benefit funds, directors, and key management personnel and their close family members.
- 47.2 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

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47.3 Subsidiary companies

- Al Meezan Investment Management Limited
- Meezan Exchange Company (Private) Limited

47.4 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.

47.5 Key management personnel

- President and Chief Executive Officer
- Deputy Chief Executive Officers

47.6 Details of transactions with related parties during the year and balances with them (other than those disclosed in respective notes) as at the year-end as are follows:

	Total		Subsidiaries		Associates		Directors and close family members		Key management personnel and close family members		Other related parties	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Rupees in '000												
Islamic financing and related assets												
At January 1,	33,002,164	29,972,348	-	-	32,914,968	29,972,348	-	-	87,196	-	-	-
Addition during the year	3,522,664	23,154,677	-	-	3,522,664	23,066,434	-	-	-	88,243	-	-
Repayment during the year	(36,441,928)	(20,124,861)	-	-	(36,437,632)	(20,123,814)	-	-	(4,296)	(1,047)	-	-
At December 31	82,900	33,002,164	-	-	-	32,914,968	-	-	82,900	87,196	-	-
Investments												
At January 1,	908,302	908,302	63,050	63,050	845,252	845,252	-	-	-	-	-	-
Investments made during the year	1,015,000	-	1,000,000	-	15,000	-	-	-	-	-	-	-
Repayment / redemption during the year	(969)	-	-	-	(969)	-	-	-	-	-	-	-
At December 31	1,922,333	908,302	1,063,050	63,050	859,283	845,252	-	-	-	-	-	-
Deposits												
	8,477,554	6,588,811	287,629	53,388	6,758,697	5,521,335	251,138	167,014	75,745	176,822	1,104,345	670,252
Other Assets												
Profit receivable on financing / investments / placements	44	1,076,495	-	-	-	1,076,459	-	-	44	36	-	-
Fee and other receivable	294,119	113,922	235,786	83,405	58,333	28,800	-	-	-	-	-	1,717
Credit loss allowance / provision held against other assets	45	-	32	-	8	-	-	-	5	-	-	-

Notes to and Forming Part of the Unconsolidated Financial Statements

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	Total		Subsidiaries		Associates		Directors and close family members		Key management personnel and close family members		Other related parties	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Rupees in '000												
Due to financial institutions												
At January 1,	-	18,000,000	-	-	-	18,000,000	-	-	-	-	-	-
Addition during the year	643,630,000	157,050,000	-	-	643,630,000	157,050,000	-	-	-	-	-	-
Paid during the year	(596,500,000)	(175,050,000)	-	-	(596,500,000)	(175,050,000)	-	-	-	-	-	-
At December 31	47,130,000	-	-	-	47,130,000	-	-	-	-	-	-	-
Sub-ordinated Sukus												
At January 1,	210,000	210,000	-	-	210,000	210,000	-	-	-	-	-	-
Issued / purchased during the year	-	200,000	-	-	-	200,000	-	-	-	-	-	-
Redemption / sold 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	256,364	-	-	-	256,364	-	-	-	-	-	-	-
Payable to defined benefit plan	2,153,351	1,550,202	-	-	-	-	-	-	808,528	663,573	1,344,823	886,629
Accrued expenses	4,550	11,717	2,200	6,707	-	-	2,350	5,010	-	-	-	-
Unearned income	-	4,534	-	-	-	4,534	-	-	-	-	-	-
Contingencies and Commitments												
Letters of credit (unfunded)	-	81,444	-	-	-	81,444	-	-	-	-	-	-
Letters of guarantee (unfunded)	100	1,175,557	100	100	-	1,175,457	-	-	-	-	-	-
Income												
Profit earned on financing / investments / placements	2,361,062	5,592,691	-	-	2,357,134	5,591,608	-	-	3,928	1,083	-	-
Fees and commission income earned	1,197,714	761,959	600,945	294,415	596,428	467,187	32	21	217	251	92	85
Dividend income	1,563,712	472,158	1,227,850	455,000	335,862	17,158	-	-	-	-	-	-
Net gain on sale of securities	4,031	-	-	-	4,031	-	-	-	-	-	-	-
Expense												
Return on deposits / acceptance expensed	2,495,723	2,257,181	37,076	7,247	2,334,209	2,162,898	5,074	3,853	12,119	13,451	107,245	69,732
Recovery of expenses	71,824	1,717	71,824	-	-	-	-	-	-	-	-	1,717
Charge for defined benefit plan	1,344,823	886,629	-	-	-	-	-	-	-	-	1,344,823	886,629
Contribution to defined contribution plan	856,545	674,262	-	-	-	-	-	-	-	-	856,545	674,262
Contribution to staff benevolent fund	114,294	82,816	-	-	-	-	-	-	-	-	114,294	82,816
Fees expensed	33,246	26,593	31,437	22,496	1,809	4,097	-	-	-	-	-	-
ECL - net (including recognised directly in equity)	3,601	-	32	-	3,564	-	-	-	5	-	-	-
Charity paid	92,500	81,500	-	-	4,000	1,500	-	-	-	-	88,500	80,000
Purchase of fixed assets	32,845	320,143	-	-	32,845	320,143	-	-	-	-	-	-
Remuneration to key management personnel	898,861	898,861	-	-	-	-	-	-	898,861	865,424	-	-
Fee to non-executive directors (note 43)	65,430	69,560	-	-	-	-	65,430	69,560	-	-	-	-
Proceed from the issuance of shares under employees shares option scheme	9,431	3,570	-	-	-	-	-	-	9,431	3,570	-	-
Proceeds from sale of fixed assets	7,261	-	-	-	-	-	-	-	7,261	-	-	-

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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48 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.

48.1 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 , investment in own shares.
 - 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 financing 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.

48.2 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.

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, 2024 whereas CAR stood at 20.35% as of December 31, 2024.

The Bank calculates risk weighted assets 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 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.

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

49 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

2024

2023

Rupees in '000

Minimum Capital Requirement (MCR)	
Paid-up capital (net of losses)	17,947,407
Capital Adequacy Ratio (CAR):	
Eligible Common Equity Tier 1 (CET 1) Capital	221,804,077
Eligible Additional Tier 1 (ADT 1) Capital	7,000,000
Total Eligible Tier 1 Capital	228,804,077
Eligible Tier 2 Capital	47,135,239
Total Eligible Capital (Tier 1 + Tier 2)	275,939,316
Risk weighted assets (RWAs):	
Credit Risk	880,323,774
Market Risk	36,391,197
Operational Risk	439,129,711
Total	1,355,844,682
Common Equity Tier 1 Capital Adequacy ratio	16.36%
Tier 1 Capital Adequacy Ratio	16.88%
Total Capital Adequacy Ratio	20.35%
Leverage ratio (LR):	
Eligible Tier-1 Capital	228,804,077
Total Exposures	4,186,333,675
Leverage Ratio	5.47%
Liquidity coverage ratio (LCR):	
Total High Quality Liquid Assets	1,320,749,145
Total Net Cash Outflow	433,217,397
Liquidity Coverage Ratio	305%
Net stable funding ratio (NSFR):	
Total Available Stable Funding	2,572,046,020
Total Required Stable Funding	1,453,475,186
Net Stable Funding Ratio	177%
	2,161,583,994
	1,049,256,515
	206%

- 49.1** In the latest assessment carried out by the SBP under 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 <http://www.meezanbank.com>

50 RISK MANAGEMENT

Economic fundamentals improved and political uncertainty showed a decline during 2024. Stability in FX reserves, exchange rate and decline in policy rate were the major contributor to the overall improvement in economic situation. During the year, SBP decreased the benchmark interest rate by a cumulative 900 bps to 13%. This steep decrease was due to decline in headline inflation to 4.1% only in Dec 2024 resulting in ample cushion for SBP to focus on monetary easing. Stock market showed robust growth as benchmark index grew by 84% in 2024. However, fiscal policy remains a key challenge for the government to generate additional revenue. Sustainable fiscal measures along with external support from IMF and other sources will be the key determinant for the economy in the future.

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

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 withstand 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.

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 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.

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

50.1 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 which may 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.

50.1.1 Methodologies and models used for the measurement of Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD)

50.1.1.1 IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

Stage 1:	When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and they have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure at default (EAD) and multiplied by the expected Loss given default (LGD) and discounted by an approximation to the original effective profit rate (EIR). This calculation is made for all the scenarios.
Stage 2:	When a financial instrument has shown a significant increase in credit risk (SICR) since origination, the Bank records an allowance for the LTECLs. Stage 2 also include facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but probability of default (PD) are applied over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
Stage 3:	For financial instruments considered credit-impaired, the Bank recognises the lifetime expected credit losses for these instruments. The Bank uses a PD of 100% and LGD as computed for each portfolio. This is then compared with allowance computed under SBP Prudential Regulations and higher of the two amounts is taken as the allowance for credit-impaired instrument.
Purchased or originated credit impaired (POCI):	POCI assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and profit / rental is subsequently recognised based on approximation to a credit-adjusted effective profit rate. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.
Undrawn financing commitments	When estimating LTECLs for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios.

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

Guarantee and letters of credit	The Bank estimates ECLs based on the BASEL driven credit conversion factor (CCF) for guarantee and letter of credit. The calculation is made using a probability-weighting of the three scenarios. The ECLs are recognised within other liabilities.
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50.1.1.2 Forward looking information

In the ECL models, the Bank relies on a range of forward looking information as economic inputs, such as:

- GDP growth
- Volume of exports of goods
- Consumer price index
- Unemployment rate

50.1.1.3 The calculation of ECLs

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI, undrawn financing commitments, guarantee and letter of credits is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), discounted at an approximation to the EIR, defined as follows:

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk (note 50.1.1.6.1);
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of portfolio and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

The Bank calculates ECLs based on a three probability-weighted scenarios (Base, best and worst) [after deriving PDs based on forward looking information as detailed below] to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

50.1.1.4 The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD	The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on transitioning among credit states. Credit states are defined by rating classes and are based on the Bank's internal risk ratings (i.e. from 1 to 12). PDs for non rated portfolios are calculated based on Days Past Due (DPD) bucket level for each segment separately. Where practical, they also build on information from External Rating Agencies. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information.
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EAD	The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued profit from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. The Bank's product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.
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Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

LGD The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. Bank has estimated segment wise LGDs for Corporate/Commercial, SME & Agri Portfolio as well as product wise LGDs for House Finance, Car Ijarah, Bike Ijarah and Consumer ease. The LGDs are determined using workout approach, based on vintage recovery data for the defaulted portfolio; these recoveries are then discounted back to date of default, to factor in time value of money.

The Bank has converted the estimates for segment / product wise historical LGDs (Through the cycle LGDs) into forward looking point in time LGDs, through use of term structure of Point in time PDs.

50.1.1.5 ECL Principles, Grouping and Calculations

The ECL is determined by projecting the PD, LGD and EAD for each future repayment date and for each individual exposure. These three components are multiplied together, effectively calculating an ECL for each future repayment date, which is then discounted back to the reporting date and summed.

The discount rate used to discount the ECLs is based on the effective profit rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective profit rate (at reporting date), the Bank uses an approximation e.g. contractual rate (at reporting date).

Effective profit rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

When estimating the ECLs, the Bank considers three scenarios (base case, best case, worst case). Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted financing are expected to be recovered, including the probability that the financing will cure and the value of collateral or the amount that might be received for selling the asset.

The Bank considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty and enforceability
- History of enforceability and recovery.

The Bank's management has only considered cash, liquid securities, gold, and Government of Pakistan guarantees as eligible collaterals in the LGD calculation. All of these collaterals have a 0% haircut other than equity securities where haircut of 15% is applied.

The credit exposure (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

The SBP has issued FAQs in its BPRD Circular Letter No. 16 dated July 29, 2024 with regard to certain interpretation of the SBP application instructions. In respect of Stage 3 provision, the SBP has clarified that the banks, while assessing the higher of IFRS 9 ECL and provision under the SBP Prudential Regulations, shall take into account the ECL against corporate / commercial / SME Islamic financing and related assets portfolios at the borrower / facility level, and for the retail borrowers at segment / product basis.

50.1.1.6 ECL Modeling and staging criteria / Significant increase in ECLs / Cooling off criteria and movement between stages

50.1.1.6.1 Significant increase in credit risk (SICR)

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure (including profit accrued) to have significantly increased in credit risk when:

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Quantitative criteria

- The Bank considers that there has been a significant increase in credit risk when contractual payments are more than specified days.

Qualitative criteria

- whether there has been a significant increase in credit risk since initial recognition based on internal ratings.
- The customer / facility has been placed on the watchlist rating.

For all the balances with other banks (local / foreign), due from FIs and sovereign exposures (in foreign currency), external ratings falling below specified rating grade shall be considered as SICR and the exposure will be classified in stage 2.

Exposure below specified rating grade, at origination, will be considered in stage 2.

50.1.6.2 Cooling off criteria

A customer classified as stage 2 will move to stage 1 if the following criteria is met and it does not meet SICR indicators at the reporting date.

Reason for classification in Stage 2 (refer to SICR)	Move to Stage 1 when
Delinquency	Counterparty should not be delinquent as at reporting date. **
Restructured / rescheduling	Customer is regular as per Prudential Regulations for customers classified as Non-performing financing. *
Risk rating	As per the revised rating, the customer does not fall in the criteria of downgrading to Stage 2. *

*A minimum cooling period is required, from meeting the relevant criteria, before any financial asset is moved back to Stage 1

**A minimum cooling period or next payment made on due date, whichever is later, from meeting the relevant criteria has lapsed/ occurred before customer is moved back to Stage 1.

As a general rule, the underlying facility must have become regular, should be current and no longer meets the definition of credit impaired or is in default before it can be reclassified back from Stage 3.

Any upgrading of non-performing exposure to a performing status must be subject to a cooling off period of specified months. However, for financings classified as non-performing, cooling off period and other conditions specified in PRs will have to be complied with. If the facility has been regular doing cooling off period, it will move back to stage 2 after which the criteria for moving from stage 1 to stage 2 will be applied.

50.1.2 Segmental information

50.1.2.1 Due from financial institutions

Credit risk by public / private sector

	Gross amount due from financial institutions		Non-performing amount due from financial institution		Credit loss allowance (stage 3) / provision held	
	2024	2023	2024	2023	2024	2023
Rupees in '000						
Public / Government	-	-	-	-	-	-
Private	34,979,799	34,979,799	15,500	15,500	15,500	15,500
	34,979,799	34,979,799	15,500	15,500	15,500	15,500

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For The Year Ended December 31, 2024

50.1.2.2 Investment in debt securities

Credit risk by industry sector	Gross investments*		Non-performing investments		Credit loss allowance / provision held					
					Stage 3 / provision		Stage 2		Stage 1	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Rupees in '000										
Chemical and pharmaceuticals	417,650	413,748	17,650	20,645	17,650	20,645	-	-	1,754	-
Construction and allied industries	656,961	250,000	-	-	-	-	-	-	2,578	-
Steel and allied industries	790,750	965,750	272,000	-	272,000	-	-	-	455	-
Federal Government Securities	1,684,524,164	1,407,153,959	-	-	-	-	-	-	-	-
Financial	992,150	1,082,999	-	-	-	-	-	-	-	-
Foreign Government Securities	3,194,577	4,645,817	-	-	-	-	-	-	326	-
Power (electricity)	125,872,393	128,200,411	-	-	-	-	-	-	103	-
Textile	50,000	92,857	50,000	50,000	50,000	50,000	-	-	-	-
	1,816,498,645	1,542,805,541	339,650	70,645	339,650	70,645	-	-	5,216	-
Credit risk by public / private sector										
Public / Government	1,812,756,999	1,538,976,515	-	-	-	-	-	-	-	-
Private	3,741,646	3,829,026	339,650	70,645	339,650	70,645	-	-	5,216	-
	1,816,498,645	1,542,805,541	339,650	70,645	339,650	70,645	-	-	5,216	-

*This includes debt securities carried at FVTPL, government and government guaranteed debt securities on which ECL has not been calculated.

50.1.2.3 Islamic financing and related assets

Credit risk by industry sector	Gross Amount*		Non-performing amount		Credit loss allowance / provision held					
					Stage 3 / provision		Stage 2		Stage 1	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Rupees in '000										
Agriculture, food, feed mills, poultry, dairy, forestry and fishing	133,316,192	118,465,031	2,679,877	4,438,568	2,644,356	4,469,726	6,187	-	165,479	-
Automobile and transportation equipment	45,697,887	26,500,707	344,085	545,984	345,149	545,984	22,132	-	68,102	-
Cement	45,026,273	21,289,514	-	-	-	-	19	-	34,621	-
Chemical and pharmaceuticals	159,880,403	49,400,905	148,928	59,606	148,928	59,606	62,485	-	106,063	-
Construction	20,595,402	14,864,604	4,606,743	5,881	4,099,876	5,881	5,831	-	20,419	-
Steel and allied industries	26,470,006	27,056,130	2,810,118	286,597	2,807,552	250,552	5,957	-	24,834	-
Plastic products manufacturer	9,240,192	6,641,096	-	-	-	-	12	-	16,879	-
Electronics and electrical appliances	16,311,149	14,776,106	1,170,124	1,170,124	1,250,000	1,250,000	33,803	-	33,777	-
Exports / imports	3,384,827	936,077	148,939	152,554	148,939	152,574	-	-	4,231	-
Fertilizer	82,111,061	28,892,557	-	-	-	-	96	-	34,761	-
Financial	4,948,349	35,834,765	-	-	-	-	-	-	15,560	-
Footwear and leather garments	4,131,641	6,659,357	-	-	-	-	901	-	19,177	-
Individuals	57,323,811	62,745,782	2,009,082	1,372,154	1,528,150	410,169	65,743	-	100,189	-
Takaful / insurance	303,506	500,664	-	-	-	-	-	-	625	-
Mining and quarrying	11,867,305	12,695,761	-	-	-	-	78	-	18,588	-
Oil and gas	153,533,353	105,974,401	4,274,351	4,364,340	4,247,410	4,337,347	-	-	333,261	-
Paper, board and packaging	42,934,811	26,337,151	138,716	148,396	136,701	146,381	-	-	196,275	-
Power (electricity)	114,931,497	113,122,498	723,741	753,702	723,741	753,702	23	-	356,115	-
Services	71,589,449	9,040,836	38,172	53,694	37,179	51,814	1,695	-	33,346	-
Sugar	45,760,196	24,306,742	-	-	-	-	88,364	-	109,794	-
Textile	335,166,388	192,044,497	5,418,806	2,959,913	5,127,683	3,075,307	849,322	-	614,008	-
Transport, storage and communication	116,393,259	62,892,189	101,008	60,010	54,190	43,310	357,796	-	223,187	-
Wholesale and retail trade	40,423,485	23,266,521	616,445	555,526	574,462	542,596	10,516	-	61,217	-
Others	15,021,876	7,983,572	14,038	12,148	10,962	12,148	456	-	19,380	-
	1,556,362,318	992,027,463	25,243,173	16,939,197	23,885,078	16,107,097	1,511,416	-	2,609,888	-

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Credit risk by public / private sector	Gross Amount*		Non-performing amount		Credit loss allowance / provision held					
					Stage 3 / provision		Stage 2		Stage 1	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Rupees in '000										
Public / Government	205,613,298	182,527,248	-	-	-	-	-	-	371,416	-
Private	1,350,749,020	809,500,215	25,243,173	16,939,197	23,885,078	16,107,097	1,511,416	-	2,238,472	-
	1,556,362,318	992,027,463	25,243,173	16,939,197	23,885,078	16,107,097	1,511,416	-	2,609,888	-

*This includes government guaranteed exposures on which ECL has not been calculated.

50.1.2.4 Contingencies and Commitments

Credit risk by industry sector

	2024	2023
	Rupees in '000	
Agriculture, food, feed mills, poultry, dairy, forestry and fishing	297,756,074	132,389,776
Automobile and transportation equipment	69,356,050	34,340,407
Cement	6,536,861	14,844,770
Chemical and pharmaceuticals	70,034,097	43,448,449
Construction	27,649,036	41,770,113
Steel and allied industries	38,296,453	39,998,640
Plastic products manufacturer	6,943,853	5,213,399
Electronics and electrical appliances	32,843,317	16,786,272
Exports / imports	5,850,793	10,818,847
Fertilizer	57,058,348	27,405,835
Financial	359,863,485	311,320,831
Footwear and leather garments	13,687,367	14,736,706
Individuals	6,151,547	1,649,885
Takaful / insurance	700,301	316,659
Mining and quarrying	8,657,743	5,679,410
Oil and gas	127,972,685	65,578,693
Paper, board and packaging	19,897,951	30,384,626
Power (electricity)	107,419,860	120,046,912
Services	93,249,990	73,964,906
Sugar	43,980,208	36,958,273
Textile	277,966,253	208,645,115
Transport, storage and communication	14,014,447	30,154,485
Wholesale and retail trade	171,667,604	50,057,792
Others	33,128,476	14,632,000
	<u>1,890,682,799</u>	<u>1,331,142,801</u>

Credit risk by public / private sector

	2024	2023
	Rupees in '000	
Public / Government	300,512,632	232,662,651
Private	1,590,170,167	1,098,480,150
	<u>1,890,682,799</u>	<u>1,331,142,801</u>

50.1.2.5 Concentration of Islamic financing and related assets

The Bank top 10 exposures on the basis of total (funded and non-funded) exposures aggregated to Rs 541,432 million (2023: Rs 282,996 million) as follows:

	2024	2023
	Rupees in '000	
Funded exposure	444,479,159	199,447,549
Non funded exposure	96,952,716	83,548,255
Total exposure	<u>541,431,875</u>	<u>282,995,804</u>

The sanctioned limits against these top 10 exposures aggregated to Rs 631,523 million (2023: Rs 361,313 million). None of the exposure against these top 10 customers is in classified stage.

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50.1.2.6 Islamic Financings and related assets - Province/Region-wise Disbursement & Utilization

Province / Region	2024						
	Disbursements		Utilization				
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	
Rupees in '000							
Punjab	1,130,141,028	1,130,141,028	-	-	-	-	-
Sindh	1,916,969,747	-	1,916,969,747	-	-	-	-
KPK including FATA	18,650,934	-	-	18,650,934	-	-	-
Balochistan	3,922,278	-	-	-	3,922,278	-	-
Islamabad	225,913,434	-	-	-	-	225,913,434	-
AJK including Gilgit-Baltistan	292,578	-	-	-	-	-	292,578
Total	3,295,889,999	1,130,141,028	1,916,969,747	18,650,934	3,922,278	225,913,434	292,578

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

50.1.3 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.

50.1.3.1 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 (ECAs) duly recognised by the SBP for capital adequacy purposes. In this connection, the Bank utilises the credit ratings assigned by ECAs 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.

Types of Exposure and ECAI's used

Exposures	2024				
	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 Alphanumeric scale of each agency is mapped with risk buckets in accordance with instructions laid down by SBP under Basel II requirements.

5013.2 Credit exposures subject to standardised approach

On-balance sheet Exposures	2024			2023		
	Amount Outstanding	Deduction Credit Risk Management	Net amount	Amount Outstanding	Deduction Credit Risk Management	Net amount
Rupees in '000						
Banks						
20%	62,780,856	39,424,000	23,356,856	93,805,219	63,184,012	30,621,207
50%	282,059	-	282,059	275,704	-	275,704
100%	-	-	-	1,082,999	-	1,082,999
150%	4,355	-	4,355	435,878	-	435,878
Unrated	1,148,637	-	1,148,637	3,842	-	3,842
Sovereigns						
0%	1,960,345,353	1,514,780	1,958,830,573	1,659,509,724	3,868,964	1,655,640,760
20%	1,750,660	-	1,750,660	1,731,677	-	1,731,677
50%	1,393,730	-	1,393,730	2,833,161	-	2,833,161
100%	-	-	-	-	-	-
Unrated	-	-	-	-	-	-
150%	700,757	-	700,757	11,122,626	-	11,122,626
Public Sector entities						
20%	126,613,161	18,347,884	108,265,277	73,743,671	18,011,836	55,731,835
50%	-	-	-	12,117,647	4,852,513	7,265,134
Unrated (50%)	226,369,469	167,386,120	58,983,349	207,853,561	160,589,850	47,263,711
Corporate						
20%	542,398,591	76,767,886	465,630,705	304,440,139	2,788,662	301,651,477
50%	230,726,307	12,864,659	217,861,648	218,094,411	8,259,502	209,834,909
100%	3,401,688	73,621	3,328,067	7,296,865	-	7,296,865
Unrated 1 (100%)	176,543,618	5,474,552	171,069,066	127,538,395	11,711,710	115,826,685
Unrated 2 (125%)	309,699,314	154,789,048	154,910,266	81,404,346	17,015,488	64,388,858
Retails						
75%	82,012,781	11,587,796	70,424,985	62,557,205	12,569,119	49,988,086
Residential Mortgage						
35%	17,864,406	-	17,864,406	22,174,920	-	22,174,920
25%	5,597,886	2,239,026	3,358,860	6,080,806	2,432,322	3,648,484
Past Due						
50%	1,026,043	167,841	858,202	237,570	121,081	116,489
100%	965,434	11,812	953,622	834,110	12,621	821,489
150%	165,996	58,617	107,379	50,103	3,187	46,916
Others (0% - 250%)	146,382,785	-	146,382,785	117,168,880	-	117,168,880
Total	3,898,173,886	490,707,642	3,407,466,244	3,012,393,459	305,420,867	2,706,972,592

Notes to and Forming Part of the Unconsolidated Financial Statements

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50.1.3.3 Credit Risk: Disclosures with respect to Credit risk mitigation for Standardised approach

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 and Government securities.

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 490,707.642 million was availed through CRM against total on-balance sheet exposure of Rs 3,898,173.885 million. Under off-balance sheet, total benefit of Rs 20,875.550 million was availed by the Bank through CRM against total off-balance sheet, non-market related exposure of Rs 1,609,796.379 million. In the year 2024, total CRM benefit was Rs 511,583.192 million as against amount of Rs 323,097.529 million in year 2023.

50.1.3.4 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.

50.2 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.

50.2.1 Equity position in the banking and trading book

The Bank classifies and values its investment portfolio in accordance with the IFRS 9, IFRS 13 and SBP directives as stated in note 6.2 to these unconsolidated financial statements.

Trading book

FVTPL / held for trading and FVOCI / available for sale securities with trading intent;

- They are marked to market daily; and
- Any valuation difference is charged / credited to the unconsolidated statement of profit and loss account in case of FVTPL securities and to surplus on revaluation of investments - net of tax under equity in case of FVOCI securities.

Banking book

Assets outside trading book are part of the banking book. These may include assets classified as FVOCI / available for sale and Amortised Cost / held till maturity.

50.2.2 Balance sheet split by trading and banking books

	2024			2023		
	Banking Book	Trading Book	Total	Banking Book	Trading Book	Total
— Rupees in '000 —						
Cash and balances with treasury banks	260,734,258	-	260,734,258	242,611,556	-	242,611,556
Balances with other banks	13,424,950	-	13,424,950	11,452,256	-	11,452,256
Due from financial institutions	34,964,299	-	34,964,299	34,964,299	-	34,964,299
Investments	1,853,384,027	17,151,593	1,870,535,620	1,560,696,678	11,690,942	1,572,387,620
Islamic financings and related assets	1,514,755,936	-	1,514,755,936	961,673,012	-	961,673,012
Property and equipment	46,847,734	-	46,847,734	39,046,484	-	39,046,484
Right-of-use assets	21,230,197	-	21,230,197	19,571,852	-	19,571,852
Intangible assets	2,896,880	-	2,896,880	2,271,709	-	2,271,709
Deferred tax asset	-	-	-	-	-	-
Other assets - net	135,021,456	-	135,021,456	128,129,969	-	128,129,969
	3,883,259,737	17,151,593	3,900,411,330	3,000,417,815	11,690,942	3,012,108,757

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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.

50.2.3 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.

The analysis below represents the concentration of the Bank's foreign currency risk for on and off balance sheet financial instruments:

	2024			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure
Rupees in '000				
Pakistan Rupees	3,755,157,908	3,461,039,583	(47,003,140)	247,115,185
United States Dollars	136,644,711	171,859,704	34,842,683	(372,310)
Great Britain Pound	2,299,513	9,306,689	7,116,176	109,000
Japanese Yen	42,820	18,334	(30,318)	(5,832)
Euro	3,178,933	8,576,231	5,469,787	72,489
Singapore Dollars	19,912	10,742	-	9,170
Australian Dollars	434,485	186,640	(242,542)	5,303
Canadian Dollars	-	21,543	-	(21,543)
United Arab Emirates Dirham	327,202	338,835	-	(11,633)
Swiss Francs	9,947	51	-	9,896
Saudi Riyal	47,386	10,543	-	36,843
Swedish Krona	4,408	-	-	4,408
Malaysian Ringgit	4,888	3	-	4,885
Hong Kong Dollar	2,056	-	-	2,056
Thailand Bhat	610	-	-	610
Norwegian Krone	5,161	-	-	5,161
Danish Krone	10,772	-	-	10,772
Chinese Offshore Spot	-	-	-	-
Chinese Yuan	2,220,618	2,058,140	(152,646)	9,832
Total foreign currency exposure	145,253,422	192,387,455	47,003,140	(130,893)
Total currency exposure	3,900,411,330	3,653,427,038	-	246,984,292

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	2023			
	Assets	Liabilities	Off-balance sheet items	Net 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

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
Rupees in '000				
Impact of 1% change in foreign exchange rates on				
- Profit and Loss Account	-	1,892	-	7,783
- Other Comprehensive Income	-	-	-	-

50.2.4 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.

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
Rupees in '000				
Impact of 5% change in equity prices on				
- profit and loss account	-	-	-	-
- other comprehensive income	-	261,075	-	324,090

50.2.5 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.

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	2024		2023	
	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	6,019,108	-	5,307,225	-
- other comprehensive income	-	-	-	-

50.2.6 Mismatch of yield rate sensitive assets and liabilities

Effective yield rate %	Total	2024										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	-	260,734,258	-	-	-	-	-	-	-	-	260,734,258		
Balances with other banks	0.07	13,424,950	280,223	-	-	-	-	-	-	-	13,144,727		
Due from financial institutions	12.17	34,964,299	-	-	-	-	-	-	-	-	-		
Investments	13.24	1,868,613,287	115,968,043	94,648,806	1,236,298,913	34,964,299	236,852,778	79,831,769	73,553,419	-	10,879,029		
Islamic financing and related assets	12.12	1,514,755,936	869,959,386	303,725,990	177,726,983	38,054,820	16,800,151	27,049,010	29,252,331	36,871,558	13,357,547	1,959,060	
Other assets	-	122,572,994	-	-	-	-	-	-	-	-	-	122,572,994	
	3,615,065,724	986,207,652	398,373,896	1,414,025,896	93,599,649	253,652,929	106,880,779	102,805,750	36,871,558	13,357,547	409,290,068		
Liabilities													
Bills payable	-	112,605,407	-	-	-	-	-	-	-	-	112,605,407		
Due to financial institutions	13.55	722,286,318	608,484,708	17,740,596	32,098,714	551,230	2,113,740	9,263,522	6,971,445	40,234,700	2,744,373	2,083,290	
Deposits and other accounts	3.38	2,584,871,300	1,356,080,934	-	-	-	-	-	-	-	-	1,228,790,366	
Lease liability against right-of-use assets	-	25,848,322	-	-	-	-	-	-	-	-	-	25,848,322	
Sub-ordinated sukuk	17.88	20,990,000	11,000,000	-	9,990,000	-	-	-	-	-	-	-	
Other liabilities	-	147,232,381	-	-	-	-	-	-	-	-	-	147,232,381	
	3,613,833,728	1,975,565,642	17,740,596	42,088,714	551,230	2,113,740	9,263,522	6,971,445	40,234,700	2,744,373	1,061,3174	1,516,559,768	(1,072,629,698)
On-balance sheet gap		201,231,996	(989,357,990)	380,633,300	1,371,937,182	93,048,419	251,539,189	97,617,257	95,834,305	(3,363,142)	10,613,174		
Non financial assets													
- Investments		1,922,333											
- Property and equipment		46,847,734											
- Right-of-use assets		21,230,197											
- Intangible assets		2,896,880											
- Deferred tax asset		-											
- Other assets		12,448,482											
	85,345,606												
Non financial liabilities													
- Other liabilities		25,381,975											
- Deferred tax liabilities		14,211,335											
	39,593,310												
Total net assets		246,984,292											
Off-balance sheet financial instruments													
Guarantees		78,286,827	-	-	-	-	-	-	-	-	-	78,286,827	
Documentary letter of credits		369,351,453	-	-	-	-	-	-	-	-	-	369,351,453	
Forward purchase of foreign exchange contracts		163,944,780	-	-	-	-	-	-	-	-	-	163,944,780	
Forward sale of foreign exchange contracts		(116,941,640)	-	-	-	-	-	-	-	-	-	(116,941,640)	
Off-balance sheet gap		494,641,420	-	-	-	-	-	-	-	-	-	494,641,420	
Total yield risk rate sensitivity gap		(989,357,990)	380,633,300	1,371,937,182	93,048,419	251,539,189	97,617,257	95,834,305	(3,363,142)	10,613,174	(612,628,278)		
Cumulative yield risk rate sensitivity gap		(989,357,990)	(608,724,690)	763,212,492	856,260,911	1,107,800,100	1,205,417,357	1,301,251,662	1,297,888,520	1,308,501,694	695,873,416		

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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	-	-	-	-	-	-	-	-	-	
Investments	20.34	1,571,479,318	182,012,442	90,102,220	102,838,635	2,022,454	34,964,299	22,175,608	239,931,977	-	11,395,982	
Islamic financing and related assets	19.48	961,673,012	382,296,575	227,915,199	181,861,640	36,637,081	12,899,888	22,633,630	-	-	2,023,493	
Other assets	-	125,309,036	-	-	-	-	-	-	-	-	125,309,036	
		2,947,489,477	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	392,254,615
Liabilities												
Bills payable	-	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	-	-	39,724,176	
Deposits and other accounts	6.50	2,217,473,924	1,07,531,905	11,265,341	-	-	-	-	-	-	2,679,320	
Lease liability against right-of-use assets	-	22,093,855	-	-	-	-	-	-	-	-	-	
Sub-ordinated Sukuk	23.69	20,990,000	11,000,000	-	9,990,000	-	-	-	-	-	109,837,678	
Other liabilities	-	122,919,516	-	-	-	-	-	-	-	-	22,093,855	
		2,800,696,983	1,357,860,396	58,712,755	30,940,118	109,299	1,270,342	6,969,986	3,423,746	53,653,679	122,919,516	1,286,093,545
		146,793,394	(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	(893,838,930)
On-balance sheet gap												
Non financial assets												
- Investments		908,302	-	-	-	-	-	-	-	-	-	
- Property and equipment		39,046,484	-	-	-	-	-	-	-	-	-	
- Right-of-use assets		19,571,852	-	-	-	-	-	-	-	-	-	
- Intangible assets		2,271,709	-	-	-	-	-	-	-	-	-	
- Deferred tax asset		-	-	-	-	-	-	-	-	-	-	
- Other assets		2,820,933	-	-	-	-	-	-	-	-	-	
		64,619,280	-	-	-	-	-	-	-	-	-	
Non financial liabilities												
- Other liabilities		22,291,665	-	-	-	-	-	-	-	-	-	
- Deferred Tax liabilities		4,213,492	-	-	-	-	-	-	-	-	-	
		26,505,157	-	-	-	-	-	-	-	-	-	
Total net assets		<u>184,907,517</u>										
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	(532,004,638)	
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	

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.

50.3 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, 2024

50.3.1 Assets and liabilities - based on contractual maturities

	2024														
	Total	Up to 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	260,734,258	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances with other banks	13,424,950	13,424,950	-	-	-	-	-	-	-	-	-	-	-	-	
Due from financial institutions	34,964,299	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investments	187,053,620	-	-	-	-	-	-	-	-	-	-	-	-	-	
Islamic financing and related assets	1,514,755,936	699,307,885	2,102,222	2,453,059	6,537,026	11,363,244	344,056	27,375,432	53,917,996	30,903,621	508,858,089	488,014,669	309,337,337	-	
Property and equipment	46,847,734	5,195	7,580,547	19,805,549	77,889,078	64,280,165	74,906,281	105,789,406	31,602,238	21,900,938	59,012,781	54,291,280	174,328,398	124,051,490	
Right-of-use assets	21,230,197	-	308,368	359,763	822,316	2,387,832	1,193,916	4,583,408	6,803,958	2,269,653	5,524,390	4,690,507	4,843,040	13,003,588	
Intangible assets	2,896,880	2,474	-	14,847	6,640	4,870	-	41,737	31,635	30,894	606,683	571,477	1,589,276	18,346,985	
Deferred tax assets	-	-	12,773,340	4,526,403	39,592	147,544	73,772	218,904	316,666	105,589	764,760	610,928	566,816	17,567	
Other assets	135,021,456	33,845	974,212,415	22,779,724	271,62,095	10,592,732	-	-	25,672,556	-	(68,947)	378,510	-	-	-
	3,900,411,330														464,854,967
Liabilities															
Bills payable	112,605,407	37,159,784	25,148,541	25,148,541	25,148,541	210,630,286	-	9,800,731	32,098,714	173,736	39,598,042	21,13,740	-	-	
Due to financial institutions	722,286,318	1,338,886	383,484,487	15,114,340	4,941,093	14,395,634	14,910,185	11,925,605	33,874,410	95,761	206,522	143,914	11,010,378	6,971,445	
Deposits and other accounts	2,584,871,300	2,405,261,063	8,016,636	-	-	-	(46,440)	75,593	-	-	10,776,417	97,56,976	947,226	42,979,073	
Lease liability against right-of-use assets	25,848,322	-	-	-	-	-	-	-	-	-	64,160,643	3,552,834	3,552,833	309,311	
Subordinated Suluk	20,990,000	-	-	-	-	-	-	-	-	-	10,772,667	-	447,517	215,125	
Deferred tax liabilities	14,211,335	-	-	-	-	-	-	-	-	-	130,239,528	32,438,554	20,032,675	20,990,000	
Other liabilities	172,614,356	720,148	13,318,789	7,230,520	16,772,631	25,817,698	23,622,747	-	-	-	-	-	-	-	88,213,041
	3,653,427,038	2,444,79,881	429,364,453	52,434,494	266,047,012	48,743,340	45,302,643	-	-	-	-	-	-	-	24,693,778
	246,984,292	(1,470,267,466)	(407,988,729)	(25,272,399)	(171,059,628)	33,465,654	43,276,640	37,255,533	100,786,364	47,222,707	558,281,701	528,524,736	595,118,033	376,641,126	
Net assets															
Share capital	17,947,407														
Reserves	48,012,267														
Surplus on revaluation of assets	22,141,192														
Unappropriated profit	156,893,426														
	246,984,292														

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For The Year Ended December 31, 2024

	Total	Up to 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	242,611,556	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	11,452,256	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from financial institutions	34,984,289	-	2,338,888	2,752,886	6,787,290	10,473,351	58,090	91,89,077	42,019,224	174,2487	34,964,299	642,057,634	515,959,511	125,295,656
Investments	1572,387,620	874,199	-	-	-	-	-	-	-	-	-	-	-	-
Islamic financing and related assets	233,346,200	9,782,352	6,600,507	54,536,738	43,986,638	50,989,226	148,276,282	26,871,449	1/765,638	48,381,541	3,33,591	58,403,714	135,515,597	12,216,690
Property and equipment	39,046,484	39,320	235,920	275,240	629,121	1,841,578	920,789	3,498,285	5,185,645	1,728,548	4,603,106	3,834,907	11,920,434	17,687,680
Right-of-use assets	19,571,852	-	-	-	210	1,020	51	18,437	40,283	125,710	677,987	1,061,669	31,186	417,135
Intangible assets	2,271,709	2,341	14,047	16,388	37,458	139,281	69,641	196,798	235,157	78,386	495,204	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	128,179,989	323,677	6,961,980	3,507,069	8,003,363	12,970,531	10,473,733	30,750,428	27,929,361	26,30,010	72,670	72,670	649,886,078	290,449,553
	3,012,108,757	488,669,549	19,331,497	131,52,090	69,984,180	69,430,398	62,481,510	191,929,307	101,951,141	48,085,352	301,286,525	705,461,576	649,886,078	-
Liabilities														
Bills payable	39,724,176	13,108,977	8,871,733	8,871,733	-	-	-	-	-	-	-	-	-	-
Due to financial institutions	37,494,612	2,645,935	11,059,408	123,179,020	51,23,446	26,689,773	21,077,642	20,950,118	37,871	71,428	1,270,342	2,303,320	8,090,413	55,15,896
Deposits and other accounts	2,217,473,924	1,981,771,156	12,630,512	18,290,345	36,387,350	15,281,760	16,385,600	30,056,867	34,032,943	33,363,995	11,332,900	9,388,354	12,921,869	5,660,273
Lease liability against right-of-use assets	22,093,855	93,501	-	-	-	62,027	(25,203)	68,661	64,697	131,795	683,283	753,046	2,927,235	18,234,813
Sub-ordinated Sukuk	20,980,000	-	-	-	-	-	-	-	-	-	-	-	-	20,990,000
Deferred tax liabilities	4,213,492	-	6,035,233	6,446,786	11,312,251	18,947,011	16,137,340	47,740,155	10,620,234	526,687	1,053,373	1,053,373	1,053,373	-
Other liabilities	145,211,181	743,088	138,596,946	156,787,884	61,694,780	60,660,961	53,575,379	98,815,801	45,282,432	43,814,288	9,720,383	1,897,207	4,227,788	9,486,038
	2,827,201,240	1,998,362,657	1,183,596,946	1,183,596,946	8,765,400	8,765,400	8,765,400	8,765,400	8,765,400	8,765,400	8,765,400	16,237,05	15,385,300	28,320,687
Net assets	184,907,517	(1,509,663,108)	(119,265,449)	(145,635,784)	8,299,400	8,906,131	93,113,506	56,668,708	4,271,064	28,510,492	690,036,276	621,565,391	180,762,533	-
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													

Running Musharakah, Current and Savings deposits have been classified under maturity up to one day as these do not have any contractual maturity.

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50.3.2 Assets and liabilities - based on expected maturity

	2024									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	260,734,258	260,734,258	-	-	-	-	-	-	-	-
Balances with other banks	13,424,950	13,424,950	-	-	-	-	-	-	-	-
Due from financial institutions	34,964,299	-	-	-	34,964,299	-	-	-	-	-
Investments	1,870,535,620	10,524,399	1,480,880	27,375,432	84,821,217	509,858,089	488,940,584	438,099,681	309,435,338	-
Islamic financing and related assets	1,514,755,936	302,550,823	302,203,743	257,417,215	240,900,304	59,012,781	54,291,280	174,328,298	86,659,636	37,391,856
Property and equipment	46,847,734	1,541,842	3,581,748	4,583,408	9,078,611	5,524,390	4,690,507	4,843,640	3,052,532	9,951,056
Right-of-use assets	21,230,197	6,640	4,870	41,737	62,529	606,683	571,477	1,589,276	7,110,890	11,236,095
Intangible assets	2,896,880	74,235	221,316	218,904	422,355	764,760	610,928	566,816	17,566	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	135,021,456	26,758,083	26,911,011	30,388,557	50,374,961	35,332	482,849	70,663	-	-
	3,900,411,330	615,615,230	334,403,568	320,025,253	420,624,276	575,802,035	549,587,825	619,498,374	406,275,962	58,579,007
Liabilities										
Bills payable	112,605,407	112,605,407	-	-	-	-	-	-	-	-
Due to financial institutions	722,286,318	610,567,998	17,740,596	32,098,714	551,230	2,113,740	9,263,522	6,971,445	40,235,073	2,744,000
Deposits and other accounts	2,584,871,300	163,166,135	135,852,540	135,280,735	203,397,995	213,823,028	161,445,197	258,416,979	480,625,575	832,863,116
Lease liability against right-of-use assets	25,848,322	-	29,154	95,761	350,436	739,103	947,226	2,535,386	8,181,469	12,369,787
Sub-ordinated Sukuk	20,990,000	-	-	-	-	-	-	-	13,990,000	7,000,000
Deferred tax liabilities	14,211,335	-	-	-	3,552,834	3,552,834	3,552,834	3,552,833	-	-
Other liabilities	172,614,356	38,042,108	49,440,446	64,160,643	20,523,643	-	447,516	-	-	-
	3,653,427,038	924,381,648	203,062,736	231,635,853	228,376,138	220,228,705	175,656,295	271,476,643	543,032,117	855,576,903
Net assets	246,984,292	(308,766,418)	131,340,832	88,389,400	192,248,138	355,573,330	373,931,330	348,021,731	(136,756,155)	(796,997,896)
Share capital	17,947,407									
Reserves	48,002,267									
Surplus on revaluation of assets	22,141,192									
Unappropriated profit	158,893,426									
	246,984,292									
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
Property and equipment	39,046,484	11,79,801	2,762,367	3,498,285	6,914,193	4,333,591	3,834,907	4,603,106	2,994,507	8,925,927
Right-of-use assets	19,571,852	210	1,071	18,437	50,088	125,710	627,987	1,060,669	6,120,358	11,567,322
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	396,253,437	173,671,613	231,416,589	262,884,721	301,319,373	706,257,535	649,855,922	243,118,956	47,330,611
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
Lease liability against right-of-use assets	22,093,855	93,501	36,824	68,661	196,492	683,283	753,046	2,027,235	7,060,480	11,174,333
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	145,211,181	24,537,418	35,084,741	47,740,155	20,340,617	1,897,207	1,897,207	4,227,798	9,486,038	-
	2,827,201,240	488,736,486	206,606,025	184,737,188	210,607,910	188,079,879	147,224,887	237,419,849	474,102,593	689,686,413
Net assets	184,907,517	(92,483,049)	(32,934,412)	46,679,401	52,276,811	113,239,494	559,032,638	412,436,073	(230,983,637)	(642,355,802)
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									

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, 21.03% of current accounts and 19.65% of saving accounts are bucketed into 'Upto 1-Year maturity' whereas, 78.97% of current accounts and 80.35% of savings accounts are bucketed into maturities of above 1-Year.

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50.4 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.

51. PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS' POOLS AND SPECIFIC POOLS

51.1 The Bank managed following general and specific pools during the year:

2024							
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	17.28%	50%	105,545,457	10.75%	24%	25,082,953
USD Pool	Monthly	7.29%	75%	4,598,549	2.32%	7%	426,238
GBP Pool	Monthly	4.90%	90%	217,047	1.21%	14%	35,288
EUR Pool	Monthly	3.99%	90%	96,399	1.06%	18%	17,749

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

2024							
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	16.83%	-*	-*	10.85%	N/A	N/A
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	24.71% - 11.40%	-*	-*	23.00% - 10.00%	N/A	N/A
Special Sharikah Certificate Musharaka / Mudaraba borrowing Pool	As required	24.71% - 11.40%	-*	-*	20.60% - 3.42%	N/A	N/A

* The profit sharing ratio and the investment ratio varies on case to case basis.

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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.

51.2 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
	2024	2023	2024	2023	2023	2023
PKR Pool						
Saving Accounts	30.13%	28.20%	0.41	0.37	0.41	0.40
Meezan Bachat Account	13.63%	14.63%	0.54	0.37	0.51	0.40
Karobari Munafa Account	6.83%	8.46%	0.49	0.37	0.52	0.40
Certificate of Islamic Investment	4.47%	7.06%	0.88	0.22	0.73	0.22
Meezan Aamdan Certificate	2.08%	3.04%	0.89	0.56	0.67	0.55
USD Pool						
Saving Accounts	4.24%	4.49%	0.58	0.58	0.59	0.45
Certificate of Islamic Investment	1.05%	1.47%	0.85	0.60	1.35	0.50
GBP Pool						
Saving Accounts	0.28%	0.34%	0.27	0.27	0.27	0.27
EUR Pool						
Saving Accounts	0.15%	0.19%	0.27	0.27	0.27	0.27

51.3 Allocation of Income and Expenses to Depositors' Pools

Following are material items of revenues, expenses, gains and losses

	2024	2023
	Rupees in '000	
Profit / return earned on Islamic financing and related assets, investments and placements	259,244,681	207,562,862
Other Income (including other charges and interpool income)	10,365,910	8,904,189
Directly related costs attributable to pool	(1,899,525)	(1,850,152)

Notes to and Forming Part of the Unconsolidated Financial Statements

For The Year Ended December 31, 2024

52. CORRESPONDING FIGURES

Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated financial statements, wherever necessary to facilitate comparison.

The effect of reclassification, rearrangement, restatement in the comparative information presented in these unconsolidated financial statements due to implementation of the revised format issued by SBP as mentioned in note 6.1.2 is as follows:

Reclassified from	Reclassified to	December 31, 2023 (Rupees in '000)
Aggregate		
Property and equipment	Right-of-use assets	19,571,852
Other liabilities	Lease liability against right-of-use assets	22,093,855
<hr/>		

53. NON-ADJUSTING EVENT

The Board of Directors in their meeting held on February 13, 2025 has announced final cash dividend of Rs 7 per share (70%). The unconsolidated financial statements for the year ended December 31, 2024, do not include the effect of this appropriation which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2025.

54. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on February 13, 2025 by the Board of Directors of the Bank.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Mohammad Abdul Aleem
Director



Bader H.A.M.A.
AlRabiah
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, 2024

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2024 as referred in note 11.9 to these unconsolidated financial statements. Financing written off in accordance with the policy do not in any way prejudice the Bank's right of recovery from the customer.

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 at beginning of the year				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	Tahir Omer Industries Limited Shahrah-e-Nazaria-e-Pakistan Road, Near Expo Center, Lahore.	Rana Iqbal Hussain 35202-2634080-9 Rana Tahir Iqbal 35202-6205471-3 Umer Iqbal 35202-6206421-3	Rana Muhammad Ikram Rana Iqbal Hussain Rana Iqbal Hussain	590,287	-	-	590,287	119,080	-	-	119,080
2	Gulshan Weaving Mills Limited 2nd Floor, Finlay Home, I.I. Chundrigar Road, Karachi	Jahangir Ahmed Shakoor 42201-0545325-7 Abdul Shakoor 42201-0350226-5	Abdul Shakoor Haji Jamal ud Din	63,243	4,268	-	67,511	63,243	4,268	-	67,511
3	Javed Abdul Sattar House # 28-B/I, Khayaban-e-Bahria, Phase VII, DHA, Karachi	42301-2808364-9	Abdul Sattar	16,650	40,813	-	57,463	-	31,723	500	32,223
4	Sajid Ali House # 179, Block-F, Phase-7, EME Sector, Multan Road, Lahore	34102-9812594-3	Muhammad Shabbir	27,559	19,100	1,492	48,151	-	17,324	827	18,151
5	D.S. Motors Private Limited Plot A-28, S.I.T.E., Hyderabad	Ariz Amin Khatri 42301-3994877-1 Awais Ali Ghangra 41306-1903028-1 Muhammad Naeem Dhoraji 41306-2444710-1 Asad Ghangra 41306-7817728-3 Muhammad Amin Khatri 42301-4238226-1 Naseema Ali Muhammad 41306-9284773-8 Haris Naeem Dhoraji 41306-6883484-3	Muhammad Amin Khatri Ali Muhammad Abdul Ghaffar Ali Muhammad Muhammad Ali Muhammad Muhammad Naeem	149,974	10,531	-	160,505	-	16,335	-	16,335
6	Pakistan Packages Private Limited Plot # 50, Sector No. 7-A, Korangi Industrial Area, Karachi	Salik Tahir 42201-2287467-3 Sanober Tahir 42201-3948357-6 Anjum Ilyas 42201-9871484-6 Tahir Ilyas (42201-3067903-5	Tahir Ilyas Tahir Ilyas Sheikh Muhammad Ilyas Sheikh Muhammad Ilyas	-	34,964	-	34,964	-	10,464	-	10,464

Statement Showing Written-Off Financing or any Other Financial Relief of Rupees 500,000 or Above (Annexure I)

During The Year Ended December 31, 2024

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 at beginning of the year				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
7	Rana Muhammad Mazhar Khan House P-5, Ashrafi Villas, Faisalabad	33100-5126438-7	Muhammad Naseem	18,667	6,447	-	25,114	-	6,756	-	6,756
8	Muhammad Rafiq Baloch House No 173, Sector D, Askari X, Lahore	54400-7153606-3	Haji Muhammad Sharif	5,234	3,122	587	8,943	-	2,886	1,020	3,906
9	Naeem ur Rehman House# 57-A, Sector U, Scheme 45, Gulshan-e-Maymar, Karachi	42101-1670075-5	Zikr ur Rehman	2,437	5,236	-	7,673	-	2,264	62	2,326
10	Mansoor Ashraf House # 166/101 Amin Town Sector 4-A Khayaban-e-Sir Syed Rawalpindi	61101-7493567-1	Muhammad Ashraf	2,030	1,069	1,721	4,820	-	371	1,765	2,136
11	Muhammad Bilal Khan Abbası House # 9 Auditor General Office, Ittehad Colony Gulberg III, Lahore	35202-4500823-5	Muhammad Mumtaz Abbası	1,009	948	105	2,062	-	767	1,033	1,800
12	Shams Grain Private Limited 12-B, Kot Shahab-ud- Din, Shahdara, Lahore	Chaudhry Shams-ul-Haq 35201-1358471-9 Chaudhry Inam-ul-Haq 35202-2560958-9 Chaudhry Ikram-ul-Haq 35202-2485053-9	Ikram ul Haq Ikram ul Haq Bahar Muhammad Chaudry	28,586	1,511	-	30,097	-	1,492	-	1,492
				905,676	128,009	3,905	1,037,590	182,323	94,650	5,207	282,180

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 Holding Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statement give a true and fair view of consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	Credit loss allowance against Islamic financing and related assets (Refer notes 6.3, 6.32, 11 and 22 to the consolidated financial statements)	
	The Group records credit loss allowance against Islamic financing and related assets in accordance with the requirements of IFRS 9. Under IFRS 9, the Group assesses on a forward-looking basis the Expected Credit Loss ('ECL') associated with all Islamic financing and related assets and other debt financial assets not held at FVTPL, together with letters of credit, guarantees and irrevocable unused financing commitments. A lifetime ECL is recorded on Islamic financing and related assets in which there has	Our audit procedures to verify credit loss allowance against Islamic financing and related assets included, amongst others, the following: We obtained and updated our understanding of management's assessment of credit loss allowance in respect of Islamic financing and related assets including the Group's internal rating model, accounting policy, model methodology including any key changes made during the year.

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S.No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>been. Significant Increase in Credit Risk (SICK) from the date of initial recognition and on Islamic financing and related assets which are credit impaired as on the reporting date. A 12 months ECL is recorded for Islamic financing and related assets which do not meet the criteria for SICK or "credit impaired" as at the reporting date. To assess whether there is a significant increase in the credit risk, the Group compares the risk of a default occurring on the Islamic financing and related assets as at the reporting date with the risk of default as at the date of initial recognition. Both lifetime and 12 months ECL are calculated at facility level. The credit loss allowance is increased by provisions charged to the consolidated statement of profit and loss account and is decreased by charge-offs, net of recoveries.</p> <p>The Group records charge for Stage 3 based on the higher of provision under Prudential Regulations or ECL under IFRS 9, as per the instructions of the State Bank of Pakistan (SBP). This assessment is conducted at the facility level for corporate, commercial, and SME Islamic financing and related assets portfolios, and at a segment / product level for the retail portfolio. If one facility of a counterparty becomes 90+ days past due (DPD) or is otherwise defined as impaired under Prudential Regulations, all other facilities of that counterparty are classified as Stage 3.</p> <p>The measurement of ECL involves evaluating a range of possible outcomes, considering the time value of money, and incorporating reasonable and supportable information available at the reporting date about past events, current conditions, and forecasts of future economic conditions.</p> <p>The net credit loss allowance made / reversed during the year is charged to the consolidated statement of profit and loss account and accumulated credit loss allowance is netted-off against Islamic financing and related assets.</p> <p>The Group has recognised a net credit loss allowance against Islamic financing and related assets and net reversal of credit loss allowance against off-balance sheet obligations amounting to Rs. 8,834 million and Rs. 22 million respectively in the consolidated statement of profit and loss account in the current year. As at December 31, 2024, the Group holds a credit loss allowance of Rs. 41,606 million and Rs. 303 million against Islamic financing and related assets and off-balance sheet obligations respectively.</p> <p>The determination of credit loss allowance 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 this area 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 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 Islamic financing and related assets; • 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 provisions, 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"> • assessed the reasonableness and accuracy of the data used for ECL computation based on accounting records and information system of the Group as well as the related external sources used for this purpose; • checked repayments of Islamic financing and related assets / profit instalments and tested classification of Islamic financing and related assets based on the number of days overdue; • tested the staging of Islamic financing and related assets as per the criteria of SICK and in accordance with IFRS 9; • evaluated the management's assessment for classification of a customer financing facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management; • assessed the ECL model used by the management to calculate expected credit loss against Islamic financing and related assets balances of the Group for appropriateness of the assumptions used and the methodology applied. We also tested the mathematical accuracy of the model; • assessed the reasonableness of the forward-looking assumptions used by the management in calculation of ECL; and • assessed the relevant disclosures made in the consolidated financial statements to determine whether they comply with the accounting and reporting standards as applicable in Pakistan.
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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, 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 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.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide 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 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 Ferguson

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: February 28, 2025
UDIN: AR202410068cEmjfbh2

Consolidated Statement of Financial Position

As At December 31, 2024

	Note	2024	2023
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	7	260,873,367	242,612,195
Balances with other banks	8	13,290,726	11,458,281
Due from financial institutions	9	34,964,299	34,964,299
Investments	10	1,878,852,841	1,578,341,536
Islamic financing and related assets	11	1,514,755,936	961,673,012
Property and equipment	12	47,226,503	39,295,656
Right-of-use assets	13	21,622,622	19,867,043
Intangible assets	14	2,960,432	2,370,686
Other assets	15	135,980,074	128,733,444
Total Assets		3,910,526,800	3,019,316,152
LIABILITIES			
Bills payable	16	112,605,407	39,724,176
Due to financial institutions	17	722,286,318	377,494,612
Deposits and other accounts	18	2,584,583,671	2,217,420,536
Lease liability against right-of-use assets	19	26,286,276	22,412,164
Sub-ordinated sukuks	20	20,990,000	20,990,000
Deferred tax liabilities	21	15,530,758	4,881,310
Other liabilities	22	174,614,150	146,376,085
Total Liabilities		3,656,896,580	2,829,298,883
NET ASSETS		253,630,220	190,017,269
REPRESENTED BY			
Share capital	23	17,947,407	17,912,532
Reserves	24	48,026,583	37,106,473
Surplus on revaluation of assets - net of tax	25	22,141,192	10,920,597
Unappropriated profit		163,601,395	122,528,058
		251,716,577	188,467,660
Non- Controlling Interest	26	1,913,643	1,549,609
		253,630,220	190,017,269
CONTINGENCIES AND COMMITMENTS	27		

The annexed notes 1 to 55 and annexure I form an integral part of these consolidated financial statements.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Mohammad Abdul Aleem
Director



Bader H.A.M.A.
AlRabiah
Director



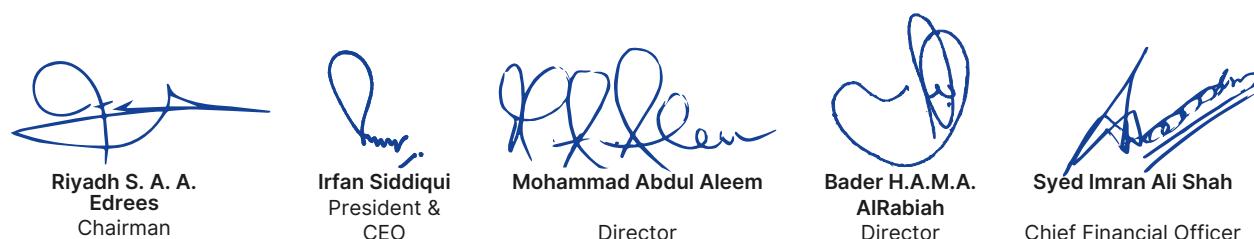
Syed Imran Ali Shah
Chief Financial Officer

Consolidated Statement of Profit and Loss Account

For The Year Ended December 31, 2024

	Note	2024	2023
		Rupees in '000	
Profit / return earned on Islamic financing and related assets, investments and placements	28	494,310,357	431,820,608
Profit / return on deposits and other dues expensed	29	207,267,225	205,327,453
Net profit / return		287,043,132	226,493,155
OTHER INCOME			
Fee and commission income	30	25,838,191	19,636,228
Dividend income		626,540	635,019
Foreign exchange Income		828,507	3,094,654
Gain / (loss) on securities	31	3,511,916	(697,998)
Net loss on derecognition of financial assets measured at amortised cost	32	(186,473)	-
Other income	33	1,229,568	1,306,765
Total other income		31,848,249	23,974,668
Total income		318,891,381	250,467,823
OTHER EXPENSES			
Operating expenses	34	81,656,045	68,771,751
Workers welfare fund	22.7	4,755,777	3,655,940
Other charges	35	435,343	304,830
Total other expenses		86,847,165	72,732,521
Share of profit of associates		232,044,216	177,735,302
Profit before credit loss allowance / provisions		3,457,443	1,671,989
Credit loss allowance / provisions and write offs - net	36	235,501,659	179,407,291
Extra ordinary / unusual items		9,222,405	7,340,411
PROFIT BEFORE TAXATION		226,279,254	172,066,880
Taxation	37	122,559,919	86,043,744
PROFIT AFTER TAXATION		103,719,335	86,023,136
Attributable to:			
Equity holders of the Holding Company		102,689,081	85,430,550
Non-Controlling Interest		1,030,254	592,586
		103,719,335	86,023,136
Basic earnings per share	38.1	57.28	47.72
Diluted earnings per share	38.2	56.96	47.66

The annexed notes 1 to 55 and annexure I form an integral part of these consolidated financial statements.



Consolidated Statement of Comprehensive Income

For The Year Ended December 31, 2024

	Note	2024	2023
		Rupees in '000	
Profit after taxation for the year attributable to:			
Shareholders of the Holding Company		102,689,081	85,430,550
Non-Controlling Interest		1,030,254	592,586
		<hr/>	<hr/>
Other comprehensive income / (loss)			
Items that may be reclassified to the consolidated statement of profit and loss account in subsequent periods:			
- Movement in surplus on revaluation of debt investments through FVOCI / available for sale - net of tax		10,091,688	-
- Gain on sale of debt investments carried at FVOCI – reclassified to the consolidated statement of profit and loss account - net of tax		(1,613,480)	-
- Movement in surplus on revaluation of investments - net of tax		-	11,586,946
Items that will not be reclassified to the consolidated statement of profit and loss account in subsequent periods:			
- Movement in surplus on revaluation of equity investments through FVOCI - net of tax		2,231,135	-
- Remeasurement loss on defined benefit obligations - net of tax	41.6.2 & 41.15 & 41.16	(223,223)	(130,249)
- Movement in deficit on revaluation of non - banking assets - net of tax		-	(2,674)
Total comprehensive income for the year		<hr/> 114,205,455	<hr/> 97,477,159
Attributable to:			
Equity holders of the Holding Company		113,180,271	96,886,932
Non-Controlling Interest	26	1,025,184	590,227
		<hr/> 114,205,455	<hr/> 97,477,159

The annexed notes 1 to 55 and annexure I form an integral part of these consolidated financial statements.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Mohammad Abdul Aleem
Director



Bader H.A.M.A.
AlRabiah
Director



Syed Imran Ali Shah
Chief Financial Officer

Consolidated Statement of Changes in Equity

For The Year Ended December 31, 2024

Share capital	Capital reserves					Revenue reserves	Surplus / (deficit) on revaluation of			Non-controlling interest
	Share premium	Statutory reserve*	Non-Distributable Capital Reserve - Gain on Bargain Purchase	Employee share option compensation reserve	General reserve		Investments	Non-banking Assets	Unappropriated profit	
Rupees in '000										
Balance as at January 01, 2023	17,896,243	2,406,571	22,169,518	3,117,547	427,419	91,082	(666,349)	2,678	72,485,599	1,204,382
Profit after taxation for the year									85,430,550	1,592,586
Other comprehensive income for the year										
- Movement in surplus / (deficit) on revaluation of investments - net of tax										
Remeasurement loss on valuation of employee retirement benefits										
- Movement in deficit on revaluation of non-banking assets - net of tax										
Transfer from surplus in respect of incremental depreciation of non-banking assets to unappropriated profit - net of tax										
Recognition of share based compensation (note 43)										
Other appropriations										
Transfer to statutory reserve*										
Transactions with owners recognised directly in equity										
Final cash dividend for the year 2022 @ Rs 3 per share										
First interim cash dividend for the year 2023 @ Rs 3 per share										
Second interim cash dividend for the year 2023 @ Rs 4 per share										
Third interim cash dividend for the year 2023 @ Rs 5 per share										
Dividend payout by the subsidiary (AMIML)										
Issue of 1,628,873 shares under the Employees share option scheme (note 38.4)										
Balance as at December 31, 2023	16,289	219,870				(182,844)			46,384	99,699
Impact of adoption of IFRS 9 - net of tax (note 6.1.3)										
Profit after taxation for the year										
Other comprehensive income for the year										
- Movement in surplus on revaluation of investments in debt instruments at FVOCI - net of tax										
- Gain on debt investments carried at FVOCI - reclassified to the consolidated statement of profit and loss account - net of tax										
- Transfer from surplus on revaluation of assets to unappropriated profit - net of tax										
- Remeasurement loss on valuation of employee retirement benefits										
- Movement in surplus on revaluation of investments in equity instruments carried at FVOCI - net of tax										
Total other comprehensive income / (loss) - net of tax										
Recognition of share based compensation (note 43)										
Other appropriations										
Transfer to statutory reserve*										
Transactions with owners recognised directly in equity										
Final cash dividend for the year 2023 @ Rs 8 per share										
First interim cash dividend for the year 2024 @ Rs 7 per share										
Second interim cash dividend for the year 2024 @ Rs 7 per share										
Third interim cash dividend for the year 2024 @ Rs 7 per share										
Dividend payout by the subsidiary (AMIML)										
Issue of 3,487,520 shares under the Employees shares option scheme (note 38.4)										
Balance as at December 31, 2024	34,875	477,812				(299,231)			45,432	258,888
*This represents reserve created under section 21(i)(b) of the Banking Companies Ordinance, 1962.										
The annexed notes 1 to 55 and Annexure I form an integral part of these consolidated financial statements.										
 Riyad S. A. A. Edrees Chairman	 Irfan Siddiqui President & CEO	 Mohammad Abdul Aleem Director	 Bader H.A.M.A. AlRabiah Director	 Syed Imran Ali Shah Chief Financial Officer						

Consolidated Cash Flow Statement

For The Year Ended December 31, 2024

	Note	2024	2023
		Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		226,279,254	172,066,880
Less: Dividend income		(626,540)	(635,019)
		225,652,714	171,431,861
Adjustments:			
Depreciation	34	6,029,566	4,422,612
Net profit / return		(290,912,217)	(228,611,722)
Amortisation	34	715,060	560,697
Depreciation on right-of-use-assets	34	2,715,582	2,819,372
Amortisation of lease liability against right-of-use assets	19	3,869,085	2,118,567
Credit loss allowance / provisions and write offs - net	36	9,222,405	7,340,411
Charge for defined benefit plan	34.1	1,081,882	810,438
Share based compensation expense	43	590,777	409,746
Gain on sale of property and equipment	33	(370,856)	(451,994)
Unrealised (gain) / loss - FVTPL	31	(4,351)	18
Share of profit of associates	10.7	(3,457,443)	(1,671,989)
		(270,520,510)	(212,253,844)
		(44,867,796)	(40,821,983)
(Increase) / decrease in operating assets			
Islamic financing and related assets		(579,531,205)	26,293,235
Other assets		(14,407,092)	(4,216,994)
		(593,938,297)	22,076,241
Decrease in operating liabilities			
Bills payable		72,881,231	(450,946)
Due to financial institutions		350,118,657	(198,014,243)
Deposits and other accounts		367,163,135	558,950,948
Other liabilities		46,055,348	(16,971,347)
		836,218,371	343,514,412
		197,412,278	324,768,670
Contribution to defined benefit plan	41	(926,613)	(677,192)
Net profit / return received		512,171,961	392,947,552
Net profit / return paid	39.2	(210,896,912)	(200,903,715)
Income tax paid		(135,049,187)	(80,865,248)
Net cash generated from operating activities			435,270,067
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in amortised cost securities / held to maturity securities		(21,129,856)	1,097,671
Net (investments) / divestments in securities classified as FVOCI / available for sale securities		(254,938,436)	(266,279,529)
Net divestment in securities classified as FVTPL / held for trading securities		5,785,702	2,470
Net divestments / investments in associates		239,668	(1,019,796)
Dividends received		626,540	635,708
Additions in property and equipment		(14,191,110)	(15,056,668)
Additions in intangible assets		(1,304,806)	(1,057,865)
Proceeds from sale of property and equipment	12.2.2	601,553	676,208
Net cash used in investing activities			(284,310,745)
			(281,001,801)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets	19	(4,466,134)	(3,869,901)
Proceed against issue of shares	38.4	258,888	99,699
Dividend paid to equity shareholders of the Holding Company		(52,818,741)	(29,819,429)
Dividend paid to non-controlling interest		(661,150)	(245,000)
Net cash used in financing activities			(57,687,137)
			(33,834,631)
Increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	39	20,713,645	120,433,635
Opening net credit loss allowance on cash and cash equivalents	6.1.3	251,391,156	130,957,521
		(36,327)	-
Impact of net credit loss allowance on cash and cash equivalents during the year	36	251,354,829	130,957,521
Cash and cash equivalents at the end of the year	39	12,329	-
			272,080,803
			251,391,156

The annexed notes 1 to 55 and annexure I form an integral part of these unconsolidated financial statements.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Mohammad Abdul Aleem
Director



Bader H.A.M.A.
AlRabiah
Director



Syed Imran Ali Shah
Chief Financial Officer

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

- (i) Meezan Bank Limited - Holding Company / Bank
- (ii) Al Meezan Investment Management Limited - Subsidiary Company
- (iii) Meezan Exchange Company (Private) Limited - Subsidiary Company

1.1.1 Holding Company - Meezan Bank Limited

Meezan Bank Limited (the Bank / Holding Company / MBL) was incorporated in Pakistan on January 27, 1997, as a public limited company under 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 fifty one branches as at December 31, 2024 (2023: one thousand and four branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.

The VIS Credit Rating Company Limited (VIS) has reaffirmed the Bank's medium to long-term rating as 'AAA' and short-term rating as 'A1+' on June 28, 2024 (2023: 'AAA' and 'A1+' dated June 27, 2023).

1.1.2	Subsidiary Company - Al Meezan Investment Management Limited (AMIML)	Percentage of holding	
		2024	2023
	Al Meezan Investment Management Limited - Subsidiary	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.

Al Meezan Investment Management Limited ('the Subsidiary Company' or AMIML) is involved in asset management, investment advisory, portfolio management, equity research, underwriting and corporate finance.

The principal activities of the AMIML are floating and managing Collective Investment Schemes, Voluntary Pension Schemes and providing investment advisory services. Moreover, AMIML 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 AMIML 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 21, 2024 (June 30, 2024: 'AM1' dated June 21, 2024) and 'AM1' by VIS Credit Rating Company Limited dated December 31, 2024 (June 30, 2024: 'AM1' dated December 29, 2023).

1.1.3	Subsidiary Company - Meezan Exchange Company (Private) Limited (MECL)	Percentage of holding	
		2024	2023
	Meezan Exchange Company (Private) Limited - Subsidiary	100%	N/A

Meezan Exchange Company (Private) Limited (the Subsidiary Company or MECL) was incorporated in Pakistan on November 14, 2023, as a private limited company under the Companies Act, 2017. MECL obtained license for commencement of operations from the State Bank of Pakistan (SBP) on March 22, 2024 for a period of three years. MECL is required to operate in accordance with the rules and regulations laid down by the State Bank of Pakistan (SBP) through Foreign Exchange Circular No. 9 dated July 30, 2002.

1.2 The Group's associates are as follows:

The Group considers the following open end funds managed by AMIML as its associates

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

Meezan Islamic Fund (MIF)
Meezan Balanced Fund (MBF)
Al Meezan Mutual Fund (AMMF)
Meezan Fixed Term Fund - MPMP V
KSE Meezan Index Fund (KMIF)
Meezan Daily Income Fund (MDIP-I)
Meezan Pakistan Exchange Traded Fund (MPETF)
Meezan Gold Fund (MGF)
Meezan Tahaffuz Pension Equity Sub Fund (MTPF-ESF)
Meezan Tahaffuz Pension Gold Sub Fund (MTPF-GSF)
Meezan Energy Fund (MEF)
Meezan Rozana Aamdani Fund (MRAF)
Meezan Sovereign Fund (MSF)
Meezan GOKP Pension Fund – Money Market Sub Fund
Meezan Financial Planning Fund of Funds - Conservative (MFPF-Cons)
Meezan GOKP Pension Fund - Debt Sub Fund
Meezan GOKP Pension Fund - Equity Index Sub Fund
Meezan GOKP Pension Fund - Equity Sub Fund
Meezan Cash Fund
Meezan Islamic Income 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, 2024. These consolidated financial statements represent financial statements of Holding Company - Meezan Bank Limited and its subsidiaries. The assets and liabilities of the subsidiaries have been consolidated on a line-by-line basis and the investments held by the Holding Company is eliminated against the corresponding share capital of the subsidiaries in these consolidated financial statements.

These consolidated financial statements have been prepared in accordance with the format for preparation of the annual financial statements of the banks issued by the State Bank of Pakistan (SBP), vide its BPRD Circular No. 13 dated July 01, 2024.

These consolidated financial statements comprise of the consolidated statement of financial position as at December 31, 2024, the consolidated statement of profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement together with the notes forming part thereof for the year ended December 31, 2024.

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, 2024 and 2023 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2024 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 subsidiaries are included in these consolidated financial statements from the date when the control commenced. The financial statements of AMIML and MECL 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 Subsidiaries. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter for the post acquisition changes in the Group's share of net assets of the associates. The consolidated statement of 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.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

Non-controlling interest is that part of the net results of operations and of net assets of the subsidiary (AMIML) attributable to interests which are not owned by the Holding Company.

All material intra-group balances and transactions have been eliminated.

The Holding Company has not recognised deferred tax arises from the investments in the subsidiaries (AMIML and MECL) as the Holding Company can control the timing of the reversal of the temporary differences arising from that investments (including the temporary differences arising from undistributed profits).

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 Grouping 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 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, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 01, 2024 but are considered not to be relevant or do not have any material effect on the Group's operations and therefore not detailed in these consolidated financial statements except for IFRS 9 (Financial Instruments), the impact of which is disclosed under note 6.1.3.

- 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:

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

Standards, interpretations or amendments	Effective date (annual periods beginning on or after)
- IAS 21 - 'Lack of exchangeability' (amendments)	January 1, 2025
- IFRS 1- 'First-time Adoption of International Financial Reporting Standards' (amendments)	January 1, 2026
- IFRS 9 - 'Financial Instruments' (amendments)	January 1, 2026
- IAS 7 - 'Statement of Cash Flows' (amendments)	January 1, 2026
- IFRS 18 - 'Presentation and Disclosure in Financial Statements'	January 1, 2027
The management is in the process of assessing the impact of these standards and amendments on the consolidated financial statements of the Group.	

4 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention, except for certain non banking assets acquired in satisfaction of claims which are stated at revalued amounts, investment classified at fair value through profit or loss and fair value through other comprehensive income, commitments in respect of certain foreign exchange contracts which are measured at fair value, staff retirement benefits and compensated absences which are carried at present value.

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.

Significant accounting estimates and areas where judgments were made by the management in the application of the material accounting policies are as follows:

- i) classification and credit loss allowance / provisioning against investments (notes 6.2.1, 6.2.4, 6.3 and 10);
- ii) classification and credit loss allowance / provisioning against Islamic financing and related assets (notes 6.2.1, 6.3 and 11.8.6);
- iii) accounting for defined benefit plan and compensated absences (notes 6.15, 6.16 and 41);
- iv) valuation and depreciation of property and equipment (notes 6.8.5, 6.21 and 12.2);
- v) valuation and amortisation of intangible assets (note 6.8.5, 6.21 and 14);
- vi) impairment of non-financial assets (note 6.21);
- vii) valuation of non-banking assets acquired in satisfaction of claims (note 6.11 and 15.2.1);
- viii) assumption and estimation in recognition of provision for taxation (current and prior years) and deferred taxation (notes 6.10 and 37);
- ix) determination of the lease term and incremental fund acceptance rate for lease contracts of various properties used by the Group's branches and valuation of right-of-use assets and their related lease liability (notes 6.21, 6.9, 13 and 19);
- x) Provisions, contingent assets and liabilities (6.20, 6.23, 22, and 26);
- xi) assumptions and estimates used in valuation of options under share-based compensation (6.17 and note 43);
- xii) fair valuation measurement of financial instruments (note 6.2, 6.5, 6.6, 11 and 17);
- xiii) credit loss allowance / provision against other assets and other provisions (6.23 and 15.3); and
- xiv) credit loss allowance / provision against off balance sheet obligations and contingent liabilities (note 6.22 and 22.3).

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 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These are consistent with those applied to all the years presented except for changes mentioned in notes 6.1 and 6.2.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

6.1 IFRS 9 - 'Financial Instruments'

As directed by the SBP via BPRD Circular No. 07 of 2023 dated April 17, 2023 , IFRS 9, 'Financial Instruments' is effective for periods beginning on or after January 1, 2024 (previously January 01, 2023) for banks having asset base of more than Rs. 500 billion as at December 31, 2022. Moreover, SBP has also issued application instructions on IFRS 9 for banks in Pakistan for ensuring smooth and consistent implementation of the standard in the banks.

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

The SBP through BPRD Circular Letter No.16 dated July 29, 2024 and BPRD Circular Letter No.01 dated January 25, 2025 (Letters) has made certain amendments and clarified the timelines of some of the SBP's IFRS 9 Application Instructions to address the matters raised by the banks to ensure compliance by the timelines. The Letters have provided clarifications / relaxations on measurement of unquoted equity securities, modification accounting, maintenance of general provisions over and above expected credit loss allowance (ECL), accounting methodology for Islamic Banking Institutions and treatment of charity. Accordingly, the Holding Company has adopted the treatment as instructed in the aforementioned Letters in these consolidated financial statements. In addition, the SBP in a separate instructions BPRD/RPD/822456/25 dated January 22, 2025 has allowed extension for application of Effective Profit Rate up to December 31, 2025.

On application of IFRS 9, certain accounting policies have been revised to comply with the requirements of IFRS 9. The revised accounting policies have been disclosed in their respective policy notes in these consolidated financial statements.

The SBP has directed the Banks through its BPRD Circular Letter No.1 dated January 22, 2025 to disclose the impact of IFRS 9 on revenue recognition from Islamic Operations which is as follows:

Had IFRS 9 been adopted in its entirety for revenue recognition from Islamic operations profit / return earned on Islamic financing and related assets in consolidated statement of profit and loss account for the year ended December 31, 2024 would have been higher by Rs. 907.35 million and taxation would have been higher by Rs 489.97 million. Further, an unappropriated profit in consolidated statement of changes in equity would have been higher by Rs 5,186 million.

6.1.1 Application to the Group's financial assets

Debt based financial assets

Debt based financial assets held by the Holding Company include: Islamic financing and related assets, investments in federal government securities and other government / private sukuks, due from financial institutions, cash and balances with treasury banks, balances with other banks, and other financial assets.

- a) Financial assets are measured at amortised cost if they meet both of the following conditions and are not designated as at FVTPL:
 - the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The Group's business model for these financial assets can still be hold to collect (HTC) even when sales of these financial assets occur. However, if more than an infrequent number of sale of significant value are made, the Group assesses whether and how the sales are consistent with the HTC objective. This assessment include the reasons for the sales, the expected frequency of sales, and whether the assets that are sold are held for an extended period of time relative to their contractual maturities.

- b) Financial assets are measured at fair value through other comprehensive income (FVOCI) only if it meets both of the following conditions and are not designated as at FVTPL:
 - the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.
- c) Financial assets, if held for trading purposes are measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at fair value through profit or loss (FVTPL) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The application of these policies also resulted in classifications and consequent remeasurements of certain investments in GoP Ijarah sukuks held under available for sale portfolio as at December 31, 2023 based on business model. Moreover, the Group's investment in sub-ordinated sukuks issued by other banks under available for sale portfolio as of December 31, 2023 have been reclassified to FVTPL since they do not pass the solely payments of principal and profit (SPPI) criteria due to equity conversion features embedded in the terms of these sukuks. Additionally, the Group has elected to classify its investments in Islamic Naya Pakistan Certificates (previously classified under Available for Sale portfolio) as at December 31, 2023 at FVTPL. The following table reconciles their carrying amounts as reported on December 31, 2023 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 01, 2024:

Impact of reclassification

Investment type and category	Balances as at December 31, 2023 (Audited)	IFRS 9 Classification	Balances as at December 31, 2023	Remeasurements	Balances as at January 01, 2024
- Federal Government Sukuks - AFS	1,202,500,730	FVOCI FVTPL Amortised cost	1,067,226,357 10,473,351 124,801,022	4,931,129 - -	1,072,157,486 10,473,351 124,801,022
- Non Government Sukuks - AFS	135,525,257	FVOCI FVTPL	134,442,257 1,083,000	- -	134,442,257 1,083,000

Equity based financial assets

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual share in the issuer's net assets.

The Group measures all equity investments at fair value through profit or loss (FVTPL), except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate the equity investments as FVOCI when those investments are held for purposes other than for trading. When this election is used, fair value gains and losses are recognised in the consolidated statement of other comprehensive income and are not subsequently reclassified to the consolidated statement of profit and loss account, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the consolidated statement of profit and loss account as income when the Group's right to receive payments is established.

Unquoted equity instruments can be measured at lower of cost or breakup value till December 31, 2024 as per the BPRD Circular Letter No. 16 dated July 29, 2024. However, the Group has early adopted fair valuation policy for its investment in unquoted equity instruments whose fair value can reliably be determined and accordingly, the Group has reversed the provision in respect of unquoted equity instruments amounting to Rs 64.77 million.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Group has reversed impairment of Rs 2,562 million on equity investment held as at December 31, 2023 and the same has been transferred to deficit on revaluation of investments through remeasurements.

Gains and losses on equity instruments at FVTPL are recognised in the 'Gain / (loss) on securities' in the consolidated statement of profit and loss account.

The measurement category and carrying amounts of financial assets and financial liabilities in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 1, 2024 are compared as follows:

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

Financial instruments	Before adoption of IFRS 9		After adoption of IFRS 9	
	Measurement category	Carrying amount as at December 31, 2023	Measurement category	Carrying amount as at January 01, 2024
(Rupees in 000')				
Cash and balances with treasury banks	Loans and receivables	242,612,195	Amortised cost	242,578,192
Balances with other banks	Loans and receivables	11,458,281	Amortised cost	11,455,957
Due from financial institutions - net	Loans and receivables	34,964,299	Amortised cost	34,964,299
Investments - net	Available-for-sale	1,354,524,725	Fair value through profit or loss Fair value through other comprehensive income Amortised cost	11,560,549 1,223,153,197 124,801,022
	Held-to-maturity	216,954,593	Amortised cost	216,954,593
Islamic financing and related assets - net	Loans and receivables	961,673,012	Amortised cost	947,486,456
Other assets (financial assets only)	Loans and receivables	<u>125,912,511</u> <u>2,948,099,616</u>	Amortised cost / FVTPL	<u>125,749,547</u> <u>2,938,703,812</u>
Bills payable	Amortised cost	39,724,176	Amortised cost	39,724,176
Due to financial institutions	Amortised cost	377,494,612	Amortised cost	371,316,817
Deposits and other accounts	Amortised cost	2,217,420,536	Amortised cost	2,217,420,536
Sub-ordinated sukuks	Amortised cost	20,990,000	Amortised cost	20,990,000
Other liabilities - financial liabilities	Amortised cost / FVTPL	<u>124,084,420</u> <u>2,779,713,744</u>	Amortised cost / FVTPL	<u>124,354,255</u> <u>2,773,805,784</u>

6.1.2 Adoption of new forms for the preparation of financial statements

The SBP, vide its BPRD Circular Letter No. 02 dated February 09, 2023 and BPRD Circular Letter No. 07 dated April 13, 2023, issued the revised formats of the annual / interim financial statements which are applicable for the preparation of annual financial statements, periods beginning on or after January 01, 2024 (previously January 01, 2023). The implementation of the revised formats has resulted in certain changes to the presentation and disclosures of various elements of the financial statements. The significant change is that the right of use assets and corresponding lease liabilities against right-of-use assets are now presented separately on the face of statement of financial position. Previously, these were presented under property and equipment (previously titled fixed assets) and other liabilities respectively. As a result of this change, the property and equipment of the Group decreased by Rs. 21,623 million and Rs. 19,867 million as December 31, 2024 and December 31, 2023 respectively. Furthermore, other liabilities of the Group decreased by Rs. 26,286 million and Rs. 22,412 as of December 31, 2024 and December 31, 2023 respectively. There is no impact of this change on the consolidated financial statements in terms of recognition and measurement of assets and liabilities.

The Group has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to current year presentation, as presented in note 53.

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6.1.3 The Group has adopted IFRS 9 effective January 01, 2024 with modified retrospective approach as permitted under IFRS 9. The cumulative impact of initial application of Rs 1,214.150 million has been recorded as an adjustment to equity at the beginning of the current accounting year. The details of the impacts of initial application are tabulated below:

	Impact due to:										
	Balances as at December 31, 2023 (Audited)	Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Classifications due to business model and SPPA assessments	Remeasurements	Reversal of provisions held	Total impact - gross of tax	Taxation (current and deferred)	Total Impact - net of tax	Balances as at January 01, 2024	IFRS 9 Category
Rupees in '000											
ASSETS											
Cash and balances with treasury banks	242,612,195	(34,003)	-	-	-	-	(34,003)	-	(34,003)	242,578,192	Amortised cost
Balances with other banks	11,458,281	(2,324)	-	-	-	-	(2,324)	-	(2,324)	11,455,957	Amortised cost
Due from financial institutions	34,964,299	-	-	-	-	-	-	-	-	34,964,299	Amortised cost
Investments											
- Classified as available for sale	1,354,524,725	-	(1,354,524,725)	-	-	-	(1,354,524,725)	-	(1,354,524,725)	-	
- Classified as fair value through other comprehensive income	-	(52,035)	1,354,524,725	(136,357,373)	2,475,812	2,562,068	1,223,153,197	-	1,223,153,197	1,223,153,197	FVOCI
- Classified as held to maturity	216,954,593	-	(216,954,593)	124,801,022	-	-	(216,954,593)	-	(216,954,593)	-	
- Classified as amortised cost	-	-	216,954,593	-	-	-	341,755,615	-	341,755,615	341,755,615	Amortised cost
- Classified as held for trading	-	-	-	11,556,351	4,198	-	-	-	-	-	
- Classified as fair value through profit or loss	-	-	-	-	-	-	11,560,549	-	11,560,549	11,560,549	FVTPL
- Associates	6,862,218	-	-	-	-	-	-	-	-	6,862,218	Outside the scope of IFRS 9
- Subsidiaries	-	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
	1,578,341,536	(52,035)	-	-	2,480,010	2,562,068	4,990,043	-	4,990,043	1,583,331,579	
Islamic financing and related assets											
- Gross Amount	992,027,463	-	-	(10,829,072)	-	(10,829,072)	-	-	(10,829,072)	981,198,391	
- Provisions	(30,354,451)	(4,004,838)	-	-	-	647,354	(3,357,484)	-	(3,357,484)	(33,711,935)	
	961,673,012	(4,004,838)	-	-	(10,829,072)	647,354	(14,186,556)	-	(14,186,556)	947,486,456	Amortised cost
Property and equipment	39,295,656	-	-	-	-	-	-	-	-	39,295,656	Outside the scope of IFRS 9
Right-of-use assets	19,867,043	-	-	-	-	-	-	-	-	19,867,043	Outside the scope of IFRS 9
Intangible assets	2,370,686	-	-	-	-	-	-	-	-	2,370,686	Outside the scope of IFRS 9
Deferred tax asset	-	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Other assets - financial assets	125,912,511	(162,964)	-	-	-	-	(162,964)	-	(162,964)	125,749,547	Amortised cost / FVTPL
Other assets - non financial assets	2,820,933	-	-	-	6,019,657	-	6,019,657	-	6,019,657	8,840,590	Outside the scope of IFRS 9
	3,019,316,152	(4,256,164)	-	-	(2,329,405)	3,209,422	(3,376,147)	-	(3,376,147)	3,015,940,005	
LIABILITIES											
Bills payable	39,724,176	-	-	-	-	-	-	-	-	39,724,176	Amortised cost
Due to financial institutions	377,494,612	-	-	-	(6,177,795)	-	(6,177,795)	-	(6,177,795)	371,316,817	Amortised cost
Deposits and other accounts	2,217,420,536	-	-	-	-	-	-	-	-	2,217,420,536	Amortised cost
Lease liability against right-of-use assets	22,412,164	-	-	-	-	-	-	-	-	22,412,164	Outside the scope of IFRS 9
Sub-ordinated sukuk	20,990,000	-	-	-	-	-	-	-	-	20,990,000	Amortised cost
Deferred tax liabilities	4,881,310	-	-	-	-	-	-	-	-	6,198,973	Outside the scope of IFRS 9
Other liabilities - non financial liabilities	22,291,665	-	-	-	-	-	-	-	-	22,291,665	Outside the scope of IFRS 9
Other liabilities - financial liabilities	124,084,420	269,835	-	-	-	-	269,835	-	269,835	124,354,255	Amortised cost / FVTPL
	2,829,298,883	269,835	-	-	(6,177,795)	-	(5,907,960)	1,317,663	(4,590,297)	2,824,708,586	
NET ASSETS	190,017,269	(4,525,999)	-	-	3,848,390	3,209,422	2,531,813	(1,317,663)	1,214,150	191,231,419	
REPRESENTED BY											
Share capital	17,912,532	-	-	-	-	-	-	-	-	17,912,532	
Reserves	37,106,473	-	-	-	-	-	-	-	-	37,106,473	
Surplus on revaluation of assets - net of tax	10,920,597	-	-	-	2,475,812	-	2,475,812	(1,287,422)	1,188,390	12,108,987	
Unappropriated profit	122,528,058	(4,525,999)	-	-	1,372,578	3,209,422	56,001	(30,241)	25,760	122,553,818	
Non-controlling interest	1,549,609	-	-	-	-	-	-	-	-	1,549,609	
	190,017,269	(4,525,999)	-	-	3,848,390	3,209,422	2,531,813	(1,317,663)	1,214,150	191,231,419	

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6.2 Financial assets and liabilities

6.2.1 Classification

Financial assets

Under IFRS 9, existing categories of financial assets: Held for Trading (HTF), Available for Sale (AFS) and Held to Maturity (HTM) and loans and receivables have been replaced by:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss account (FVTPL)

Financial liabilities

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus all financial liabilities are being carried at amortised cost. Financial liabilities can also be designated at FVTPL where gains or losses arising from entity's own credit rating risk are required to be presented in other comprehensive income with no reclassification to profit and loss account.

6.2.2 Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Eventually, the financial assets fall under either of the following three business models:

- i) **Hold to Collect (HTC) Business Model:** Holding assets in order to collect contractual cash flows.
- ii) **Hold to Collect and Sell (HTC&S) Business Model:** Collecting contractual cash flows and selling financial assets.
- iii) **Other Business Models:** Resulting in classification of financial assets as FVTPL.

6.2.3 Assessments whether contractual cash flows are solely payments of principal and profit (SPPI)

As a second step of its classification process, the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount). The most significant elements of profit within a financing arrangement are typically the consideration for the time value of

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money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic financing arrangement, the related financial asset is classified and measured at FVTPL.

6.2.3.1 Debt instruments previously classified as available for sale but which fail the SPPI test

The Group holds a portfolio of debt instruments that failed to meet the 'solely payments of principal and profit' (SPPI) requirement for amortised cost and FVOCl classification under IFRS 9. These instruments contain provisions that, in certain circumstances, allow the issuer to fully convert the instrument into common shares or the issuer can also exercise the call option with prior approval of the SBP. This clause breaches the criterion that profit payments should only be consideration for credit risk and the time value of money on the principal. As a result, these instruments, were classified as FVTPL from the date of initial application as mentioned in the note 6.1.3.

6.2.4 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group purchase or sell the asset. Other financial assets and liabilities like Islamic financing and related assets, due from financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions or as per underlying Shariah mode. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased. The Group will recognise due to customer and financial institution balances when these funds reach the Group.

a) Amortised cost (AC)

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit ('SPPI), and that are not designated at FVTPL, are measured at amortised cost. Financial assets and financial liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction cost. They are subsequently measured at amortised cost. An expected credit loss allowance (ECL) is recognised for financial assets in consolidated statement of profit and loss account. Rental / profit income / dividend income / expense on these assets / liabilities are recognised in consolidated statement of profit and loss account. On derecognition of these financial assets and liabilities, gain / (loss) is recognised in consolidated statement of profit and loss account.

b) Fair value through other comprehensive income (FVOCl)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are measured at fair value through other comprehensive income. They are initially recognised at fair value adjusted for directly attributable transaction costs. These assets are subsequently measured at fair value with changes recorded in consolidated statement of other comprehensive income. An expected credit loss allowance (ECL) is recognised for these financial assets in consolidated statement of profit and loss account. Rental / profit / dividend income on these assets are recognised in consolidated statement of profit and loss account. On derecognition of these financial assets, capital gain / (loss) will be recognised in consolidated statement of profit and loss account only in case of debt instruments. For equity based financial assets classified as FVOCl, capital gain / (loss) is transferred from surplus / deficit on revaluations of assets to unappropriated profit.

c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCl are measured at fair value through profit or loss. They are initially recognised at fair value. Transaction cost is directly recorded in consolidated statement of profit and loss account. These assets are subsequently measured at fair value with changes recorded in consolidated statement of profit and loss account. Rental / profit / dividend income on these assets are recognised in consolidated statement of profit and loss account. On derecognition of these financial assets, capital gain / loss is recognised in consolidated statement of profit and loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

6.2.5 Derecognition

Financial assets

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers

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substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition of the Group:

- (i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
- (ii) Is prohibited from selling or pledging the assets; and
- (iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and sukuks) furnished by the Group under due from institutions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

Financial liabilities

Financial liabilities are derecognised when these are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original participants of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of profit rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in consolidated statement of profit and loss account.

6.2.6 Modification

The Holding Company sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset (that is terms are not substantially different) in accordance with IFRS 9, the Holding Company recalculates the gross carrying amount of the financial asset and shall recognise a modification gain or loss in consolidated statement of profit and loss account. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original approximate effective profit rate (or approximate credit-adjusted effective profit rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If the terms are substantially different, the Holding Company derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new approximate to effective profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for credit loss allowance calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. Gain / loss on derecognition of such financial asset is recognised in unconsolidated statement of profit and loss account.

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6.2.7 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance ; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

6.3 Overview of the expected credit loss (ECL) principles

The Group assesses on a forward-looking basis the expected credit loss allowance ('ECL') associated with Islamic financing and related assets and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and irrevocable unutilised financing commitments hereinafter referred to as "Financial Instruments". The Group recognises a credit loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined below.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

Effective profit rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The Group has identified basis of ECL computation for following stages:

Stage 1 : No significant deterioration in credit quality of financial asset - 12 month expected credit loss.
Stage 2 : Significant deterioration in credit quality of financial asset since recognition - lifetime expected credit loss.
Stage 3 : Credit impaired - impairment determined on individual or collective basis over the lifetime.

The staging guidelines applicable on the Holding Company has been adopted from the application instructions of IFRS - 9 issued by the SBP vide its BPRD circular 3 of 2022.

Particular	Classification	Days due	Stage allocation under IFRS 9	Provisions to be made
Prudential regulation for corporate	Performing	1-59	Stage 1	As per IFRS 9 ECL modelling
	Under-performing	60-89	Stage 2	
	Non-performing:			
	Substandard	90-179		Whichever is higher: a) IFRS 9 ECL or b) PR's requirement
	Doubtful	180 or more days	Stage 3	
	Loss	one year or more		

* Other criterias have been mentioned in note 51.1.1.6.1

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Definition of default

The concept of "impairment" or "default" is critical to the implementation of IFRS 9 as it drives determination of risk parameters i.e PD and LGD.

SBP vide BPRD Circular No. 3 of 2022 dated July 5, 2022 has prescribed objective basis, based on Days Past Due, for classification of financing in stage 3. In addition to time based criteria, SBP requires Banks to evaluate and, where required, subjectively classify or further downgrade classification of financing. ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at Customer /Obligor/ facility level for corporate / commercial / SME /Agri Financing portfolios and at segment / product basis for retail portfolio as prescribed by SBP vide BPRD Circular Letter No. 16 of 2024 dated July 29, 2024.

Write-offs

The Group's accounting policy under IFRS 9 remains the same as it was under SBP regulations / existing reporting framework. Financing written off in accordance with the policy do not in any way prejudice the Group's right of recovery from the customer.

6.4 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances with treasury banks, balances with other banks in current and deposit accounts, national prize bonds, overdrawn nostro accounts, placements and investments having original maturity of three months or less.

6.5 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 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.

The mudaraba investments from the SBP are initially recognised at amount of funds accepted except for an investment from SBP under Islamic Temporary Economic Refinance Facility (ITERF)

The Islamic Temporary Economic Refinance Facility (ITERF) mudaraba investment from the SBP is recorded at present value on initial recognition discounted at market rate. The difference between the fair value of the financial liability and the amount accepted is recognised as gain / (loss) in the consolidated statement of profit and loss account. Unwinding of an expense on fair value adjustment is also recognised in the consolidated statement of profit and loss account.

6.6 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

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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 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.

However, the Diminishing Musharakah financing disbursed under Islamic Temporary Economic Refinance Facility (ITERF) and under staff financing policy is recorded at fair value on initial recognition discounted at prevailing market rate. The difference between the fair value of the financial asset and the amount disbursed is recorded as gain / (loss) and unwinding of income on fair value adjustment is recognised in the consolidated statement of profit and loss account.

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 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.

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For The Year Ended December 31, 2024

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.

- 6.6.1** Funds disbursed, under financing arrangements for purchase of goods / assets are recorded as an 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 as disclosed in note 6.6.3.

6.6.2 Credit loss allowance / provision against non-performing Islamic financing and related assets

Islamic financing and related assets are stated net of credit loss allowance / provision held against non-performing Islamic financing and related assets in accordance with the requirements of the Prudential Regulations and IFRS 9 application instructions issued by the SBP as disclosed in note 6.3 which are charged to the consolidated statement of profit and loss account. In addition to the above the Group has also maintained a general provision in respect of financing against potential losses as may be present in the portfolio as disclosed in note 11.8. This provision is based on management's best estimate and is approved by the Board of Directors of the Holding Company.

The net ECL / provision made / reversed during the year is charged to the consolidated statement of profit and loss account and accumulated ECL / 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.

6.6.3 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.

6.7 Investments

Investments include Federal Government securities, shares, units of mutual funds, non-Government sukuk, foreign securities, and associates. Classification and measurement of Investments have been disclosed in note 6.2.

- 6.7.1** 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.

6.7.2 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.

6.8 Property and equipment and intangible assets

6.8.1 Property and equipment

They are stated at cost less accumulated depreciation and any identified impairment loss. Items of property and equipment 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 property and equipment is included in the consolidated statement of profit and loss account.

6.8.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

6.8.3 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).

6.8.4 Subsequent costs related to property and equipment and intangible assets

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 statement of profit and loss account as and when incurred.

6.8.5 Depreciation / amortisation related to property and equipment and intangible assets

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 14.1 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 13.

6.8.6 Useful lives and residual values related to property and equipment and intangible assets

Useful lives, residual values and depreciation method are reviewed at each reporting date and adjusted if impact on depreciation / amortisation is significant.

6.8.7 Impairment related to property and equipment and intangible assets

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 statement of profit and loss account.

6.9 Right-of-use assets and lease liabilities

Right-of-use 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 subject to impairment in line with the Holding Company's policy as described in note 6.21.

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.

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.

Incremental fund acceptance rate

The Incremental fund acceptance rate is the rate of profit that the Group would have to pay to accept its fund over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

6.10 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the consolidated statement of profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

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.

Prior years

This charge includes tax charge for prior years arising from assessments, changes in estimates and change in law.

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.

6.11 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 statement of 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 statement of profit and loss account.

6.12 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 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 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.

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For The Year Ended December 31, 2024

6.13 Sub-ordinated Sukus

The Group records sub-ordinated sukuk initially at the amount of proceeds received. Profit accrued on sub-ordinated sukuk is charged to the consolidated statement of profit and loss account. These are subsequently measured at amount outstanding.

6.14 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 investing funds, the Group prioritizes 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 Holding Company allocates PKR financing to Corporate, Commercial, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business as mentioned in note 51.1.2.3. 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 sukuks 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 Holding Company 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.

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Equity Pools:

All other assets including fixed assets, exposure in shares, Rupee bai-salam financing and subsidized 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.

6.15 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 in respect of gratuity of Holding Company was conducted as on December 31, 2024.

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, 2024.

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 "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 and future salary increases as disclosed in note 41.

Defined contribution plan

The Holding Company and the Subsidiary Company (AMIML) 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.

6.16 Compensated absences

The Holding Company and the Subsidiary Company (AMIML) 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, 2024 using the projected unit credit method.

6.17 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 43). 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.

6.18 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.

6.19 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

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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 consolidated statement of 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.

6.20 Contingent assets and liabilities

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.

6.21 Impairment of non-financial assets

The carrying amount of the assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the relevant asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of profit and loss account. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

6.22 Credit loss allowance for claims under guarantees and other off balance sheet obligations

The Holding Company assesses on a forward-looking basis the expected credit loss allowance ('ECL') associated with letter of credit, guarantees and irrevocable unutilised financing commitments hereinafter referred to as "Financial Instruments". The Holding Company recognises a credit loss allowance for such losses at each reporting date as more detailed in note 6.3 to these consolidated financial statements.

6.23 Provisions

Provisions are recognised when the Group has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

6.24 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.

6.25 Off-setting of financial assets and financial liabilities

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.

6.26 Revenue recognition

Revenue is recognised in accordance with the requirements of IFRS-15. The amount is recognised when the Group satisfies the performance obligation, either over time or at a specific point of time unless mentioned otherwise.

- i) The Group follows the finance method in recognising income on Ijarah contracts written up to December 31, 2008. Under this method the unearned income i.e. the excess of aggregate Ijarah rentals over the cost of the asset and documentation charges under Ijarah facility is deferred and then amortised over the

Notes to and Forming Part of the Consolidated Financial Statements

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term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognised as income on a receipt basis. Income on Ijarah is recognised from the date of delivery of the respective assets to the mustajir.

- 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 Holding Company .
- 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 FVTPL securities) are purchased at a premium or discount, those premiums / discounts are amortised through the consolidated statement of 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.
- 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 recognition of fee and commission income depends on the purpose for which the fees are received. The majority share of the income classified as card related fees (debit cards), commission on trade and commission on remittances constitutes revenue from contracts with customers. Fee and commission income is recognised when or as an entity satisfies the performance obligation, either over time or at a specific point of time. 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 / modification of financial assets is included in the consolidated statement of profit and loss account in the period in which they arise.
- xiv) Gain or loss on disposal of property and equipment, intangible assets, Ijarah assets and Musharakah assets is taken to the consolidated statement of 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.
- 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 (AMIML). 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.

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6.27 Share Capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

6.28 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 holders 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.

6.29 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities (offering products and services within a particular economic environment [geographical segment]) from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components (business segments), which is subject to risks and rewards that are different from those of other segments. An operating segment's results are reviewed regularly by the Management, that includes Chief Executive (decision maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. 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.

6.29.1 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.

6.29.2 Geographical segments

The operation of the Group are currently based only in Pakistan.

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	Note	2024	2023
		Rupees in '000	
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		54,305,113	44,000,729
- foreign currencies		4,350,552	4,043,711
		58,655,665	48,044,440
With the State Bank of Pakistan in			
- local currency current account		147,811,687	105,848,962
- foreign currency current accounts		15,694,215	14,790,799
	7.1	163,505,902	120,639,761
With the National Bank of Pakistan in			
- local currency current accounts		38,694,972	73,915,744
National prize bonds	7.2	22,945	12,250
Less: Credit loss allowance held against cash and balances with treasury banks		(6,117)	-
Cash and balances with treasury banks - net of credit loss allowance		<u>260,873,367</u>	<u>242,612,195</u>

7.1 These include local and foreign currency amounts required to be maintained by the Holding Company 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 Holding Company, as a matter of Shariah principle, does not deal in prize bonds.

	Note	2024	2023
		Rupees in '000	
8 BALANCES WITH OTHER BANKS			
In Pakistan			
- in current accounts		10,575,044	9,041,421
- in deposit accounts	8.2	15,600	-
Outside Pakistan			
- in current accounts		2,437,740	1,879,152
- in deposit accounts	8.1	280,223	537,708
		2,717,963	2,416,860
Less: Credit loss allowance held against balances with other banks		(17,881)	-
Balances with other banks - net of credit loss allowance		<u>13,290,726</u>	<u>11,458,281</u>

8.1 This represents the balance in the remunerative account maintained with financial institutions outside Pakistan. The return on these balances are 3.50% (2023: 0.20% to 3.00%) per annum.

8.2 Savings accounts of the Group carry profit rates ranging from to 4.28% to 11.00% (December 31, 2023: 8.82% to 20.9%) per annum.

Notes to and Forming Part of the Consolidated Financial Statements

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	Note	2024	2023
		Rupees in '000	
9 DUE FROM FINANCIAL INSTITUTIONS			
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
Less: Credit loss allowance / provision held against due from financial institutions	9.4	(15,500)	(15,500)
Due from financial institutions - net of credit loss allowance / provision held		<u>34,964,299</u>	<u>34,964,299</u>
9.1	The effective average return on this product is 12.17% (2023: 11.72%) per annum. The balances have maturities in July 2025 (2023: July 2025). These Bai Muajjal are secured against Federal Government securities received as collateral and having market value of Rs 49,280 million as at December 31, 2024 (2023: Rs 42,831 million).		
9.2	Bai Muajjal Placements	52,821,177	52,821,177
	Less: Deferred income	(2,166,186)	(6,186,642)
	Less: Profit receivable shown in other assets	(15,675,192)	(11,654,736)
	Bai Muajjal Placements	<u>34,979,799</u>	<u>34,979,799</u>
9.3	Particulars of due from financial institutions		
In local currency		<u>34,979,799</u>	<u>34,979,799</u>

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

9.4	Due from financial institutions - particulars of credit loss allowance / provision held	Note	2024		2023	
			Due from financial institutions	Credit loss allowance	Due from financial institutions	Provision held
Rupees in '000						
Domestic						
Stage 1 / Performing	9.1	34,964,299	-	34,964,299	-	-
Stage 2 / Under performing		-	-	-	-	-
Stage 3 / Non-performing						
Substandard		-	-	-	-	-
Doubtful		-	-	-	-	-
Loss		15,500	15,500	15,500	15,500	15,500
Total		34,979,799	15,500	34,979,799	15,500	15,500

9.4.1 Due from financial institution - particulars of credit loss allowance / provision held

	2024						2023	
	Expected Credit Loss						Total	Total
	Stage 1	Stage 2	Stage 3	Specific				
Rupees in '000								
Opening balance	-	-	-	15,500	15,500	15,500	41,566	41,566
Implementation of IFRS 9	-	-	15,500	(15,500)	-	-	-	-
Balance as at January 01 after implementing IFRS 9	-	-	15,500	-	15,500	15,500	41,566	41,566
Fresh disbursements	-	-	-	-	-	-	-	-
Amount derecognised / repaid	-	-	-	-	-	-	-	-
Transfer from / (to)	-	-	-	-	-	-	-	-
Reversal for the year	-	-	-	-	-	-	(20,000)	(20,000)
Amounts written off / charged off	-	-	-	-	-	-	-	(6,066)
Changes in risk parameters / other changes	-	-	-	-	-	-	-	-
Closing balance	-	-	15,500	-	15,500	15,500	41,566	41,566

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

10 INVESTMENTS

10.1 Investments by types

Note	2024				2023			
	Cost / Amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
Rupees in '000								
Debt Instruments								
Classified / measured at FVOCI								
Federal Government securities	10.5.1	1,317,019,755	-	37,668,822	1,354,688,577			
- Non Government sukus	10.5.4	126,955,924	346,737	3,711,417	130,320,604			
- Foreign securities	10.5.5	4,028,707	429	(70,608)	3,957,670			
		1,448,004,386	347,166	41,309,631	1,488,966,851			
Classified / measured at amortised cost								
- Federal Government securities	10.6	362,885,471	-	-	362,885,471			
Instruments mandatorily classified / measured at FVTPL								
- Federal Government securities		4,778,499	-	-	4,778,499			
- Units of mutual funds		59,150	-	7,483	66,633			
- Non Government sukus		933,000	-	1,066	934,066			
		5,770,649	-	8,549	5,779,198			
Equity instruments								
Classified / Measured at FVOCI (Non-reclassifiable)								
- Shares								
Listed compaies	10.5.2	5,708,407	-	4,804,705	10,513,112			
Unlisted companies	10.5.3	604,679	-	13,148	617,827			
Foreign companies (SWIFT)	10.5.5	10,389	-	-	10,389			
		6,323,475	-	4,817,853	11,141,328			
Available for sale securities								
- Federal Government securities	10.5.1	-	-	-	-			
- Shares	10.5.2 & 10.5.3	-	-	-	-			
- Non Government sukus	10.5.4	-	-	-	-			
- Foreign securities	10.5.5	-	-	-	-			
		-	-	-	-			
Held to maturity securities								
- Federal Government securities	10.6	-	-	-	-			
		216,954,593	-	-	-			
Associates								
- Units of mutual funds	10.7	10,079,993	-	-	10,079,993			
Total Investments		1,833,063,974	347,166	46,136,033	1,878,852,841			
		1,559,563,609	2,635,009	21,412,936	1,578,341,536			

Notes to and Forming Part of the Consolidated Financial Statements

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10.2 Investments by segments

	Note	2024				2023				
		Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	
Rupees in '000										
Federal Government Securities										
- Ijarah sukuks	10.5.1 & 10.6	1,658,851,652	-	37,668,822	1,696,520,474	1,396,680,608	-	12,301,364	1,408,981,972	
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	10.6	21,053,574	-	-	21,053,574	-	-	-	-	
- Islamic Naya Pakistan Certificates		4,778,499	-	-	4,778,499	10,473,351	-	-	10,473,351	
		1,684,683,725	-	37,668,822	1,722,352,547	1,407,153,959	-	12,301,364	1,419,455,323	
Shares and units of mutual funds										
Listed companies	10.5.2	5,708,407	-	4,804,705	10,513,112	9,278,482	2,497,288	4,064,496	10,845,690	
Unlisted companies	10.5.3	604,679	-	13,148	617,827	604,679	64,776	-	539,903	
Units of mutual funds		59,150	-	7,483	66,633		-	-	-	
		6,372,236	-	4,825,336	11,197,572	9,883,161	2,562,064	4,064,496	11,385,593	
Non Government Sukuk										
Listed	10.2.1 & 10.5.4	114,348,701	-	3,696,976	118,045,677	114,367,048	-	5,153,808	119,520,856	
Unlisted	10.5.4	13,540,223	346,737	15,507	13,208,993	16,077,346	72,945	-	16,004,401	
		127,888,924	346,737	3,712,483	131,254,670	130,444,394	72,945	5,153,808	135,525,257	
Foreign Securities										
Government sukuks	10.5.5	3,194,577	326	(67,060)	3,127,191	4,645,817	-	(106,467)	4,539,350	
Non Government sukuks		834,130	103	(3,548)	830,479	563,671	-	(265)	563,406	
Shares		10,389	-	-	10,389	-	-	-	10,389	
		4,039,096	429	(70,608)	3,968,059	5,219,877	-	(106,732)	5,113,145	
Associates										
Meezan Balanced Fund		448,920	-	-	448,920	398,519	-	-	398,519	
Al-Meezan Mutual Fund		1,711,441	-	-	1,711,441	853,887	-	-	853,887	
Meezan Islamic Fund		2,262,620	-	-	2,262,620	1,024,883	-	-	1,024,883	
Meezan Financial Planning Fund - Conservative		-	-	-	-	2,128	-	-	2,128	
KSE Meezan Index Fund		2,473,002	-	-	2,473,002	1,960,781	-	-	1,960,781	
Meezan Pakistan Exchange Traded Fund		21,076	-	-	21,076	13,302	-	-	13,302	
Meezan Tahaffuz Pension - Gold sub-fund		62,343	-	-	62,343	49,684	-	-	49,684	
Meezan Tahaffuz Pension - Equity sub-fund		341,960	-	-	341,960	191,567	-	-	191,567	
Meezan Energy Fund		-	-	-	-	214,530	-	-	214,530	
Meezan Gold Fund		526,395	-	-	526,395	165,390	-	-	165,390	
Meezan Rozana Amdani Fund		867,465	-	-	867,465	-	-	-	-	
Meezan Daily Income Fund - MDIP - I		1,308,914	-	-	1,308,914	1,950,092	-	-	1,950,092	
Meezan Sovereign Fund		572	-	-	572	580	-	-	580	
Meezan cash Fund		5,429	-	-	5,429	-	-	-	-	
Meezan Islamic Income Fund		5,464	-	-	5,464	-	-	-	-	
Meezan Fixed Term Fund - MPMP V		5,896	-	-	5,896	5,000	-	-	5,000	
Meezan GOKP Pension Fund - Debt Sub Fund		500	-	-	500	500	-	-	500	
Meezan GOKP Pension Fund - Equity Index Sub Fund		500	-	-	500	500	-	-	500	
Meezan GOKP Pension Fund - Equity Sub Fund		500	-	-	500	500	-	-	500	
Meezan GOKP Pension Fund - Money Market Sub Fund		36,996	-	-	36,996	30,375	-	-	30,375	
		10,079,993	-	-	10,079,993	6,862,218	-	-	6,862,218	
Total Investments		1,833,063,974	347,166	46,136,033	1,878,852,841	1,559,563,609	2,635,009	21,412,936	1,578,341,536	

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 Sukuk are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuk 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

	2024				2023			
	Cost / Amortised Cost	Market value						
Rupees in '000								
Federal Government Securities								
- Ijarah sukuks	485,500,000	503,414,750	184,000,000	186,760,000	184,000,000	186,760,000	184,000,000	186,760,000

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	Note	2024	2023
		Rupees in '000	
10.3 Particulars of credit loss allowance / provision for diminution in value of investments			
Opening balance		2,635,009	3,206,997
Impact of adoption of IFRS 9 - reversal of provision held against shares	6.1.3	(2,562,068)	-
Impact of adoption of IFRS 9 - credit loss allowance	6.1.3	52,035	-
		(2,510,033)	-
Charge / (reversals)			
Credit loss allowance / provision for the year		239,996	238,864
ECL reversals for the year (including cash recovery)		(17,806)	(5,247)
Reversals for the year on disposals of shares		-	(805,605)
		222,190	(571,988)
Closing balance	10.4.1 & 10.4.3	<u>347,166</u>	<u>2,635,009</u>

10.4 Particulars of credit loss allowance / provision against debt securities

10.4.1 Particulars of credit loss allowance / provision against debt securities

	2024		2023	
	Outstanding amount	Credit loss allowance held	Outstanding amount	Provision held
Rupees in '000				
Domestic				
Performing - Stage 1	5,604,416	5,216	-	-
Under performing - Stage 2	-	-	-	-
Non-performing - Stage 3				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	341,950	341,950	72,945	72,945
	<u>341,950</u>	<u>341,950</u>	<u>72,945</u>	<u>72,945</u>
	5,946,366	347,166	72,945	72,945

The debt securities amounting to Rs 1,679,746 million and Rs 125,038 million pertains to Government securities and Government guaranteed exposure respectively. The exposure is exempted for the calculation of ECL by the SBP.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

10.4.2 Investments - exposure (debt securities) *

	2024						2023		
	Outstanding			Performing	Non-performing	Total	Performing *	Non-performing	Total
	Stage 1	Stage 2	Stage 3						
(Rupees in '000)									
Opening balance	-	-	-	9,601,900	72,945	9,674,845	11,930,482	78,192	12,006,374
Implementation of IFRS 9	9,329,900	272,000	72,945	(9,601,900)	(72,945)	-	-	-	-
Impact of adoption of IFRS 9	-	-	-	-	-	-	-	-	-
Balance as at January 01 after adopting IFRS 9	9,329,900	272,000	72,945	-	-	9,674,845	11,930,482	78,192	12,006,374
Fresh disbursements	1,318,705	-	-	-	-	1,318,705	-	-	-
Amount derecognised / repaid	(5,012,790)	-	(2,995)	-	-	(5,015,785)	-	-	-
Transfer to stage 1	-	-	-	-	-	-	-	-	-
Transfer to stage 2	-	(272,000)	-	-	-	-	-	-	-
Transfer to stage 3	-	-	272,000	-	-	-	-	-	-
Net change during the year	-	-	-	-	-	-	(2,328,582)	(5,247)	(2,333,829)
	(3,694,085)	(272,000)	269,005	-	-	(3,697,080)	(2,328,582)	(5,247)	(2,333,829)
Amounts written off / charged off	-	-	-	-	-	-	-	-	-
Changes in risk parameters	-	-	-	-	-	-	-	-	-
Other changes	(31,399)	-	-	-	-	(31,399)	-	-	-
Closing balance	5,604,416	-	341,950	-	-	5,946,366	9,601,900	72,945	9,672,545

* Excluding Government Securities and Government Guaranteed Exposures.

10.4.3 Investments - Credit loss allowance

	2024						2023	
	Expected Credit Loss			Specific	Total	Total - Specific		
	Stage 1	Stage 2	Stage 3					
(Rupees in '000)								
Opening balance	-	-	-	2,635,009	2,635,009	3,206,997		
Implementation of IFRS 9	17,601	34,434	72,945	(72,945)	52,035	-		
Impact of adoption of IFRS 9	-	-	-	(2,562,064)	(2,562,064)	-		
Balance as at January 01 after adopting IFRS 9	17,601	34,434	72,945	-	124,980	3,206,997		
New investments	2,337	-	-	-	2,337	-		
Investments derecognised or repaid	(2,267)	-	(2,995)	-	(5,262)	-		
Transfer to stage 1	-	-	-	-	-	-		
Transfer to stage 2	-	(34,434)	34,434	-	-	-		
Transfer to stage 3	-	-	-	-	-	-		
Impairment charge against shares for the year	-	-	-	-	-	238,864		
Impairment reversal against disposal of shares for the year	-	-	-	-	-	(805,605)		
Reversal for the year	-	-	-	-	-	(5,247)		
	70	(34,434)	31,439	-	(2,925)	(571,988)		
Amounts written off / charged off	-	-	-	-	-	-		
Changes in risk parameters (PDs/LGDs/EADs)	(9,320)	-	237,566	-	228,246	-		
Other changes	(3,135)	-	-	-	(3,135)	-		
Closing balance	5,216	-	341,950	-	347,166	2,635,009		

Notes to and Forming Part of the Consolidated Financial Statements

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10.5 Quality of securities

Details regarding quality of securities held under "Held to Collect and Sell" / Available for Sale model are as follows:

	2024	2023
	Cost	Cost
	Rupees in '000	Rupees in '000
10.5.1 Federal Government Securities - Government guaranteed		
Ijarah Sukus - VRR	1,197,612,762	1,152,156,662
Ijarah Sukus - FRR	118,915,329	26,934,511
Ijarah Sukus - Discounted	491,664	634,842
Islamic Naya Pakistan Certificates	-	10,473,351
	<u>1,317,019,755</u>	<u>1,190,199,366</u>

10.5.2 Shares - Listed

	2024	2023
	Cost	Cost
	Fair Value/ Breakup value	Breakup value*
Automobile assembler	-	87,912
Cement	1,359,104	1,704,295
Power generation and distribution	98,341	98,341
Oil and gas marketing companies	244,202	888,677
Oil and gas exploration companies	1,631,049	2,006,910
Fertilizers	446,350	1,083,659
Chemicals	122,163	129,571
Pharmaceuticals	295,596	619,695
Miscellaneous	-	79,634
Modarabas	115,390	66,390
Technology and communication	397,453	918,241
Paper and board	490,917	602,565
Glass and ceramics	-	106,833
Textile (Composite)	387,360	378,394
Food and personal care products	-	14,797
Engineering	120,482	492,568
	<u>5,708,407</u>	<u>9,278,482</u>

10.5.3 Shares - Unlisted

	2024	2023
	Cost	Cost
	Fair Value/ Breakup value	Breakup value*
Sapphire Electric Company Limited	318,638	318,638
Daewoo Pakistan Express Bus Service Limited	253,240	253,240
Pakistan Corporate Restructuring Company Limited	32,801	32,801
	<u>604,679</u>	<u>604,679</u>
	343,794	1,090,111
	20,793	244,281
	<u>617,827</u>	<u>1,354,137</u>

* Based on the latest available audited financial statements and based on holding percentage.

10.5.4 Non Government Sukus

	Note	2024	2023
		Cost	Cost
		Rupees in '000	Rupees in '000
Listed			
- Government guaranteed	10.2.1	114,348,701	114,367,048
Unlisted			
- Government guaranteed		10,689,564	10,528,989
Unlisted			
- AAA / AAA		-	2,280,703
- AA / AA+, AA, AA-		656,961	1,443,000
- A / A+, A, A-		1,190,748	1,751,709
- Unrated		69,950	72,945
		<u>1,917,659</u>	<u>5,548,357</u>
		<u>126,955,924</u>	<u>130,444,394</u>

Notes to and Forming Part of the Consolidated Financial Statements

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10.5.5	Foreign Securities Government Sukus	2024		2023	2024		2023
		Rating		Cost Rupees in '000	Cost Rupees in '000		2023
Saudi Arabia	A	1,801,782		1,826,515			
Indonesia	Baa2	1,392,795		2,819,302			
		3,194,577		4,645,817			

	2024		2023
	Cost Rupees in '000		
Non Government Sukus - Unlisted			
- Aa3 / A	834,130		563,671
Equity securities - Unlisted			
S.W.I.F.T. SCRL	10,389		10,389
	4,039,096		5,219,877

10.6 Particulars relating to securities classified under "Held to collect" / "Held to maturity" model are as follows:

Federal Government Securities - Government guaranteed

	2024	2023
	Cost Rupees in '000	
Ijarah Sukus - VRR	85,603,985	-
Ijarah Sukus - FRR	256,227,912	216,954,593
Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	21,053,574	-
	362,885,471	216,954,593

The market value of securities classified as amortised cost as at December 31, 2024 amounted to Rs 364,245 million (2023: Rs 187,691 million).

Notes to and Forming Part of the Consolidated Financial Statements

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10.7 Investment in associates

10.7.1 Movement of investment in associates

	Country of incorporation	Percentage of holding %	Investment at the beginning of the year	Investment/(redemption) during the year	Share of profit in associates	Dividend received	2024
							Rupees in '000
Associates							
Meezan Islamic Fund (MIF)	Pakistan	5.18%	1,024,883	605,069	797,084	(164,416)	2,262,620
Meezan Balanced Fund (MBF)	Pakistan	13.40%	398,519	(22,086)	148,170	(75,683)	448,920
Al Meezan Mutual Fund (AMMF)	Pakistan	16.79%	853,887	287,167	671,499	(101,112)	1,711,441
Meezan Fixed Term Fund - MPMP V	Pakistan	0.07%	5,000	369	961	(434)	5,896
KSE Meezan Index Fund (KMIF)	Pakistan	36.97%	1,960,781	(411,650)	958,059	(34,188)	2,473,002
Meezan Daily Income Fund (MDIP-I)	Pakistan	1.70%	1,950,092	(766,159)	390,211	(265,230)	1,308,914
Meezan Pakistan Exchange Traded Fund (MPETF)	Pakistan	9.52%	13,302	-	8,894	(1,120)	21,076
Meezan Gold Fund (MGF)	Pakistan	19.01%	165,390	301,038	63,355	(3,388)	526,395
Meezan Tahaffuz Pension Equity Sub Fund (MTPF-ESF)	Pakistan	4.59%	191,567	654	149,739	-	341,960
Meezan Tahaffuz Pension Gold Sub Fund (MTPF-GSF)	Pakistan	9.67%	49,684	164	12,495	-	62,343
Meezan Energy Fund (MEF)*	Pakistan	-	214,530	(206,119)	35,408	(43,819)	-
Meezan Rozana Aamdani Fund (MRAF)	Pakistan	1.48%	-	867,465	212,528	(212,528)	867,465
Meezan Sovereign Fund (MSF)*	Pakistan	-	580	(1,013)	1,210	(205)	572
Meezan GOKP Pension Fund - Money Market Sub Fund	Pakistan	11.86%	30,375	-	6,621	-	36,996
Meezan Financial Planning Fund of Funds - Conservative (MFPF-Cons)*	Pakistan	-	2,128	(2,353)	225	-	-
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
Meezan Cash Fund	Pakistan	0.01%	-	5,000	468	(39)	5,429
Meezan Islamic Income Fund*	Pakistan	-	-	5,000	516	(52)	5,464
Total			6,862,218	662,546	3,457,443	(902,214)	10,079,993

*Nil due to rounding off

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	2023						
	Country of incorporation	Percentage of holding %	Investment at the beginning of the year	Investment/(redemption) during the year	Share of profit in associates	Dividend received	Investment at the end of the year
Rupees in '000							
Associates							
Meezan Islamic Fund (MIF)	Pakistan	4.98%	761,193	(70,014)	333,704	-	1,024,883
Meezan Balanced Fund (MBF)	Pakistan	23.09%	317,124	1,324	95,542	(15,471)	398,519
Al Meezan Mutual Fund (AMMF)	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 (KMIF)	Pakistan	58.63%	1,317,591	1,913	653,425	(12,148)	1,960,781
Meezan Daily Income Fund (MDIP-I)	Pakistan	1.67%	271,188	1,678,904	94,871	(94,871)	1,950,092
Meezan Pakistan Exchange Traded Fund (MPETF)	Pakistan	17.69%	7,961	1,001	4,340	-	13,302
Meezan Gold Fund (MGF)	Pakistan	11.74%	125,370	-	41,104	(1,084)	165,390
Meezan Tahaffuz Pension Equity Sub Fund (MTPF-ESF)	Pakistan	4.68%	125,958	-	65,609	-	191,567
Meezan Tahaffuz Pension Gold Sub Fund (MTPF-GSF)	Pakistan	11.39%	37,943	-	11,741	-	49,684
Meezan Energy Fund (MEF)	Pakistan	21.20%	85,737	69,449	59,344	-	214,530
Meezan Rozana Aamdani Fund (MRAF)	Pakistan	-	174,508	(174,508)	5,968	(5,968)	-
Meezan Paidar Munafa Plan II (MPMP-II)	Pakistan	-	181,971	(174,500)	(7,471)	-	-
Meezan Soverign Fund (MSF)	Pakistan	-	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 (MFPP-Cons)	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

*Nil due to rounding off

No reconciliation is required between the carrying amount of the investment in associated undertakings and the summarised financial information as the movement in the Net Asset Value (NAV) represents the proportionate share of profit of investment in associate and the investment is also valued at the NAV prevailing at the reporting date under the equity accounting method.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

	Note	2024	2023
		Rupees in '000	
11 ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan:			
Murabaha financing and related assets			
- Murabaha financing	11.1	5,552,574	6,547,184
- Financing under Islamic Export Refinance - Murabaha	11.1	303,924	503,859
- Financing against Islamic SME Asaan Finance	11.1	1,818,265	126,483
- Advances against Murabaha		22,450,689	11,526,208
- Murabaha inventory		1,484,181	1,958,612
- Advance against Islamic SME Asaan Finance		354,722	1,005,534
- Inventory under Islamic SME Asaan Finance		2,852	5,000
- Advance against Islamic Export Refinance - Murabaha		770,105	244,700
		32,737,312	21,917,580
Running Musharakah financing			
- Running Musharakah financing		676,407,577	182,916,112
- Financing under Islamic Export Refinance - Running Musharakah		36,943,954	58,491,956
		713,351,531	241,408,068
Istisna financing and related assets			
- Istisna financing		24,178,898	35,529,463
- Advances against Istisna		75,741,840	99,829,298
- Istisna inventory		57,719,292	5,988,841
- Financing under Islamic Export Refinance - Istisna		419,234	344,330
- Advances under Islamic Export Refinance - Istisna		10,612,565	10,743,412
- Inventory under Islamic Export Refinance - Istisna		4,193,560	4,756,387
		172,865,389	157,191,731
Tijarah financing and related assets			
- Tijarah financing		4,876,050	2,311,642
- Tijarah inventory		14,434,733	13,079,258
- Financing under Islamic Export Refinance - Tijarah		1,086,970	1,701,367
- Inventory under Islamic SME Asaan Finance		311,241	-
- Inventory under Islamic Export Refinance - Tijarah		855,201	836,798
		21,564,195	17,929,065
Musawammah financing and related assets			
- Musawammah financing	11.2	23,777,208	32,401,509
- Financing under Islamic Export Refinance - Musawammah	11.2	669,459	563,377
- Financing under SBP's Islamic Financing Facility for Renewable Energy (IFRE) - Musawammah	11.2	428,575	359,297
- Financing against Islamic SME Asaan Finance	11.2	26,508	-
- Advances against Musawammah		12,317,484	22,924,687
- Advance against Islamic SME Asaan Finance		11,853	-
- Musawammah inventory		13,320,611	17,065,727
- Advances under Islamic Export Refinance - Musawammah		879,245	73,300
- Inventory under Islamic Export Refinance - Musawammah		28,000	301,000
		51,458,943	73,688,897
Salam financing and related assets			
- Salam financing		1,569,320	1,392,987
- Advances against Salam		25,511,879	23,878,427
- Salam inventory		2,625,049	1,393,814
		29,706,248	26,665,228
Financing against bills			
- Financing against bills - Salam		1,196,715	1,291,913
- Advance against bills - Salam		1,738	1,738
		1,198,453	1,293,651
- Bai Muajjal financing	11.3	43,662,372	33,086,224
Ijarah financing and related assets			
- Net investment in Ijarah		48,758	56,050
- Net book value of assets / investment in Ijarah under IFAS 2		61,624,855	60,109,729
- Advances against Ijarah	11.4	61,673,613	60,165,779
		7,857,788	2,839,276
		69,531,401	63,005,055

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

	Note	2024	2023
		Rupees in '000	
Diminishing Musharakah financing and related assets			
- Diminishing Musharakah financing		219,903,211	198,619,635
- Diminishing Musharakah financing - housing		16,873,015	18,552,137
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)		399,281	350,586
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Renewable Energy (IFRE)		15,153,734	15,917,226
- Diminishing Musharakah financing - SBP's Islamic Refinance Facility for Combating COVID - 19 (IRFCC)		107,606	215,211
- Diminishing Musharakah financing - SBP's Islamic SME Asaan Finance (I-SAAF) Scheme		3,190,659	76,973
- Diminishing Musharakah financing - SBP's Islamic Long Term Financing Facility (ILTFF) for Plant & Machinery		16,898,044	19,291,370
- Diminishing Musharakah financing - SBP's Islamic Temporary Economic Refinance Facility (ITERF)		12,790,555	17,643,962
- Diminishing Musharakah financing - under SBP's Islamic Refinance Facility for Modernization of SMEs (IRFMS)		190,903	-
- Diminishing Musharakah financing - SBP's Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs (IRCGSWE)		10,327	7,873
- Advances against Diminishing Musharakah		55,505,976	16,379,833
- Advances against Diminishing Musharakah under SBP's IFFSAP		693,503	185,000
- Advances against Diminishing Musharakah under SBP's IFRE		2,228,906	1,284,996
- Advances against Diminishing Musharakah under SBP's IRFCC		109,029	181,715
- Advances against Diminishing Musharakah under SBP's ISAAF		560,712	963,154
- Advances against Diminishing Musharakah under SBP's Islamic Refinance Facility for Modernization of SMEs (IRFMS)		14,903	-
- Advances against Diminishing Musharakah under SBP's ITERF		427,647	2,514,059
- Advances against Diminishing Musharakah under SBP's IRCGSWE		5,000	9,963
- Advances against Diminishing Musharakah under SBP's ILTFF		3,151,948	4,005,820
		348,214,959	296,199,513
- Musharakah financing		1,300,000	988,725
- Wakalah Tul Istithmar financing		-	30,602,133
- Advances against Wakalah Tul Istithmar		30,602,133	-
- Advance against Service Ijarah		30,508,677	14,884,577
- Qard financing under SBP's IRFCC		114,803	250,531
- Labbaik (Qard for Hajj and Umrah)		5,547	15,593
- Staff financing (including under SBP's IFRE)	11.5	8,321,137	11,614,300
- Other financing		1,219,218	1,286,592
Gross Islamic Financing and Related Assets	11.6	1,556,362,318	992,027,463
Less: Credit loss allowance against Islamic financing and related assets			
Stage 1	11.8 & 11.8.6 & 11.8.7	(2,609,888)	-
Stage 2		(1,511,416)	-
Less: Credit loss allowance / provision against non-performing Islamic financing and related assets - Specific / Stage 3	11.7 & 11.8 & 11.8.6 & 11.8.7	(23,885,078)	(16,107,097)
Less: Provision against non-performing Islamic financing and related assets - General	11.8.6 & 11.8.7	(13,600,000)	(14,247,354)
Islamic financing and related assets - net of credit loss allowance / provision		1,514,755,936	961,673,012

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

	Note	2024	2023		
		Rupees in '000			
11.1	Murabaha receivable - gross	11.1.1 8,091,467	10,910,469		
	Less: Deferred murabaha income	11.1.3 (145,025)	(248,064)		
	Profit receivable shown in other assets		(271,679)		
	Murabaha financing	11.1.2 7,674,763	<u>7,177,526</u>		
11.1.1	Murabaha Sale Price	8,091,467	10,910,469		
	Murabaha Purchase Price	(7,674,763)	(7,177,526)		
			<u>416,704</u>		
11.1.2	The movement in Murabaha financing during the year is as follows:				
	Opening balance	7,177,526	7,932,713		
	Sales during the year	53,863,021	62,488,269		
	Adjusted during the year	(53,365,784)	(63,243,456)		
	Closing balance	7,674,763	<u>7,177,526</u>		
11.1.3	Deferred Murabaha Income				
	Opening balance	248,064	182,284		
	Arising during the year	3,416,239	7,710,517		
	Recognised during the year	(3,519,278)	(7,644,737)		
	Closing balance	145,025	<u>248,064</u>		
11.2	Musawammah financing - gross	26,413,197	36,664,718		
	Less: Deferred income	(627,968)	(1,767,353)		
	Less: Profit receivable shown in other assets	(883,479)	(1,573,182)		
	Musawammah financing		<u>24,901,750</u>		
11.3	Bai Muajjal financing - gross	45,392,716	37,242,068		
	Less: Deferred income	(1,103,526)	(2,393,786)		
	Less: Profit receivable shown in other assets	(626,818)	(1,762,058)		
	Bai Muajjal financing		<u>43,662,372</u>		
11.4	Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 51,119 million (2023: Rs 49,011 million).				
11.5	This includes Rs 973 million (2023: Rs 707 million) representing profit free financing to staff advanced under the Bank's Human Resource policies.				
11.6	Particulars of financing - gross				
		2024	2023		
		Rupees in '000			
	- in local currency	1,464,872,537	940,666,342		
	- in foreign currencies	91,489,781	51,361,121		
		<u>1,556,362,318</u>	<u>992,027,463</u>		
11.7	Islamic financing and related assets include Rs 25,243 million (2023: Rs 16,939 million) which have been placed under non-performing / stage 3 status as detailed below:				
		2024	2023		
		Non Performing Amount	Credit Loss Allowance	Non Performing Amount	Provision Held
		Rupees in '000			
	Category of classification in stage 3				
	Domestic				
	Other Assets Especially Mentioned	388	176	207,244	2,380
	Substandard	962,362	763,303	127,575	15,877
	Doubtful	4,765,274	4,001,247	482,321	78,538
	Loss	19,515,149	19,120,352	16,122,057	16,010,302
	Total	<u>25,243,173</u>	<u>23,885,078</u>	<u>16,939,197</u>	<u>16,107,097</u>

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

11.8 Particulars of credit loss allowance / provision against Islamic financing and related assets:

Note	2024						2023		
	Expected credit loss			Specific	General	Total	Specific	General	Total
	Stage 1	Stage 2	Stage 3						
(Rupees in '000)									
Opening balance	-	-	-	16,107,097	14,247,354	30,354,451	12,812,762	9,780,641	22,593,403
Implementation of IFRS 9			16,107,097	(16,107,097)	-	-	-	-	-
Impact of adoption of IFRS 9 credit loss allowance	6.1.3	2,419,726	1,034,559	550,553	-	-	4,004,838	-	-
Impact of adoption of IFRS 9 reversal of provision	6.1.3	-	-	-	(647,354)	(647,354)	-	-	-
	2,419,726	1,034,559	550,553	-	(647,354)	3,357,484	-	-	-
Exchange Adjustment for the year	-	-	(6,806)	-	-	(6,806)	114,703	-	114,703
Charge for the year	11.8.1	1,114,242	1,023,586	10,070,673	-	-	12,208,501	3,934,473	4,500,000
Less: Reversals for the year		(924,080)	(546,729)	(1,904,128)	-	-	(3,374,937)	(754,338)	(33,287)
	190,162	476,857	8,166,545	-	-	8,833,564	3,180,135	4,466,713	7,646,848
Transfer to other liabilities	-	-	(749,988)	-	-	(749,988)	-	-	-
Amount written off	11.9	-	-	(182,323)	-	-	(182,323)	(503)	(503)
Closing balance		2,609,888	1,511,416	23,885,078	-	13,600,000	41,606,382	16,107,097	14,247,354
							41,606,382	16,107,097	14,247,354
							30,354,451		

11.8.1 It includes reversal on account of settlement of exposure amounting to Rs 590 million against acquisition of non-banking asset amounting to Rs 471 million (2023: Nil).

11.8.2 Particulars of credit loss allowance / provision against Islamic financing and related assets:

	2024						2023		
	Expected credit loss			Specific	General	Total	Specific	General	Total
	Stage 1	Stage 2	Stage 3						
(Rupees in '000)									
In local currency	2,517,649	1,501,322	23,312,408	-	13,017,318	40,348,697	15,524,415	14,247,354	29,771,769
In foreign currencies	92,239	10,094	572,670	-	582,682	1,257,685	582,682	-	582,682
	2,609,888	1,511,416	23,885,078	-	13,600,000	41,606,382	16,107,097	14,247,354	30,354,451

11.8.3 In addition, the Holding Company has also maintained a general provision of Rs 13,600 million (December 31, 2023: Rs 13,600 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of IFRS 9. This general provision can be maintained till December 31, 2026 under BPRD circular No. 1 of 2025 dated January 22, 2025.

11.8.4 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 certain non-performing financing under the SBP prudential regulation. The accumulated benefit availed amounts to Rs 438.45 million (2023: Rs 419.00 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 201.69 million (2023: Rs 213.70 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to shareholders.

11.8.5 Islamic financing and related assets - Exposure

	2024						2023		
	Outstanding			Performing	Non-performing	Total	Performing	Non-performing	Total
	Stage 1	Stage 2	Stage 3						
(Rupees in '000)									
Opening balance	-	-	-	975,088,266	16,939,197	992,027,463	1,004,473,470	13,628,287	1,018,101,757
Implementation of IFRS 9	943,022,366	31,890,123	17,114,974	(975,088,266)	(16,939,197)	-	-	-	-
Impact of adoption of IFRS 9	-	-	-	-	-	-	-	-	-
Balance as at January 01 after adopting IFRS 9	943,022,366	31,890,123	17,114,974	-	-	992,027,463	1,004,473,470	13,628,287	1,018,101,757
Fresh disbursements	763,629,115	10,459,658	13,067	-	-	774,101,840	-	-	-
Amount derecognised / repaid	(200,231,864)	(6,737,985)	(1,858,019)	-	-	(208,827,868)	-	-	-
Transfer to stage 1	4,090,837	(4,088,944)	(1,893)	-	-	-	-	-	-
Transfer to stage 2	(31,597,387)	31,600,838	(3,451)	-	-	-	-	-	-
Transfer to stage 3	(9,309,162)	(1,608,450)	10,917,612	-	-	-	-	-	-
Net change during the year	-	-	-	-	-	(29,385,204)	3,311,413	(26,073,791)	
	526,581,539	29,625,117	9,067,316	-	-	565,273,972	(29,385,204)	3,311,413	(26,073,791)
Transfer to Other liability	-	-	(749,988)	-	-	(749,988)	-	-	-
Amounts written off / charged off	-	-	(182,323)	-	-	(182,323)	-	(503)	(503)
Changes in risk parameters	-	-	-	-	-	-	-	-	-
Other changes	-	-	(6,806)	-	-	(6,806)	-	-	-
Closing balance	1,469,603,905	61,515,240	25,243,173	-	-	1,556,362,318	975,088,266	16,939,197	992,027,463

11.8.5.1 This includes government guaranteed exposure amounting to Rs 51,462.49 million

Notes to and Forming Part of the Consolidated Financial Statements

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11.8.6 Islamic financing and related assets - particulars of credit loss allowance

Note	2024							2023		
	Expected Credit Loss			Specific	General	Total	Specific	General	Total	
	Stage 1	Stage 2	Stage 3							
(Rupees in '000)										
Opening balance	-	-	-	16,107,097	14,247,354	30,354,451	12,812,762	9,780,641	22,593,403	
Implementation of IFRS 9			16,107,097	(16,107,097)	-	-	-	-	-	
Impact of adoption of IFRS 9	6.1.3	2,419,726	1,034,559	550,553	-	(647,354)	3,357,484	-	-	
Balance as at January 01 after adopting IFRS 9		2,419,726	1,034,559	16,657,650	-	13,600,000	33,711,935	12,812,762	9,780,641	
Fresh disbursements		1,421,726	20,799	9,760	-	-	1,452,285	-	-	
Amount derecognised / repaid		(407,019)	(156,162)	(1,977,819)	-	-	(2,541,000)	-	-	
Transfer to stage 1		19,553	(19,542)	(11)	-	-	-	-	-	
Transfer to stage 2		(515,067)	515,092	(25)	-	-	-	-	-	
Transfer to stage 3		(73,067)	(50,983)	124,050	-	-	-	-	-	
Charge for the year - specific and general		-	-	-	-	-	4,049,176	4,500,000	8,549,176	
Reversal for the year		-	-	-	-	-	(754,338)	(33,287)	(787,625)	
	446,126	309,204	(1,844,045)	-	-	(1,088,715)	3,294,838	4,466,713	7,761,551	
Transfer to other liability		-	-	(749,988)	-	-	(749,988)	-	-	
Amounts written off / charged off		-	-	(182,323)	-	-	(182,323)	(503)	(503)	
Changes in risk parameters		(255,964)	167,653	10,010,590	-	-	9,922,279	-	-	
Other changes		-	-	(6,806)	-	-	(6,806)	-	-	
Closing balance		2,609,888	1,511,416	23,885,078	-	13,600,000	41,606,382	16,107,097	14,247,354	
							30,354,451			

11.8.7 Category of classification

	2024				2023	
	Outstanding amount	Credit loss allowance	Outstanding amount	Provision held		
Rupees in '000						
Domestic						
Performing*	Stage 1	1,469,603,905	2,609,888	975,088,266	647,354	
Underperforming	Stage 2	61,515,240	1,511,416			
	Stage 3					
Non-Performing						
Other Assets Especially Mentioned		388	176	207,244	2,380	
Substandard		962,362	763,303	127,575	15,877	
Doubtful		4,765,274	4,001,247	482,321	78,538	
Loss		19,515,149	19,120,352	16,122,057	16,010,302	
Total		25,243,173	23,885,078	16,939,197	16,107,097	
		1,556,362,318	28,006,382	992,027,463	16,754,451	

*This includes government guaranteed exposure amounting to Rs 51,462.49 million.

11.9 Particulars of write offs

	Note	2024	2023
		Rupees in '000	
Against provisions	11.8	182,323	503
Directly charged to unconsolidated profit and loss account		-	-
		182,323	503
Write offs Rs. 500,000 and above - Domestic		182,323	503
Write offs below Rs. 500,000		-	-
		182,323	503

11.9.1 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, 2024 is given in Annexure I. Financing written off in accordance with the policy do not in any way prejudice the Holding Company's right of recovery from the customer.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

11.10 Details of financing to Women, Women-owned and Managed Enterprise

	2024	2023
	Rupees in '000	
11.10.1 Outstanding financing to Women, Women-owned and Managed Enterprise		
Women	4,230,246	4,077,052
Women Owned and Managed Enterprise	5,652,020	1,628,296
	<u>9,882,266</u>	<u>5,705,348</u>
11.10.2 Gross Financing Disbursed to Women Owned and -Women Managed Enterprise		
Women	1,150,295	631,495
Women Owned and Managed Enterprise	14,469,538	11,374,083
	<u>15,619,833</u>	<u>12,005,578</u>

11.11 Details of charged off financing

In term of BPRD Circular No. 02 of 2024, the Statement in respect of charged off financing is given as under:

	2024 Count	2023 Count	2024 Rupees in '000	2023 Rupees in '000
Opening Balance	-	-	-	-
Charge off during the year	-	-	-	-
Sub-total	-	-	-	-
Recoveries during the year	-	-	-	-
Amount written off	-	-	-	-
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

11.11.1 Financing charged off do not in any way prejudice the Bank's right of recovery from the customer.

12 PROPERTY AND EQUIPMENT

	Note	2024 Rupees in '000	2023 Rupees in '000
Capital work-in-progress	12.1	12,577,706	9,465,735
Property and equipment	12.2	34,948,797	30,129,921
Less: Provision against capital work-in-progress		47,526,503	39,595,656
		<u>(300,000)</u>	<u>(300,000)</u>
		<u>47,226,503</u>	<u>39,295,656</u>
12.1 Capital work-in-progress			
Advances to suppliers and contractors for:			
- civil works		7,967,487	6,673,418
- computer hardware		1,074,750	1,007,420
- purchase of vehicles		731,613	285,586
- office machines		2,045,000	1,105,763
- furniture and fixtures		758,856	393,548
		<u>12,577,706</u>	<u>9,465,735</u>

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

12.2 Property and equipment

	2024						
	Leasehold Land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Total
At January 1, 2024	Rupees in '000						
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
Year ended December 31, 2024	Rupees in '000						
Opening net book value	7,588,135	3,524,602	5,649,677	924,212	8,021,870	4,421,425	30,129,921
Additions	798,765	541,640	1,174,831	340,893	5,686,631	2,536,379	11,079,139
Transfer	-	-	-	-	-	-	-
Disposals	-	-	(21,117)	(706)	(8,268)	(200,606)	(230,697)
Depreciation charge (note 31)	-	(250,900)	(1,027,485)	(167,885)	(3,165,775)	(1,417,521)	(6,029,566)
Closing net book value	8,386,900	3,815,342	5,775,906	1,096,514	10,534,458	5,339,677	34,948,797
At December 31, 2024	Rupees in '000						
Cost	8,386,900	5,237,017	13,178,789	2,137,231	22,917,993	8,843,848	60,701,778
Accumulated depreciation	-	1,421,675	7,402,883	1,040,717	12,383,535	3,504,171	25,752,981
Net book value	8,386,900	3,815,342	5,775,906	1,096,514	10,534,458	5,339,677	34,948,797
Rate of depreciation (percentage)	-	5	10	10	10 and 20	20	
	2023						
	Leasehold Land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Total
At January 1, 2023	Rupees in '000						
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	Rupees in '000						
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	Rupees in '000						
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	

12.2.1 The cost of fully depreciated assets that are still in the Group's use are as follows:

	2024	
	Rupees in '000	
Buildings on leasehold land	42,881	42,881
Leasehold improvements	2,784,479	2,343,719
Furniture and fixtures	445,861	399,214
Electrical, office and computer equipment	6,155,048	4,869,791
Vehicles	277,544	214,807
	9,705,813	7,870,412

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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						
Audi E-tron	16,192	12,954	3,238	7,261	MBL Staff Policy	Mr Ariful Islam (Ex-DCEO) - Related party
Mercedez	10,915	7,095	3,820	6,251	MBL Staff Policy	Mr Urooj Ul Hasan Khan (Executive, Employee)
Honda Civic	3,543	2,806	737	1,686	MBL Staff Policy	Syed Salman Ahmed (Executive, Employee)
Hyundai Tucson	3,770	2,511	1,259	2,023	MBL Staff Policy	Mr Muhammad Hisham (Executive, Employee)
KIA Sorento	7,778	2,709	5,069	6,978	MBL Staff Policy	Mr Iqbal Fazal Ali Khan (Executive, Ex-Employee)
KIA Sportage	4,895	3,306	1,589	2,695	MBL Staff Policy	Syed Imran Ali Shah (Executive, Employee)
Toyota Corolla	3,635	2,302	1,333	2,074	MBL Staff Policy	Mr Jawwad Hafeez (Executive, Employee)
Toyota Corolla	3,458	2,246	1,212	1,994	MBL Staff Policy	Mr Asad Amin (Executive, Employee)
Honda BRV	3,548	2,246	1,302	2,260	MBL Staff Policy	Mr Anwar Mukhtar (Executive, Employee)
Honda City	2,670	1,646	1,024	1,569	MBL Staff Policy	Mr Muhammad Naseem (Executive, Employee)
Honda City	2,619	1,746	873	1,398	MBL Staff Policy	Mr Ayaz Ali Soomro (Executive, Ex-Employee)
Honda City	2,619	1,948	671	1,280	MBL Staff Policy	Mr Ghous Ahmed (Executive, Employee)
Honda City	2,619	1,964	655	1,298	MBL Staff Policy	Mr Malik Imran Yousaf (Executive, Ex-Employee)
Honda City	2,496	1,788	708	1,258	MBL Staff Policy	Mr Tauqeer Ahmed (Executive, Employee)
Honda City	2,490	1,742	748	1,255	MBL Staff Policy	Mr Muhammad Saeed (Executive, Employee)
Honda City	2,489	1,603	886	1,384	MBL Staff Policy	Mr Zahid Hussain Muzzamil (Executive, Ex-Employee)
Honda City	2,487	1,822	665	2,057	MBL Staff Policy	Mr Sohaib Mehmood (Executive, Employee)
Honda City	2,485	1,574	911	1,402	MBL Staff Policy	Mr Mohsin Idrees (Executive, Employee)
Honda City	2,485	1,574	911	1,417	MBL Staff Policy	Mr Gohar Iqbal Farooqui (Executive, Employee)
Toyota Yaris	4,944	905	4,039	4,829	MBL Staff Policy	Mr Adnan Maqsood (Executive, Ex-Employee)
Toyota Yaris	2,804	1,913	891	1,512	MBL Staff Policy	Mr Saeed Ahmed Jatoi (Executive, Employee)
Toyota Yaris	2,788	1,717	1,071	1,616	MBL Staff Policy	Mr Mohsin Masood (Executive, Employee)
Toyota Yaris	2,739	1,916	823	1,419	MBL Staff Policy	Mr Asad Ali (Executive, Employee)
Toyota Yaris	2,739	1,687	1,052	1,538	MBL Staff Policy	Mr Abrar Amant (Executive, Employee)
Toyota Yaris	2,722	1,813	909	1,495	MBL Staff Policy	Mr Sadiq ur Rehman (Executive, Ex-Employee)
Toyota Yaris	2,670	1,894	776	1,370	MBL Staff Policy	Mr Qaiser Mehmood (Executive, Employee)
Toyota Yaris	2,670	1,985	685	1,290	MBL Staff Policy	Ms Pareesa Zahid (Executive, Ex-Employee)
Toyota Yaris	2,670	1,848	822	1,410	MBL Staff Policy	Mr Rehan Waheed (Executive, Employee)
Toyota Yaris	2,670	1,824	846	1,426	MBL Staff Policy	Mr Muhammad Aminuddin (Executive, Employee)
Toyota Yaris	2,650	1,744	906	1,463	MBL Staff Policy	Syed Mudassir Zaidi (Executive, Employee)
Toyota Yaris	2,618	1,745	873	1,454	MBL Staff Policy	Mr Muhammad Zeeshan (Executive, Employee)
Toyota Yaris	2,618	1,701	917	1,432	MBL Staff Policy	Mr Hammad Pervez Khan (Executive, Employee)
Toyota Yaris	2,589	2,058	531	1,185	MBL Staff Policy	Mr Farhan Ali Memon (Executive, Employee)
Toyota Yaris	2,545	1,631	914	1,426	MBL Staff Policy	Mr Rehan Ahmed (Executive, Employee)
Toyota Yaris	2,458	1,532	926	1,419	MBL Staff Policy	Mr Kashan Ali Khan (Executive, Employee)
Honda Civic	4,733	3,706	1,027	5,086	Negotiation	Mr Muhammad Yameen
Honda City	3,590	838	2,752	3,821	Negotiation	Mr Zubair Abbasi
Honda City	3,190	1,010	2,180	3,443	Negotiation	Mr Muhammad Mohsin Mumtaz
Honda City	2,778	1,064	1,714	3,453	Negotiation	Mr Muhammad Mohsin Mumtaz
Honda City	2,778	1,064	1,714	3,163	Negotiation	Mr Adnan Naseer Ahmed
Honda City	2,739	1,460	1,279	3,936	Negotiation	Mr Sarmad Zaheer
Honda City	2,496	1,664	832	3,479	Negotiation	Mr Waseem Ahmed Paracha
Honda City	2,492	1,534	958	2,840	Negotiation	Mr Suneel Raja
Honda City	2,492	1,285	1,207	2,645	Negotiation	M/s Toyota Creek Motors (Private) Limited
Honda City	2,485	1,450	1,035	2,880	Negotiation	Mr Ameer Hamza Ishfaq
Honda City	2,485	1,489	996	3,313	Negotiation	Mr Muhammad Mohsin Mumtaz
Honda City	2,430	1,779	651	3,413	Negotiation	Syed Yasir Hussain Shah
Toyota Yaris	5,151	1,200	3,951	3,959	Negotiation	Mr Sarmad Zaheer
Toyota Yaris	2,612	1,305	1,307	3,300	Negotiation	Mr Faisal Rafiq
Changan Alsvin	3,247	810	2,437	2,795	Negotiation	M/s Toyota Creek Motors (Private) Limited
Changan Alsvin	2,940	977	1,963	3,057	Negotiation	Mr Faseeh Ul Hassan
Changan Alsvin	2,940	1,271	1,669	3,175	Negotiation	Mr Maaz Saleem
Changan Alsvin	2,859	953	1,906	3,007	Negotiation	M/s F.A. Commodities
Changan Alsvin	2,780	695	2,085	2,556	Negotiation	Mr Mohsin Ilyas
Changan Alsvin	2,780	788	1,992	2,567	Negotiation	Mr Waqas Bashir
Changan Alsvin	2,780	788	1,992	2,688	Negotiation	Mr Waqas Bashir
Changan Alsvin	2,780	741	2,039	2,629	Negotiation	Mr Irfan Jamil

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Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
		Rupees in '000				
Vehicles						
Changan Alsvin	2,780	741	2,039	2,631	Negotiation	Mr Irfan Jamil
Changan Alsvin	2,780	649	2,131	2,558	Negotiation	Mr Mohsin Ilyas
Changan Alsvin	2,780	779	2,001	2,653	Negotiation	Mr Waqas Bashir
Changan Alsvin	2,779	741	2,038	2,560	Negotiation	Mr Mohsin Ilyas
Changan Alsvin	2,779	738	2,041	2,562	Negotiation	Mr Mohsin Ilyas
Changan Alsvin	2,779	1,065	1,714	2,560	Negotiation	Mr Abdul Munam Khan
Changan Alsvin	2,489	788	1,701	2,373	Negotiation	M/s Toyota Creek Motors (Private) Limited
Changan Alsvin	2,486	952	1,534	2,643	Negotiation	Syed Faseh
Changan Alsvin	2,480	825	1,655	2,323	Negotiation	M/s Toyota Creek Motors (Private) Limited
Changan Alsvin	2,480	785	1,695	2,323	Negotiation	M/s Toyota Creek Motors (Private) Limited
Changan Alsvin	2,480	785	1,695	2,323	Negotiation	M/s Toyota Creek Motors (Private) Limited
Changan Alsvin	2,480	827	1,653	2,327	Negotiation	M/s Toyota Creek Motors (Private) Limited
Changan Alsvin	2,480	1,075	1,405	2,095	Negotiation	M/s Toyota Creek Motors (Private) Limited
Changan Alsvin	2,479	950	1,529	2,323	Negotiation	M/s Driven Innovation
Changan Alsvin	2,474	865	1,609	2,211	Negotiation	Mr Asad Fazil Sheikh
Changan Alsvin	2,474	947	1,527	2,682	Negotiation	Mr Waqas Bashir
Changan Alsvin	2,473	823	1,650	2,500	Negotiation	Ms Nayab Fatima
Changan Alsvin	2,471	823	1,648	2,560	Negotiation	Mr Mohsin Ilyas
Changan Alsvin	2,471	823	1,648	2,353	Negotiation	Mr Usama Qamar
Changan Alsvin	2,409	803	1,606	1,914	Negotiation	M/s Toyota Creek Motors (Private) Limited
Suzuki Cultus	2,504	1,000	1,504	2,449	Negotiation	M/s Driven Innovation
Suzuki Cultus	2,422	647	1,775	2,431	Negotiation	Syed Riaz Ahmed
Suzuki Cultus	1,797	628	1,169	2,394	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,792	626	1,166	2,528	Negotiation	Mr Mohsin Ilyas
Suzuki Cultus	1,792	686	1,106	2,566	Negotiation	Mr Hafiz Zaman
Suzuki Cultus	1,790	1,074	716	2,478	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,790	1,192	598	2,373	Negotiation	Mr Asim Mumtaz
Suzuki Cultus	1,790	1,043	747	2,470	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,790	1,073	717	2,472	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,790	1,012	778	2,468	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,790	1,074	716	2,336	Negotiation	Mr Asgher Ali
Suzuki Cultus	1,790	1,163	627	2,352	Negotiation	M/s Tariq Mehmood Autos
Suzuki Cultus	1,789	924	865	2,492	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,789	983	806	2,357	Negotiation	Mr Chaudhry Kamran Inayat
Suzuki Cultus	1,789	893	896	2,428	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,787	595	1,192	2,595	Negotiation	Mr Waqar Ali
Suzuki Cultus	1,787	624	1,163	2,525	Negotiation	Mr Abdul Raheem
Suzuki Cultus	1,786	952	834	2,535	Negotiation	Mr Muhammad Aslam
Suzuki Cultus	1,786	1,148	638	2,579	Negotiation	Mr Fayyaz Ahmed
Suzuki Cultus	1,786	1,130	656	2,595	Negotiation	Mr Farhan Zeb
Suzuki Cultus	1,781	1,245	536	2,373	Negotiation	Mr Asim Mumtaz
Suzuki Cultus	1,775	651	1,124	2,638	Negotiation	Mr Muhammad Imran
Suzuki Cultus	1,775	591	1,184	2,325	Negotiation	Mr Wasim Mirza
Suzuki Cultus	1,775	621	1,154	2,705	Negotiation	Mr Waseem Ahmed Paracha
Suzuki Cultus	1,774	1,123	651	2,115	Negotiation	Mr Muhammad Fahad Aslam
Suzuki Cultus	1,774	1,241	533	2,318	Negotiation	M/s Driven Innovation
Suzuki Cultus	1,774	1,093	681	1,795	Negotiation	M/s Toyota Creek Motors (Private) Limited
Suzuki Cultus	1,774	1,153	621	2,325	Negotiation	Mr Kashif Zamir
Suzuki Cultus	1,774	1,034	740	2,389	Negotiation	Mr Imran
Suzuki Cultus	1,774	976	798	2,323	Negotiation	Syed Riaz Ahmed
Suzuki Cultus	1,774	1,064	710	2,232	Negotiation	M/s Driven Innovation
Suzuki Cultus	1,774	976	798	2,318	Negotiation	Mr Waseem Ahmed Paracha
Suzuki Cultus	1,774	916	858	2,009	Negotiation	M/s Toyota Creek Motors (Private) Limited
Suzuki Cultus	1,774	1,034	740	2,373	Negotiation	M/s Driven Innovation
Suzuki Cultus	1,774	1,064	710	2,395	Negotiation	Mr Mohammad Arif
Suzuki Cultus	1,774	946	828	2,313	Negotiation	Ms Samina Saeed
Suzuki Cultus	1,773	886	887	2,211	Negotiation	Mr Raheel Mithani
Suzuki Cultus	1,751	700	1,051	2,522	Negotiation	M/s Driven Innovation

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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	1,750	1,050	700	2,640	Negotiation	Mr Muhammad Aslam
Suzuki Cultus	1,750	1,050	700	2,481	Negotiation	Syed Riaz Ahmed
Suzuki Cultus	1,750	875	875	2,289	Negotiation	Mr Imran
Suzuki Cultus	1,739	839	900	2,354	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,738	1,216	522	2,028	Negotiation	Mr Shahzeb Muhammd Saleem
Suzuki Cultus	1,738	1,216	522	2,117	Negotiation	Mr Raheel Mithani
Suzuki Cultus	1,735	809	926	2,550	Negotiation	Mr Adeel Ahmed
Suzuki Cultus	1,723	804	919	2,225	Negotiation	Mr Wasim Mirza
Suzuki Cultus	1,723	773	950	2,323	Negotiation	Mr Imran
Suzuki Cultus	1,723	832	891	2,369	Negotiation	Mr Imran
Suzuki Cultus	1,666	749	917	2,518	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,664	748	916	2,468	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,664	804	860	2,537	Negotiation	Mr Asim Mumtaz
Suzuki Cultus	1,664	831	833	2,551	Negotiation	Mr Chaudhry Kamran Inayat
Suzuki Cultus	1,647	713	934	2,289	Negotiation	Mr Imran
Suzuki Cultus	1,625	867	758	2,463	Negotiation	Syed Riaz Ahmed
Suzuki Cultus	1,549	746	803	2,234	Negotiation	Mr Hassan Ali
Suzuki Cultus	1,522	709	813	2,375	Takaful Claim	Mr Muhammad Fahad Aslam
Suzuki Cultus	1,522	709	813	2,170	Takaful Claim	Mr Muhammad Arif
KIA Picanto	3,700	1,048	2,652	2,827	Takaful Claim	Mr Sarmad Zaheer
KIA Picanto	3,696	1,046	2,650	2,824	Takaful Claim	Mr Sarmad Zaheer
KIA Picanto	3,696	1,108	2,588	3,006	Takaful Claim	Mr Muhammad Rasheed Chaudhry
KIA Picanto	3,572	1,072	2,500	2,500	Takaful Claim	Mr Muhammad Razak
KIA Picanto	3,230	1,131	2,099	2,368	Takaful Claim	M/s Toyota Creek Motors (Private) Limited
Honda City	2,496	1,790	706	1,109	Takaful Claim	M/s Salaam Takaful Limited
Honda City	2,484	1,490	994	4,010	Takaful Claim	M/s EFU General Insurance Limited
KIA Picanto	3,571	1,071	2,500	3,400	Takaful Claim	M/s EFU General Insurance Limited
KIA Picanto	3,563	653	2,910	3,560	Takaful Claim	M/s EFU General Insurance Limited
Honda Civic	2,876	2,876	-	499	AMIML staff policy	Syed Hussain Aqa Naqvi
Honda Civic	3,334	3,334	-	600	AMIML staff policy	Talha Anwar
Suzuki Cultus	1,441	1,441	-	269	AMIML staff policy	Shakeel Ahmed
Mercedes-Benz	17,857	16,666	1,191	3,333	AMIML staff policy	Mohammad Shoaib
AUDI - A5	7,582	3,032	4,550	771	AMIML staff policy	Mohammad Shoaib
	408,991	218,029	190,962	360,662		
Leasehold improvements						
Civil Works	14,236	9,485	4,751	2,208	Negotiation	M/s Khan & Company
Civil Works	10,838	9,231	1,607	1,317	Negotiation	M/s Muhammadi Cool
Civil Works	7,498	6,303	1,195	927	Negotiation	M/s Moon Light Corporation
Civil Works	6,765	6,223	542	825	Negotiation	M/s Khan Traders
Civil Works	4,174	2,871	1,303	656	Negotiation	M/s Kashif Enterprises
Civil Works	8,057	6,713	1,344	634	Negotiation	M/s Khan & Company
Civil Works	7,553	6,402	1,151	488	Negotiation	M/s Mughal Scrap
Civil Works	10,973	9,155	1,818	419	Negotiation	M/s Khan Traders
Civil Works	7,276	5,408	1,868	411	Negotiation	M/s Khan & Company
Civil Works	3,422	1,782	1,640	384	Negotiation	M/s Hassan Traders
Civil Works	12,487	11,203	1,284	282	Negotiation	M/s Mughal Scrap
Civil Works	9,172	7,719	1,453	266	Negotiation	M/s Mughal Scrap
	102,451	82,495	19,956	8,817		
Electrical, office and computer equipment						
Cash sorting Machine	1,400	583	817	3,775	Takaful Claim	M/s Adamjee Insurance Company Limited
Cash sorting Machine	790	171	619	2,882	Takaful Claim	M/s Adamjee Insurance Company Limited
	2,190	754	1,436	6,657		

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Description	Cost	Accumulated depreciation	Net book value	Sale proceeds
	Rupees in '000			
Other disposals				
Vehicles	404,850	395,206	9,644	179,463
Electrical, office and computer equipment	171,933	165,101	6,832	38,655
Furniture and Fixtures	12,830	12,124	706	2,750
Leasehold improvements	53,471	52,310	1,161	4,549
	643,084	624,741	18,343	225,417
Total disposals during December 31, 2024	1,156,716	926,019	230,697	601,553
Total disposals during December 31, 2023	1,348,753	1,124,539	224,214	676,208

13. Right-of-use assets

	2024		
	Cost	Accumulated Depreciation	Net book value
	Rupees in '000		
At January 1, 2024	30,377,724	(10,510,681)	19,867,043
Additions during the year	4,475,718	-	4,475,718
Adjusted upon reassessment of lease terms	(4,557)	-	(4,557)
Depreciation charge	-	(2,715,582)	(2,715,582)
Derecognition during the year	(468,377)	468,377	-
At December 31, 2024	<u>34,380,508</u>	<u>(12,757,886)</u>	<u>21,622,622</u>
Lease term			Over legal life

	2023		
	Cost	Accumulated Depreciation	Net book value
	Rupees in '000		
At January 1, 2023	21,006,481	(9,567,637)	11,438,844
Additions during the year	1,161,441	-	1,161,441
Adjusted upon reassessment of lease terms	10,086,130	-	10,086,130
Depreciation charge	-	(2,819,372)	(2,819,372)
Derecognition during the year	(1,838,092)	1,838,092	-
At December 31, 2023	<u>30,415,960</u>	<u>(10,548,917)</u>	<u>19,867,043</u>
Lease term			Over legal life

13.1 These rental agreements mainly pertain to the branches that are operated throughout Pakistan.

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	Note	2024	2023
		Rupees in '000	
14 INTANGIBLE ASSETS			
Computer software	14.1	2,290,920	1,749,995
Advance against computer software		669,512	620,691
		<u>2,960,432</u>	<u>2,370,686</u>
14.1 At January 1			
Cost		4,825,708	3,946,964
Accumulated amortisation		3,075,713	2,496,092
Net book value		<u>1,749,995</u>	<u>1,450,872</u>
Year ended December 31			
Opening net book value		1,749,995	1,450,872
Additions - directly purchased		1,255,985	849,184
Transfers - Cost		-	29,560
Transfers - Accumulated amortisation		-	(18,924)
Amortisation charge		(715,060)	(560,697)
Closing net book value		<u>2,290,920</u>	<u>1,749,995</u>
At December 31			
Cost	14.1.1	6,081,693	4,825,708
Accumulated amortisation		3,790,773	3,075,713
Net book value		<u>2,290,920</u>	<u>1,749,995</u>
Rate of amortisation (percentage)		10-33	10-33
Useful life		3 - 10 years	3 - 10 years

14.1.1 Included in cost of intangible assets are fully amortised items still in use aggregating Rs 2,399 million (2023: Rs 1,734 million). Remaining life of intangible assets ranges from 1 to 10 years.

	Note	2024	2023
		Rupees in '000	
15 OTHER ASSETS			
Profit / return accrued in local currency		86,337,755	103,885,757
Profit / return accrued in foreign currencies		770,387	1,319,515
Acceptances		28,322,450	15,392,217
Advances, deposits, and other prepayments	15.1	12,427,435	3,026,729
Non-banking assets acquired in satisfaction of claims	15.2 & 15.2.1	521,392	50,243
Receivables on account of sale of securities		-	67,113
Dividends receivable		261	261
Stamps		28,644	24,397
Security deposits		570,824	525,913
Advance for investments			-
Receivable under Alternate Delivery Channel (ADC)		1,772,365	3,373,605
Other		5,733,522	1,380,286
Less: Credit loss allowance / provision held against other assets	15.3.1	136,485,035	129,046,036
Other Assets (net of credit loss allowance / provision held)		(504,961)	(312,592)
		<u>135,980,074</u>	<u>128,733,444</u>

15.1 This includes prepaid takaful aggregating Rs 665 million (2023: Rs 763 million) which is being amortised over a period of one year and prepaid staff benefits amounting to Rs 9,218.22 million (2023: nil).

	2024	2023
	Rupees in '000	
15.2 Market value of Non-banking assets acquired in satisfaction of claims		
Market value of Non-banking assets acquired in satisfaction of claims	498,450	36,320

Market value of the non-banking assets acquired in satisfaction of claims has been carried out by an independent valuers, M/s Arif Evaluators in December 2024 based on prevailing market values determined through independent market inquiries from local active realtors as more detailed in note 45.2. The valuer is listed on the panel of Pakistan Banks' Association.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

15.2.1 Non-banking assets acquired in satisfaction of claims		Note	2024	2023
			Rupees in '000	
Opening balance			50,243	50,301
Addition			471,208	-
Depreciation			(59)	(58)
Transfer to fixed assets			-	-
Closing balance			<u>521,392</u>	<u>50,243</u>
15.3 Credit loss allowance / provision held against other assets			2024	2023
			Rupees in '000	
Credit loss allowance				
Profit / return accrued & Others			101,252	-
Acceptances			45,127	-
			<u>146,379</u>	<u>-</u>
Provision against other assets				
Other provisions			335,640	298,669
Non-banking assets acquired in satisfaction of claims			22,942	13,923
			<u>358,582</u>	<u>312,592</u>
			<u>504,961</u>	<u>312,592</u>
15.3.1 Movement in credit loss allowance / provision held against other assets				
Opening balance		6.1.3	312,592	268,149
Impact of adoption of IFRS 9			162,964	-
Charge for the year			164,122	72,972
Reversals			(107,045)	(2,680)
Amount adjusted / written off			(27,672)	(25,849)
Closing balance			<u>504,961</u>	<u>312,592</u>
16 BILLS PAYABLE				
In Pakistan			<u>112,605,407</u>	<u>39,724,176</u>
17 DUE TO FINANCIAL INSTITUTIONS				
In Pakistan		17.1 & 17.2 & 17.3	<u>722,286,318</u>	<u>377,494,612</u>
17.1 Details of due to financial institutions secured / unsecured				
Secured				
With State Bank of Pakistan				
Musharakah under Islamic Export Refinance Scheme	17.1.1		58,932,838	78,802,384
Investment under Islamic Long Term Financing Facility	17.1.2		19,743,040	23,280,222
Investment under Islamic Refinance Facility for Combating COVID-19	17.1.2		331,437	646,152
Investment under Islamic Financing for Renewal Energy	17.1.2		17,508,943	17,405,412
Investment under Islamic Temporary Economic Refinance Facility for Plant and Machinery	17.1.2		12,742,132	20,093,256
Investment under Islamic Refinance Scheme for storage of agriculture produce	17.1.2		896,789	525,523
Investment under Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs (IRCGSWE)	17.1.2		10,327	7,861
Investment under Islamic Refinance Scheme for modernization of SMEs (IRFMS)	17.1.2		181,818	-
Investment under Islamic Refinance Scheme for SME Asaan Finance	17.1.2		6,192,179	455,509
Investment under Shariah Compliant Open Market Operations	17.1.3		390,321,306	180,159,641
Investment under Shariah Compliant Standing Ceiling Facility	17.1.3		47,627,464	-
Total secured			<u>554,488,273</u>	<u>321,375,960</u>
With Scheduled Bank	17.1.4		60,500,000	4,000,000
Other financial institutions	17.1.5		6,434,755	5,279,332
Unsecured				
Overdrawn nostro accounts			2,083,290	2,679,320
Musharakah with scheduled banks / financial institutions	17.1.6		98,780,000	44,160,000
			<u>722,286,318</u>	<u>377,494,612</u>

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

- 17.1.1** These represent acceptance of funds by the Holding Company on a profit and loss sharing basis maturing between January 2025 to June 2025 and are secured against demand promissory notes executed in favour of SBP. A limit of Rs 60,933 million (2023: Rs 80,330 million) has been allocated to the Holding Company by SBP under Islamic Export Refinance Scheme. Last announced profit rate on the Musharakah investment is 7.33% (2023:12.50%) per annum.
- 17.1.2** These represent acceptance of funds are 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 0.15% to 5.58% (2023:0.28% to 5.51%) per annum.
- 17.1.3** 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 Group's investment in Federal Government securities. The expected average return on Open Market Operations is 13.08% (2023: 22.08%) per annum and Standing Ceiling Facility is 14.00% (2023: Nil) per annum.
- 17.1.4** These represent 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 return on these Musharakah is around 13.25% (2023: 22.95%) per annum. These balances have maturity in January 2025 (2023: January 2024).
- 17.1.5** 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 return on Karandaaz Musharakah ranges from 11.64% to 24.59% (2023: 11.64% to 26.43%) per annum. The expected profit rate on PMRC borrowing is 13.74% (2023: 12.89%) per annum have maturity in November 2027.
- 17.1.6** These represent acceptance of funds by the Holding Company on Musharakah basis. The expected average return on these Musharakah is around 12.23% (2023: 21.97%) per annum. These balances have maturity in January 2025 (2023: January 2024).

	2024	2023
	Rupees in '000	
17.2 Particulars of due to financial institutions with respect to Currencies		
- in local currency	720,203,028	374,815,292
- in foreign currencies	<u>2,083,290</u>	<u>2,679,320</u>
	<u><u>722,286,318</u></u>	<u><u>377,494,612</u></u>
17.3 Particulars of due to financial institutions		
- short term	660,958,538	310,514,642
- long term	<u>61,327,780</u>	<u>66,979,970</u>
	<u><u>722,286,318</u></u>	<u><u>377,494,612</u></u>

18 DEPOSITS AND OTHER ACCOUNTS

	2024			2023		
	In Local currency	In Foreign currencies	Total	In Local currency	In Foreign currencies	Total
	Rupees in '000					
Customers						
- Current deposits -						
non-remunerative	1,135,625,316	66,726,436	1,202,351,752	1,012,415,113	57,892,401	1,070,307,514
Savings deposits	1,083,985,583	80,885,820	1,164,871,403	803,833,457	68,537,150	872,370,607
Fixed deposits	164,386,854	15,146,642	179,533,496	217,884,345	17,080,020	234,964,365
Margin	19,147,349	1,987,535	21,134,884	25,622,708	1,108,617	26,731,325
	<u>2,403,145,102</u>	<u>164,746,433</u>	<u>2,567,891,535</u>	<u>2,059,755,623</u>	<u>144,618,188</u>	<u>2,204,373,811</u>
Financial institutions						
- Current deposits -						
non-remunerative	4,692,359	611,371	5,303,730	1,249,647	388,192	1,637,839
Savings deposits	11,298,518	48	11,298,566	10,668,001	-	10,668,001
Fixed deposits	89,840	-	89,840	740,885	-	740,885
	<u>16,080,717</u>	<u>611,419</u>	<u>16,692,136</u>	<u>12,658,533</u>	<u>388,192</u>	<u>13,046,725</u>
	<u><u>2,419,225,819</u></u>	<u><u>165,357,852</u></u>	<u><u>2,584,583,671</u></u>	<u><u>2,072,414,156</u></u>	<u><u>145,006,380</u></u>	<u><u>2,217,420,536</u></u>

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

	2024	2023
	Rupees in '000	
18.1 Composition of deposits		
- Individuals	1,897,354,434	1,505,269,242
- Government (Federal and Provincial)	40,595,661	26,107,115
- Public Sector Entities	22,549,444	49,514,198
- Banking Companies	229,428	327,236
- Non-Banking Financial Institutions	16,554,062	12,719,489
- Private Sector	<u>607,300,642</u>	<u>623,483,256</u>
	<u>2,584,583,671</u>	<u>2,217,420,536</u>
18.2 Particulars of deposits and other accounts in Pakistan		
- In local currency		
Mudaraba based deposits	1,271,941,516	1,052,090,998
Qard based deposits	1,147,284,303	1,020,323,158
	<u>2,419,225,819</u>	<u>2,072,414,156</u>
- In foreign currencies		
Mudaraba based deposits	98,014,090	86,707,356
Qard based deposits	67,343,762	58,299,024
	<u>165,357,852</u>	<u>145,006,380</u>
	<u>2,584,583,671</u>	<u>2,217,420,536</u>
18.3	This includes eligible deposits covered under deposit protection scheme amounting to Rs 2,259,491 million (2023: Rs 1,828,258 million).	

19. LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

	2024	2023
	Rupees in '000	
Opening balance	22,412,164	12,915,927
Additions during the year	4,475,718	1,161,441
Adjusted upon reassessment of lease term	(4,557)	10,086,130
Amortisation of lease liability against right-of-use assets	3,869,085	2,118,567
Payments made during the year	(4,466,134)	(3,869,901)
Closing balance	<u>26,286,276</u>	<u>22,412,164</u>

19.1 Contractual maturity of lease liabilities

Short-term lease liabilities - within one year	483,404	395,478
Long-term lease liabilities		
- 1 to 5 years	4,293,245	3,463,564
- 5 to 10 years	6,452,888	7,060,480
- More than 10 years	15,056,739	11,492,642
	<u>25,802,872</u>	<u>22,016,686</u>
Total lease liabilities	<u>26,286,276</u>	<u>22,412,164</u>

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

	Note	2024	2023
		Rupees in '000	
20 SUB-ORDINATED SUKUKS			
Additional Tier I Sukuk	20.1	7,000,000	7,000,000
Tier II Sukuk	20.2	13,990,000	13,990,000
		<u>20,990,000</u>	<u>20,990,000</u>

- 20.1** 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 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 16.59% 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.

- 20.2** 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 (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 20.40% and 13.80% 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 Consolidated Financial Statements

For The Year Ended December 31, 2024

21 DEFERRED TAX LIABILITIES

	2024				
	At December 31, 2023	Recognised in Unappropriated Profits	At January 1, 2024	Recognised in profit and loss account	Recognised in OCI
	Rupees in '000				
Taxable temporary differences on:					
Excess of accounting book values over tax written down values of owned assets	898,718	-	898,718	216,389	-
Surplus on revaluation of FVOCI Investments	10,995,024	1,287,422	12,282,446	-	11,703,846
Surplus on revaluation of FVTPL investments	(502,685)	2,267	(500,418)	505,034	-
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	-	-	-	-	-
Tax on accumulated profit of associates	738,518	-	738,518	570,545	-
	12,129,575	1,289,689	13,419,264	1,291,968	11,703,846
					26,415,078
Deductible temporary differences on:					
Net credit loss allowance against investments	(1,037,263)	1,355,418	318,155	(318,008)	-
Income not accrued due to non-culmination of financing	-	-	(4,982,219)	(776,854)	-
Net credit loss allowance against Islamic financing and related assets	(4,982,219)	(1,813,041)	(2,639,803)	(1,980,933)	-
Provision against non-banking assets acquired in satisfaction of claims and others	(826,762)	-	-	-	(4,620,736)
Others	(70,127)	485,597	415,470	(764,014)	-
	(331,894)	-	(331,894)	185,041	(348,544)
	(7,248,265)	27,974	(7,220,291)	(3,654,768)	(156,114)
	4,881,310	1,317,663	6,198,973	(2,362,800)	(10,884,320)
					15,530,758
	2023				
	At December 31, 2022	Recognised in Unappropriated Profits	At January 1, 2023	Recognised in profit and loss account	Recognised in OCI
	Rupees in '000				
Taxable temporary differences on:					
Excess of accounting book values over tax written down values of owned assets	445,790	-	445,790	452,928	-
Surplus on revaluation of available for sale investments	-	-	-	-	10,995,024
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	2,021	-	2,021	(4)	(2,017)
Tax on accumulated profit of associates	351,281	-	351,281	387,237	-
	799,092	-	799,092	840,161	10,993,007
					12,632,260
Deductible temporary differences on:					
(Surplus) / deficit on revaluation of available for sale investments	(502,685)	-	(502,685)	-	(502,685)
Provision for diminution / impairment in value of investments	(1,383,498)	-	(1,383,498)	346,235	-
Income not accrued due to non-culmination of financing	(2,998,031)	-	(2,998,031)	(1,984,188)	-
Provision against non-performing Islamic financing and related assets and related assets	(162,490)	-	(162,490)	(664,272)	-
Provision against non-banking assets acquired in satisfaction of claims and others	(70,127)	-	(70,127)	-	(70,127)
Others	(122,096)	-	(122,096)	(209,798)	-
	(5,238,927)	-	(5,238,927)	(2,512,023)	-
	(4,439,835)	-	(4,439,835)	(1,671,862)	10,993,007
					4,881,310

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

	Note	2024	2023
		Rupees in '000	
22 OTHER LIABILITIES			
Return on deposits and other dues			
- payable in local currency	22.1	12,658,579	17,723,633
- payable in foreign currencies		319,959	331,465
Unearned income	22.2	4,301,617	3,290,414
Accrued expenses		41,246,032	30,599,297
Current taxation (provision less payments)		17,802,646	26,877,270
Acceptances		28,322,450	15,392,217
Dividend payable (including unclaimed dividend)		41,374	864,946
Payable to defined benefit plan	41.3, 41.15 & 41.16	2,279,476	1,646,683
Credit loss allowance / provision against off-balance sheet obligations	22.3	302,882	55,167
Charity payable	22.4	31,527	242
Security deposits against Ijarah		20,777,476	18,946,084
Payable on account of credit murabaha / ijarah / musawammah	22.5	662,558	1,060
Security deposits against lockers		232,090	207,865
Mark to market loss on forward foreign exchange commitments - net	22.6	685,420	848,249
Withholding taxes payable		666,097	96,817
Workers Welfare Fund payable	22.7	14,168,366	9,449,079
Payable under Alternate Delivery Channel (ADC)		26,625,633	16,978,468
Others		3,489,968	3,067,129
		<u>146,614,150</u>	<u>146,376,085</u>

22.1 This includes Rs 1,294 million (2023: Rs 2,464 million) in respect of return accrued on acceptances from SBP under the Islamic Export Refinance Scheme and Rs 376.8 million (2023: Rs 374.75 million) in respect of return accrued on acceptances from the SBP under various Islamic Long Term Refinance Schemes.

22.2 Unearned income mainly relates to Alternate Distribution Channels which is expected to be recognised as income in the next financial year.

	Note	2024	2023
		Rupees in '000	
22.3 Credit loss allowance / Provision against off-balance sheet obligations			
Opening balance		55,167	55,167
Impact of adoption of IFRS 9		269,835	-
Charge for the year		175,232	-
Reversals for the year		(197,352)	-
Closing balance	22.3.1	<u>302,882</u>	<u>55,167</u>

22.3.1 This represents provision recognised against guarantees, letter of credit and unutilised financing commitments.

	Note	2024	2023
		Rupees in '000	
22.4 Reconciliation of charity payable			
Balance as at January 1		242	4,159
Additions during the year		190,964	187,664
Less: Transferred to charity savings account (included in deposits and other accounts)	22.4.1	(159,679)	(191,581)
Balance as at December 31		<u>31,527</u>	<u>242</u>

Notes to and Forming Part of the Consolidated Financial Statements

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22.4.1 Charity paid through savings account during the year is Rs 195.00 million (2023: Rs 135.85 million). Charity of Rs 100,000 or higher was paid to the following organisations:

	2024	2023
	Rupees in '000	
Ihsan Trust - Related Party	88,500	80,000
The Cancer Foundation, Karachi	6,000	2,000
Omair Sana Foundation	5,500	2,000
Baitussalam Welfare Trust	5,000	2,000
The Indus Hospital, Karachi	5,000	1,000
Alamgir Welfare Trust	4,500	2,000
Kashif Iqbal Thalassemia Care Center	4,500	1,500
Akhawat Foundation	3,000	-
Transformation International Society, Karachi	3,000	2,000
Afzaal Memorial Thalassemia Foundation	3,000	2,000
SSWAB Trust (Kidney Care & Dialysis Centre)	2,500	1,000
Diya Pakistan - Related Party	2,500	1,000
Patients' Behbud Society for the Aga Khan University Hospital	2,000	2,500
Rashid Memorial Welfare Organization	2,000	2,000
Karachi Vocational Training Centre	2,000	1,000
Green Crescent Trust	2,000	-
Karachi Down Syndrome Program (KDSP)	2,000	1,000
Pakistan's Childrens' Heart Foundation	1,500	1,000
Muhammadi Haematology Oncology Services & Welfare Foundation	1,500	1,000
Molana Tariq Jamil Foundation	1,500	1,000
Bin Qutab Foundation	1,500	750
Professional Education Foundation - Related Party	1,500	500
Khadija Tul Kubra Welfare Trust	1,500	-
Health and Nutrition Development Society (HANDS)	1,500	500
University of Karachi	1,500	-
Roshni Homes Trust	1,000	-
Umeed Welfare Foundation	1,000	-
Sahil Welfare Association	1,000	-
Institute of Business Administration - Centre for Excellence in Islamic Finance	1,000	1,000
Haqqoq-E-Insaniyat Social Welfare Organization	1,000	-
Saylani Welfare Trust	1,000	1,000
Patients Welfare Foundation, Creek General Hospital	1,000	1,000
Idara Al-Khair Welfare Society	1,000	1,000
Child Life Foundation, Karachi	1,000	2,000
Prevention of Blindness Trust	1,000	1,000
Patel Foundation	1,000	1,000
Orange Tree Foundation	1,000	1,000
Pakistan Disabled Foundation	1,000	500
Family Educational Services Foundation	1,000	500
Patients Aid Foundation, Jinnah Postgraduate Medical Centre, Karachi	1,000	500
Mukhtaran Rafiq Foundation	1,000	500
Kiran Foundation	1,000	500
Ida Rieu Welfare Association	1,000	500
Mehrān Welfare Trust	1,000	500
Rights of Special Persons (ROSP) Welfare Foundation	1,000	500
National Disability & Development Forum	1,000	500
Health Promotion Foundation	1,000	-
Pakistan Islamic Medical Association	1,000	-
Al Mustafa Welfare Society - Karachi	1,000	-
Bioniks Welfare Foundation	1,000	-
N.E.D. University Of Engineering & Technology	750	-
Hailey College of Commerce	750	-
Bahauddin Zakariya University	750	-
Quaid-e-Azam University	750	-
Riphah International University	750	-
Islamia University of Bahawalpur	750	-
Sukkur IBA University	750	-
Balochistan University of Information Technology, Enginerring & Management Sciences	750	-
Chhipa Welfare Association	500	500
NICE Welfare Society	500	500
The Life Care Foundation Trust	500	-

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

	2024	2023
	Rupees in '000	
Jamiyat Punjabi Saudagran-e-Delhi	500	500
Bahria University Karachi	500	-
Bahria University Islamabad	500	-
Madawa Welfare Society	500	500
Pakistan Association of Deaf	500	400
Read Foundation	500	250
COMSATS University	500	-
National University Of Modern Languages	500	-
Islamia University of Bahawalpur (Rahim Yar Khan Campus)	500	-
Shaheed Zulfiqar Bhutto University	500	-
Muhammad Ali Jinnah University	500	-
Chiniot Anjuman-e-Islamia	500	-
University of Engineering and Technology, Lahore	500	-
Air University	500	-
Institute of Business Management, Karachi	500	-
Health Care	-	3,000
Friends of Burns Centre, Karachi	-	2,000
University of Agriculture, Faisalabad	-	2,000
Dar Ul Sukun Welfare Society	-	1,000
Help of Patients in Exigency by Students (HOPES)	-	500
Behbud Association, Karachi	-	500
Zubaida Machiyara Trust	-	500
DHA Suffa University	-	500
Hamdard University	-	500
Ahmed E. H Jaffer Foundation	-	500
Chal Foundation	-	500
Society for Audiological and Development Ailments (SADA)	-	250
Dua Foundation	-	200
	195,000	135,850

22.4.2 The balance in Charity's savings account is Rs 216.78 million (2023: Rs 227.83 million).

22.4.3 Movement of charity fund during the year is as under:

	2024	2023
	Rupees in '000	
Opening balance	228,076	159,950
Additions during the year		
Received from customers on delayed payment	160,034	167,564
Dividend purification amount	23,681	17,721
Non-shariah compliant income	7,249	2,379
Profit on charity saving account (net of tax and bank charges)	24,266	16,312
	215,230	203,976
Distribution of Charity		
Education	(112,500)	(89,750)
Health	(48,500)	(29,900)
Community Development	(34,000)	(16,200)
Closing balance	(195,000)	(135,850)
	248,306	228,076

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

- 22.5** This represents payable on account of credit Musawammah in accordance with the guidelines of the State Bank of Pakistan.
- 22.6** This is net off gain on forward foreign exchange commitments of Rs 1,662 million (2023: Rs 3,078 million).
- 22.7** The Holding Company and Subsidiary Companies (AMIML and MECL) have made full provision for workers' welfare fund (WWF) and sindh workers' welfare fund (SWWF), respectively. The Subsidiary Company (AMIML) 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.

23 SHARE CAPITAL

23.1 Authorised capital

2024 (Number of Shares)	2023 (Number of Shares)		2024 Rupees in '000	2023 Rupees in '000
3,253,860,000	3,253,860,000	Ordinary shares of Rs 10 each	32,538,600	32,538,600

23.2 Issued, subscribed and paid up capital

2024 (Number of Shares)	2023 (Number of Shares)		2024 Rupees in '000	2023 Rupees in '000
521,634,301	518,146,781	Fully paid-up ordinary shares of Rs 10 each	5,216,343	5,181,468
1,273,106,413	1,273,106,413	Issued for cash	12,731,064	12,731,064
1,794,740,714	1,791,253,194	Issued as bonus shares	17,947,407	17,912,532

23.3 Shareholding held by associated companies / entities are as follows:

Name of Shareholders	2024		2023	
	Number of shares held	Percentage of Shareholding	Number of shares held	Percentage of Shareholding
Noor Financial Investment Company, Kuwait	630,819,684	35.15%	630,819,684	35.22%
Pakistan Kuwait Investment Company (Private) Limited	536,887,288	29.91%	536,887,288	29.97%
Islamic Development Bank, Jeddah	166,863,457	9.30%	166,863,457	9.32%
CDC - Trustee Meezan Islamic Fund	8,269,520	0.46%	6,702,838	0.37%
CDC - Trustee Al Meezan Mutual Fund	1,465,284	0.08%	1,871,284	0.10%
CDC - Trustee Meezan Tahaffuz Pension Fund	1,023,222	0.06%	1,819,724	0.10%
CDC - Trustee KSE Meezan Index Fund	1,732,391	0.10%	1,471,659	0.08%
CDC - Trustee Meezan Balanced Fund	200,744	0.01%	302,023	0.02%
CDC - Trustee Meezan Dedicated Equity Fund*	32,843	-	171,873	0.01%
CDC - Trustee Meezan Asset Allocation Fund*	48,698	-	110,683	0.01%
Trustee Habbah Education Trust*	72,532	-	72,532	-
CDC - Trustee Meezan Pakistan Exchange Traded Fund*	89,452	-	38,613	-
CDC - Trustee Meezan Dynamic Asset Allocation Fund*	13,748	-	-	-

* Nil percentage due to round off

24 RESERVES

	Note	2024 Rupees in '000	2023 Rupees in '000
Share Premium		3,104,253	2,626,441
Statutory reserve	24.1	40,767,834	30,617,082
Non distributable capital reserve - gain on bargain purchase		3,117,547	3,117,547
Employee share option compensation reserve	43	945,867	654,321
General reserve		91,082	91,082
		48,026,583	37,106,473

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24.1 Under section 21(i)(b) of the Banking Companies Ordinance, 1962, an amount not less than 10% of the profit is to be transferred to create a reserve fund.

25	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX	Note	2024	2023
			Rupees in '000	
	Surplus on revaluation of:			
	- Securities measured at FVOCI - Debt		41,309,631	-
	- Securities measured at FVOCI - Equity		4,817,853	-
	Available for sale securities			
	- Listed shares		-	4,064,496
	- Sukuk		-	17,348,440
	Non-banking assets acquired in satisfaction of claims	25.1		21,412,936
	Less: Deferred tax on surplus on revaluation of :			
	- Securities measured at FVOCI - Debt		(21,481,008)	-
	- Securities measured at FVOCI - Equity		(2,505,284)	-
	- Available for sale securities		-	(10,492,339)
	- Non-banking assets acquired in satisfaction of claims	25.1	-	-
			(23,986,292)	(10,492,339)
			22,141,192	10,920,597
	25.1 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
	Surplus on revaluation as at January 1		-	4,699
	Recognised during the year		-	(4,691)
	Transferred to unappropriated profit in respect of incremental depreciation charged during the year		-	(8)
	Surplus on revaluation as at December 31		-	-
	Less: Related deferred tax liability on:			
	- Revaluation as at January 1		-	2,021
	- Impact of change in applicable tax rate		-	282
	- Revaluation recognised during the year		-	(2,299)
	- Incremental depreciation charged during the year		-	(4)
			-	-
			-	-
26	NON-CONTROLLING INTEREST			
	Opening balance		1,549,609	1,204,382
	Share of profit for the year		1,030,254	592,586
	Remeasurements of defined benefit plan - net of tax (directly recognised in OCI)		(5,070)	(2,359)
	Dividend payout by Subsidiary		(661,150)	(245,000)
	Closing balance		1,913,643	1,549,609
	26.1 Subsidiaries			
	AI Meezan Investment Management Limited			
	Percentage of holding		65%	65%
	Assets		8,130,073	5,999,799
	Liabilities		2,662,520	1,572,275
	Revenue / income		7,137,629	3,720,349
	Profit after taxation		2,943,580	1,693,132
	Total comprehensive income		2,943,580	1,686,393
	Breakup Value based on latest available audited financial statements & based on holding percentage		3,206,873	2,877,891
	Meezan Exchange Company (Private) Limited			
	Percentage of holding		100%	-
	Assets		1,056,636	-
	Liabilities		23,572	-
	Revenue / income		186,676	-
	Profit after taxation		33,064	-
	Total comprehensive income		33,064	-
	Breakup Value based on latest available audited financial statements & based on holding percentage		1,033,064	-

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

	Note	2024	2023
		Rupees in '000	
27 CONTINGENCIES AND COMMITMENTS			
-Guarantees	27.1	78,286,727	67,624,187
-Commitments	27.2	1,810,593,972	1,261,716,514
-Other contingent liabilities	27.3.1	1,802,000	1,802,000
		<u>1,890,682,699</u>	<u>1,331,142,701</u>
27.1 Guarantees:			
Financial guarantees		30,395	30,395
Performance guarantees		53,520,467	44,956,248
Other guarantees		24,735,865	22,637,544
		<u>78,286,727</u>	<u>67,624,187</u>
27.2 Commitments:			
Documentary letters of credit		369,351,453	235,057,572
Commitments in respect of:			
- forward foreign exchange transactions	27.2.1	280,886,420	281,400,267
Commitments for acquisition of:			
- property and equipment		799,899	599,915
- intangible assets		904,732	526,922
Other commitments	27.2.2	1,158,651,468	744,131,838
		<u>1,810,593,972</u>	<u>1,261,716,514</u>
27.2.1 Commitments in respect of forward foreign exchange transactions			
Purchase		163,944,780	170,276,350
Sale		116,941,640	111,123,917
		<u>280,886,420</u>	<u>281,400,267</u>
27.2.2 Other Commitments			
Commitments in respect of financing	27.2.2.1	<u>1,158,651,468</u>	<u>744,131,838</u>
27.2.2.1	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 68,809 million (2023: Rs 52,125 million).		
27.3 Other contingent liabilities			
27.3.1 Holding Company:			
The Income Tax Department amended the deemed assessment orders of the Holding Company for prior years including the tax year 2024. 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, non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches and the levy of super tax were also raised. The matter has been decided in Bank's favour by Appellate Tribunal Inland Revenue. Both the Holding Company and the tax department filed a reference with the High Court of Sindh 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.			
28 PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS	Note	2024	2023
		Rupees in '000	
Profit / return earned on:			
- Financing	28.1	186,397,118	169,409,252
- Investment		303,045,864	258,326,327
- Deposits / placements with financial institutions		4,867,375	4,085,029
		<u>494,310,357</u>	<u>431,820,608</u>
28.1	The income on Ijarah under IFAS 2 is net of takaful of Rs 1,891 million (2023: Rs 1,848 million) recovered from customers.		

Notes to and Forming Part of the Consolidated Financial Statements

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29	PROFIT / RETURN ON DEPOSITS AND OTHER DUES EXPENSED	Note	2024	2023
			Rupees in '000	
	Deposits and other accounts	29.1	144,776,459	110,553,083
	Sub-ordinated sukuks		4,562,021	4,452,067
	Shariah Compliant Open Market Operations and Standing Ceiling Facility from the State Bank of Pakistan		29,066,824	65,592,923
	Other Musharakahs / Mudarabas	29.2	24,992,836	22,610,813
	Amortisation of lease liability against right-of-use assets		3,869,085	2,118,567
			<u>207,267,225</u>	<u>205,327,453</u>

29.1 This includes conversion cost of Rs 4,541 million (2023: Rs 3,213 million) against foreign currency deposits.

29.2 This includes Rs 7,175 million (2023: Rs 7,912 million) paid / payable to SBP under Islamic Export Refinance Scheme and Rs 1,524 million (2023: Rs 1,381 million) paid / payable to SBP under the various Islamic Long Term Refinance Schemes.

30	FEE AND COMMISSION INCOME	Note	2024	2023
			Rupees in '000	
	Trade related fees and commissions	30.1	5,213,310	4,263,344
	Management fees in respect of mutual funds		4,372,362	1,897,550
	Commission on guarantees		238,968	219,877
	Branch banking customer fees	30.1	3,451,188	2,782,183
	Credit related fees	30.2	132,436	104,698
	Debit card related fees	30.1	9,571,044	8,122,503
	Investment banking related fees		465,962	499,868
	Commission on cash management		445,768	412,570
	Commission on home remittances	30.1	602,818	247,234
	Wealth management fees		534,923	711,509
	Others		809,412	374,892
			<u>25,838,191</u>	<u>19,636,228</u>

30.1 Trade related income pertains to corporate, commercial and SME segments. Branch banking fees pertain to retail banking segment while debit card fee pertains to alternative delivery channel segment.

30.2 This includes consumer processing fees of Rs 49.61 million (2023: Rs 20.41 million).

31	GAIN / (LOSS) ON SECURITIES	Note	2024	2023
			Rupees in '000	
	Realised - net	31.1	3,507,565	(697,980)
	Unrealised - measured as FVTPL / held for trading - net	31.2	4,351	(18)
			<u>3,511,916</u>	<u>(697,998)</u>
31.1	Realised gain / (loss) on:			
	Federal Government securities		3,507,565	(322,183)
	Listed shares		-	(549,248)
	Open end mutual funds		-	173,451
			<u>3,507,565</u>	<u>(697,980)</u>
31.2	Net gain / (loss) on financial assets measured at FVTPL / HFT			
	- designated upon initial recognition		-	(18)
	- mandatorily measured at FVTPL		4,351	-
	Net realised gain / (loss) on financial assets measured at FVOCI / AFS		4,351	(18)
			<u>3,507,565</u>	<u>(871,413)</u>
			<u>3,511,916</u>	<u>(871,431)</u>

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		Note	2024	2023
			Rupees in '000	
32	NET LOSS ON FINANCIAL ASSETS MEASURED AT AMORTISED COST		(186,473)	-
	Loss on derecognition of financial assets measured at amortised cost		(186,473)	-
33	OTHER INCOME			
	Gain on termination of			
	- Ijarah financing		769,661	799,174
	- Diminishing Musharakah and other financing		50,316	49,059
	Gain on sale of property and equipment		370,856	451,994
	Others		38,735	6,538
			<u>1,229,568</u>	<u>1,306,765</u>
34	OPERATING EXPENSES			
	Total compensation expense	34.1	46,185,633	41,555,844
	Property expense			
	Depreciation on right-of-use assets		2,715,582	2,819,372
	Rent and taxes		491,091	204,698
	Utilities cost (including electricity and diesel)		3,836,498	2,884,961
	Security (including guards)		1,737,807	1,314,451
	Repair and maintenance (including janitorial charges)		1,264,758	1,381,872
	Depreciation		1,278,768	1,151,828
	Takaful expenses		25,583	15,825
	Others		35,177	40,613
			<u>11,385,264</u>	<u>9,813,620</u>
	Information technology expenses			
	Software maintenance		2,743,189	1,837,387
	Hardware maintenance		651,526	578,708
	Depreciation		1,824,485	1,176,751
	Amortisation		715,060	560,697
	Network charges		387,127	335,548
			<u>6,321,387</u>	<u>4,489,091</u>
	Other operating expenses			
	Stationery and printing (including debit card related cost)		2,797,673	2,044,937
	Repairs and maintenance		900,782	580,576
	Local transportation and car running		2,018,794	1,996,366
	Depreciation on vehicles, equipment etc.		2,926,313	2,094,033
	Legal and professional charges		236,525	199,273
	NIFT and other clearing charges		329,737	254,039
	Marketing, advertisement and publicity		1,676,250	1,391,193
	Security charges - cash transportation		1,588,641	1,067,769
	Communication (including courier)		3,102,294	1,922,289
	Travelling and conveyance		402,663	365,174
	Training and development		137,870	204,960
	Donations	34.4 & 34.5	5,878	6,525
	Fees, subscription and other charges		389,132	399,462
	Brokerage and bank charges		364,837	329,236
	Office supplies		741,049	592,747
	Entertainment		113,146	96,320
	Takaful expense		385,717	208,263
	Outsourced services costs		-	-
	Auditors' remuneration	34.3	57,906	32,546
	Fees and allowances to Shariah Board	44	70,064	52,295
	Directors' fees and allowances	44	86,380	69,560
	Others		644,932	375,704
	Reimbursement of expenses from Collective Investment Scheme (CIS)	34.6	(1,212,822)	(1,370,071)
			<u>17,763,761</u>	<u>12,913,196</u>
			<u>81,656,045</u>	<u>68,771,751</u>

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34.1 Total compensation expense	Note	2024	2023
		Rupees in '000	
Managerial Remuneration			
i) Fixed		21,229,476	16,991,057
ii) Variable			
a) Cash Bonus / Awards etc.		20,450,664	21,767,810
b) Share based compensation expense	43	590,776	409,746
Charge for defined benefit plan		1,081,882	810,438
Contribution to defined contribution plan		899,028	711,825
Compensated absences		390,993	203,557
Others including EOBI, SESSI, uniform, sports etc.		1,542,814	661,411
Total compensation expense		46,185,633	41,555,844

34.2 Total cost for the year included in other operating expenses relating to outsourced activities is Rs 6,103 million (2023: Rs 4,826 million). This cost includes outsourced service costs, which are disclosed specifically in note 34. The entire cost pertains to payments to companies incorporated in Pakistan and mainly on account of security guards, janitorial staff and courier services.

34.3 Auditors' remuneration		2024	2023
		Rupees in '000	
Audit fee		22,428	10,735
Fee for interim review		5,600	1,850
Special certifications / review / tax advisory services		22,775	15,617
		50,803	28,202
Sindh sales tax on services		3,600	2,420
Out of pocket expenses		3,503	1,924
		57,906	32,546

This includes remuneration pertaining to tax advisory services amounting to Rs. 20.00 million (2023: Rs. 12.32 million).

34.4 Donation		2024	2023
		Rupees in '000	
The Cancer Foundation		3,075	-
Qazi Hussain Ahmed Medical Complex		1,462	-
Saylani Welfare Trust International		1,241	-
Karachi Bankers Club		100	-
Alamgir Welfare Trust International		-	3,025
Health Care, Sialkot		-	3,000
Patients Aid Foundation		-	500
		5,878	6,525

None of the directors, executives or their spouses had any interest in the donees.

34.5 In addition to these donations, the Group has paid charity of Rs 195 million (2023: Rs 135.85 million) to different non-profit organizations, the details of which are mentioned in note 22.4.1 of these consolidated financial statements.

34.6 In accordance with Regulation 60 of the NBFC Regulations, the Subsidiary Company (AMIML) 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 (AMIML) 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.

35 OTHER CHARGES		2024	2023
		Rupees in '000	
Penalties imposed by the State Bank of Pakistan		435,343	304,830

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36	CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE OFFS - NET	Note	2024	2023
			Rupees in '000	
	Net credit loss allowance / provision against non-performing Islamic financing and related assets	11.8	8,833,564	7,646,848
	Net credit loss allowance / (reversal) of provisions against investments	10.3	222,190	(571,988)
	Net (reversal) of credit loss allowance against cash and balance with treasury banks		(27,886)	-
	Net credit loss allowance against balances with other banks		15,557	-
	Net credit loss allowance / provision against other assets and CWIP	12 & 15.3.1 & 36.1	57,077	370,292
	Reversal against due from financial institution		-	(20,000)
	Net reversal of credit loss allowance against off-balance sheet obligations	22.3	(22,120)	-
	Bad debts written off directly		-	-
	Recoveries of written off financings	36.2	(2,027)	(84,741)
	Others		146,050	-
			<u>9,222,405</u>	<u>7,340,411</u>

36.1 This mainly represents provision (net of recoveries) against operational losses incurred by the Holding Company in the current or prior years. Further, the provision for credit loss allowance in respect of financial assets has also been recorded in the current year.

36.2 This includes recoveries against financing written off by HSBC ME prior to its acquisition by the Holding Company.

37	TAXATION	Note	2024	2023
			Rupees in '000	
	Current	37.1	125,442,485	85,757,113
	Prior years		(17,081)	1,958,493
	Deferred		(2,865,485)	(1,671,862)
			<u>122,559,919</u>	<u>86,043,744</u>

37.1 The super tax amounting to Rs 22,879 million (2023: Rs 17,270 million) has been recorded by the Holding Company based on taxable income for the year.

37.2	Relationship between tax expense and accounting profit	2024	2023
		Rupees in '000	
	Profit before taxation	<u>226,279,254</u>	<u>172,066,880</u>
	Effects of:		
	- Tax calculated at the applicable rate of 44% / 39%	99,283,657	66,454,006
	- Super tax @ 10%	22,879,105	17,270,200
	- Expenses not deductible for tax purposes	186,914	(186,914)
	- Other additions / adjustments for tax purposes	(205,340)	(292,099)
	- Prior year windfall tax	-	1,357,169
	- Income chargeable to tax at reduced rate	(191,110)	(218,528)
	- Others	606,693	1,659,910
	Tax charge for the year	<u>122,559,919</u>	<u>86,043,744</u>

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38 BASIC AND DILUTED EARNINGS PER SHARE

38.1 Basic earnings per share

	Note	2024	2023
		Rupees in '000	
Profit for the year		102,689,081	85,430,550
		(Number)	
Weighted average number of ordinary shares		1,792,873,080	1,790,396,362
		(Rupees)	
Basic earnings per share	38.4	57.28	47.72

38.2 Diluted earnings per share

		Rupees in '000	
Profit for the year		102,689,081	85,430,550
		(Number)	
Weighted average number of ordinary shares	38.3	1,802,969,285	1,792,448,949

(Rupees)

Diluted earnings per share

38.4 56.96 47.66

38.3 Reconciliation of basic and diluted earning per share

	2024	2023
	(Number)	
Weighted average number of ordinary shares	1,792,873,080	1,790,396,362
Add: Diluted impact of employee stock option scheme	10,096,205	2,052,587
Dilutive potential ordinary shares	1,802,969,285	1,792,448,949

38.4 The Holding Company has issued 3,487,520 (2023: 1,628,873) shares against proceeds of Rs 258.89 million (2023: 99.70 million) under employees share option scheme. These shares were issued in July 2024 (2023: July 2023).

39 CASH AND CASH EQUIVALENTS

	Note	2024	2023
		Rupees in '000	
Cash and balances with treasury banks	7	260,873,367	242,612,195
Balances with other banks	8	13,290,726	11,458,281
Overdrawn nostro accounts	17.1	(2,083,290)	(2,679,320)
		272,080,803	251,391,156

39.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Sub-ordinated Sukuks	Lease liability against right-of-use assets	Dividend Payable
		Rupees in '000	
Balance as at January 01	20,990,000	22,412,164	864,946
Changes from financing cash flows			
Payment against lease liability against right-of-use assets	-	(4,466,134)	-
Dividend paid to equity shareholders of the Holding Company	-	-	(52,818,741)
Dividend paid to non-controlling interest	-	(4,466,134)	(661,150)
Total changes from financing cash flows	-		(53,479,891)
Other changes			
Addition to lease liability against right-of-use assets	-	4,475,718	-
Amortisation of lease liability against right-of-use assets	-	3,869,085	-
Adjustment upon reassessment of useful life	-	(4,557)	-
Cash dividend - equity shareholders of the Holding Company	-	-	51,995,169
Cash dividend - non-controlling interest	-	-	661,150
Balance as at December 31	20,990,000	26,286,276	52,656,319
			41,374

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	Sub-ordinated Sukuks	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 lease liability against 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			
Cash dividend - equity shareholders of the Holding Company	-	10,086,130	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>

39.2 Additional information on operational cash flows from profit / return

2024	2023
Rupees in '000	
512,171,961	392,947,552
210,896,912	200,903,715
<u>301,275,049</u>	<u>192,043,837</u>

40 STAFF STRENGTH

Note	2024	2023
	(Number of Staff)	
Permanent	15,399	14,220
On Group's contract	1,439	1,243
Group's own staff strength at the end of the year	<u>16,838</u>	<u>15,463</u>
Outsourced	40.1	2,556
Total staff strength	<u>19,394</u>	<u>2,421</u>
		<u>17,884</u>

40.1 This excludes outsourced security guards and janitorial staff.

41 DEFINED BENEFIT PLAN

41.1 Gratuity Funded Scheme - 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.

41.2 Number of Employees under the Gratuity Funded Scheme

2024	2023
(Number)	
12,457	<u>10,695</u>

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For The Year Ended December 31, 2024

41.3 Reconciliation of amount payable to defined benefit plan	Note	2024 Rupees in '000	2023 Rupees in '000
Present value of defined benefit obligations	41.5	6,720,526	4,817,560
Fair value of plan assets	41.5	(5,375,703)	(3,930,931)
		<u>1,344,823</u>	<u>886,629</u>

41.4 Components of plan assets

	Entity / Instrument Credit Rating	2024 (Rupees in '000)	%	2023 (Rupees in '000)	%
GoP Ijarah sukuks	Govt. Guaranteed	4,997,000	92.97	3,636,265	92.51
Mutual Funds managed by Al Meezan Investment Management Limited	AM1	249,118	4.63	152,164	3.87
Bank Islami Pakistan Limited - Additional Tier 1 sukuks	A-	5,000	0.09	5,000	0.13
Savings account with Dubai Islamic Bank Limited **	AA	161	-	149	-
Savings account with Meezan Bank Limited	AAA	124,424	2.31	137,353	3.49
		<u>5,375,703</u>	<u>100</u>	<u>3,930,931</u>	<u>100</u>

** Nil due to rounding off

41.5 The movement in the defined benefit obligation over the year is as follows:

	2024		
	Present Value of defined benefit obligation	Fair value of plan assets	Total
	Rupees in '000	Rupees in '000	Rupees in '000
At January 1	4,817,560	(3,930,931)	886,629
Current service cost	846,978	-	846,978
Return expense / (income)	<u>684,766</u>	<u>(621,823)</u>	<u>62,943</u>
	<u>6,349,304</u>	<u>(4,552,754)</u>	<u>1,796,550</u>
Remeasurements:			
-Return on plan assets, excluding amounts included in return expense / (income) shown as above	-	(253,306)	(253,306)
-Experience gains	688,208	-	688,208
	<u>688,208</u>	<u>(253,306)</u>	<u>434,902</u>
Contribution	7,037,512	(4,806,060)	2,231,452
Benefit payments	-	(886,629)	(886,629)
At December 31	<u>(316,986)</u>	<u>316,986</u>	<u>-</u>
	<u>6,720,526</u>	<u>(5,375,703)</u>	<u>1,344,823</u>

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	2023		
	Present Value of defined benefit 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)	<u>506,638</u>	<u>(459,893)</u>	<u>46,745</u>
	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
	<u>226,080</u>	<u>(19,340)</u>	<u>206,740</u>
Contribution	5,037,821	(3,482,177)	1,555,644
Benefit payments	(220,261)	(669,015)	(669,015)
At December 31	<u>4,817,560</u>	<u>(3,930,931)</u>	<u>886,629</u>

41.6 Charge for defined benefit plan (in respect of the Gratuity Funded Scheme)

	2024	2023
	Rupees in '000	
41.6.1 Cost recognized in unconsolidated statement of profit and loss account		
Current service cost	846,978	633,144
Net return cost	62,943	46,745
	<u>909,921</u>	<u>679,889</u>
41.6.2 Re-measurements recognised in OCI during the year		
Gain on obligation - Experience adjustment	688,208	226,080
Return on plan assets over expected return	(253,306)	(19,340)
Total re-measurements recognised in OCI	<u>434,902</u>	<u>206,740</u>

Total expense recognised in consolidated statement of profit and loss account amounted to Rs 1,036.00 million (2023: Rs 778.60 million) of which Rs 909.92 million (2023: Rs 679.89 million) pertains to approved Gratuity Funded Scheme and Rs 126.08 million (2023: Rs 98.71 million) pertains to End of Service Unfunded Defined Benefit Scheme. Total expense recognised in Other Comprehensive Income amounted to Rs 453.78 million (2023: charge of Rs 242.18 million) of which expense of Rs 434.90 million (2023: charge of Rs 206.74 million) pertains to Gratuity Funded Scheme and charge of Rs 18.88 million (2023: charge of Rs 35.44 million) pertains to End of Service Unfunded Defined Benefit Scheme.

41.7 The plan assets and defined benefit obligations (in respect of the Gratuity Funded Scheme) are based in Pakistan.

	2024	2023
41.8 Principal actuarial assumptions		
Discount rate	12.25% p.a	14.75% p.a
Expected rate of increase in salaries	13.25% p.a	14.75% p.a
Expected rate of return on investments	12.25% p.a	14.75% p.a
Normal retirement age	60 years	60 years

41.9 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.

41.10 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, 2024		December 31, 2023	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Rupees in '000					
Discount rate	1.00%	(595,794)	693,568	(492,387)	579,251
Salary growth rate	1.00%	712,070	(622,049)	596,630	(514,709)
Withdrawal rate	10.00%	(22,529)	23,911	(5)	5

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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.

- 41.11** The weighted average duration of the defined benefit obligation is 9.60 years.
- 41.12** 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, 2024	490,434	424,281	1,651,132	32,866,341	35,432,188
At December 31, 2023	272,589	266,748	911,658	48,466,805	49,917,800

- 41.13** Funding levels are monitored on an annual basis and are based on actuarial recommendations. Contribution for the next year works out to Rs 1,692.584 million as per the actuarial valuation report of the Bank as of December 31, 2024.
- 41.14** 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.

41.15 Gratuity Funded Scheme - Subsidiary Company (AMIML)

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 consolidated statement of profit and loss account and other comprehensive income amounted to Rs 45.88 million (2023: Rs 31.84 million) and Rs 14.48 million (2023: Rs 11.048 million) respectively pertains to approved Gratuity Funded Scheme.

The present value of defined benefit obligation recognised in statement of financial position amounted to Rs 126.13 million (2023: Rs. 96.48 million).

41.16 End of Service Unfunded Defined Benefit Scheme - Holding Company

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 144.98 million (2023: Rs 134.15 million). The charge of Rs 126.08 million (2023: Rs 98.71 million) has been recognised in the consolidated statement of profit and loss account and the charge of Rs 18.88 million (2023: Rs 35.44 million) has been recognised in Other Comprehensive Income. The present value of defined benefit obligation recognised in respect of this scheme amounts to Rs 808.53 million (2023: Rs 663.57 million).

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The principal actuarial assumptions comprise of discount rate of 12.25 percent and salary increase rate of 11.75 percent. The sensitivity of the defined benefit obligation due to a one percent change in discount rate would be Rs 6.55 million (in case the discount rate is increased) and Rs 6.66 million (in case the discount rate is decreased). These sensitivities are calculated using the same methodology as explained in note 41.10.

- 41.17** The disclosures made in notes 41.1 to 41.16 are based on the information included in the actuarial valuation reports of the Holding Company as at December 31, 2024.

42 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.

	2024	2023
	Rupees in '000	
Contribution from the Group	899,028	711,825
Contribution from the employees	<u>899,028</u>	<u>711,825</u>
	<u>1,798,056</u>	<u>1,423,650</u>

43 EMPLOYEES STOCK OPTION SCHEME OF HOLDING COMPANY

During the years 2021-2024, 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.

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 2024	2 years	01-May-26	2,936,667	2,695,906	144.99	112	<u>15.00%</u>	<u>28.56%</u>
	3 years	01-May-27	2,936,667	2,695,906	144.99	129		
	4 years	01-May-28	<u>2,936,667</u>	<u>2,695,906</u>	144.99	145		
			<u>8,810,001</u>	<u>8,087,718</u>				
Share options issued in 2023	2 years	01-May-25	3,164,300	2,605,564	67.87	52	<u>15.75%</u>	<u>28.16%</u>
	3 years	01-May-26	3,164,300	2,605,564	67.87	61		
	4 years	01-May-27	<u>3,164,300</u>	<u>2,605,564</u>	67.87	69		
			<u>9,492,900</u>	<u>7,816,692</u>				
Share options issued in 2022	2 years	01-May-24	2,508,648	-	85.76	44	<u>13.50%</u>	<u>30.08%</u>
	3 years	01-May-25	2,508,648	2,144,529	85.76	55		
	4 years	01-May-26	<u>2,508,648</u>	<u>2,144,529</u>	85.76	64		
			<u>7,525,944</u>	<u>4,289,058</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	-	61.21	85		
	4 years	01-May-25	<u>2,340,834</u>	<u>1,825,400</u>	61.21	90		
			<u>7,022,500</u>	<u>1,825,400</u>				

Expense arising from this scheme is disclosed in note 34.1.

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44 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL - Holding Company

2024

	Chairman	Directors (other than CEO)	Non- Executives	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
Rupees in '000							
Fees and allowances	10,680	-	54,750	3,600	-	-	-
Managerial remuneration							
i) Fixed	-	-	-	52,328	114,397	633,251	682,087
ii) Cash Bonus	-	-	-	10,600	286,000	639,670	650,000
iii) Share based compensation expense	-	-	-	-	6,246	57,363	84,724
Charge for gratuity fund / EOSB (note 44.4)	-	-	-	-	-	23,220	27,244
Contribution to defined contribution plan	-	-	-	-	-	28,918	33,846
Others	-	-	-	-	3,706	4,886	-
	<u>10,680</u>	<u>-</u>	<u>54,750</u>	<u>66,528</u>	<u>410,349</u>	<u>1,387,308</u>	<u>1,477,901</u>
Number of persons	1	-	9	5	1	21	66

2023

	Chairman	Directors (other than CEO)	Non- Executives	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
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 / EOSB (note 44.4)	-	-	-	-	-	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	1	-	9	4	1	21	57

- 44.1 The amount in respect of fees and allowances to Shariah Board and directors' fees and allowances of Subsidiary Company (AMIML) amounting to Rs. 3.5 million and 20.4 million respectively.
- 44.2 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 Holding Company's cars.
- 44.3 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.
- 44.4 The Chief Executive is also entitled to End of Service Unfunded Defined Benefit Scheme details of which are given under note 41.16.

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44.5 Remuneration to Directors for participation in Board and Committee Meetings - Holding Company

Sr. No.	Name of Director	Meeting Fees and Allowances							Total Amount	
		For Board Committees								
		For Board Meetings	Board Audit Committee	Risk Management Committee	Information Technology Committee	Human Resources, Remunerations & Compensation Committee	IFRS 9 Implementation Oversight Committee	Interview and Selection Committee***		
Rupees in '000										
1	Mr Riyad S.A.A. Edrees (Chairman)	2,880	-	-	2,600	2,600	2,600	-	10,680	
2	Mr Faisal A.A.A. AlNassar (Vice Chairman)**	2,400	2,600	2,600	2,600	-	-	-	10,200	
3	Mr Bader H.A.M.A. AlRabiah	1,600	-	1,950	-	-	-	-	3,550	
4	Mr Saad Ur Rahman Khan	3,200	2,600	2,600	2,600	-	-	-	11,000	
5	Mr Faisal Fahad AlMuzaini	800	-	-	-	-	2,600	-	3,400	
6	Mr Tariq Mahmood Pasha	3,200	-	-	-	-	-	-	3,200	
7	Mr Mohamed Guermazi**	3,200	2,600	-	-	-	-	-	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**	800	-	2,600	-	-	-	-	3,400	
11	Mr.Zine Elabdine Bachiri*	-	-	-	-	-	-	-	-	
12	Mr. Abdulrazzaq T.A.M. Razooqi*	-	-	-	-	-	-	-	-	
		24,480	10,400	9,750	7,800	7,800	5,200	-	65,430	

* They were elected on the Board with effect from November 18, 2024.

** They retired from the Board with effect from November 18, 2024.

Sr. No.	Name of Director	Meeting Fees and Allowances							Total Amount	
		For Board Committees								
		For Board Meetings	Board Audit Committee	Risk Management Committee	Information Technology Committee	Human Resources, Remunerations & Compensation Committee	IFRS 9 Implementation Oversight Committee	Interview and Selection Committee***		
Rupees in '000										
1	Mr Riyad S.A.A. Edrees (Chairman)	3,360	-	-	2,600	2,600	2,600	1,300	12,460	
2	Mr Faisal A.A.A. AlNassar (Vice Chairman)	2,800	2,600	2,600	2,600	-	-	-	10,600	
3	Mr Bader H.A.M.A. AlRabiah	1,600	-	1,950	-	-	-	-	3,550	
4	Mr Saad Ur Rehman Khan	800	650	650	650	-	-	-	2,750	
5	Mr Faisal Fahad AlMuzaini	1,600	-	-	-	-	2,600	-	4,200	
6	Mr Tariq Mahmood Pasha	800	-	-	-	-	-	-	800	
7	Mr Mohamed Guermazi	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	

*** This Committee was both formed and dissolved in 2023

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44.6 Remuneration to Members Shariah Board - Holding Company

	2024			2023		
	Chairman	Resident Member	Non Resident Members	Chairman	Resident Member	Non Resident Members
	Rupees in '000					
Meeting fees	-	-	3,600	-	-	1,900
Managerial remuneration and allowances	-	9,601	42,727	-	7,140	34,755
Cash Bonus	-	10,600	-	-	8,500	-
Total number of persons	<u>1</u>	<u>1</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>2</u>

45 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted securities other than those classified as amortised cost / held to maturity, is based on quoted market price. Quoted debt securities classified as amortised cost / held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of valuation methodologies. The fair value of unquoted debt securities, fixed term financings, other assets, other liabilities, fixed term deposits and due to financial institutions cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer financings and deposits, are frequently repriced.

45.1 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).

The table below analyses financial instruments measured as at December 31, 2024 and December 31, 2023 by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Carrying value	2024				
		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	1,359,467,076	555,352,527	799,336,050	4,778,499	1,359,467,076	
- Shares / Units of mutual funds	11,197,572	10,513,112	66,633	617,827	11,197,572	
- Non Government Sukuk	131,254,670	118,045,677	2,897,726	10,311,267	131,254,670	
- Foreign Securities	3,968,059	-	3,957,670	10,389	3,968,059	
	<u>1,505,887,377</u>	<u>683,911,316</u>	<u>806,258,079</u>	<u>15,717,982</u>	<u>1,505,887,377</u>	
Financial assets - disclosed but not measured at fair value						
Investments						
- Federal Government securities	362,885,471	-	343,191,347	21,053,574	364,244,921	
	<u>362,885,471</u>	<u>-</u>	<u>343,191,347</u>	<u>21,053,574</u>	<u>364,244,921</u>	
	<u>1,868,772,848</u>	<u>683,911,316</u>	<u>1,149,449,426</u>	<u>36,771,556</u>	<u>1,870,132,298</u>	
Off-balance sheet financial instruments - measured at fair value						
Forward purchase and sale of foreign exchange contracts						
	<u>685,420</u>	<u>-</u>	<u>685,420</u>	<u>-</u>	<u>685,420</u>	

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For The Year Ended December 31, 2024

	Carrying value	2023				
		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	1,202,500,730	-	1,202,500,730	-	1,202,500,730	
- Shares	10,845,690	10,845,690	-	-	10,845,690	
- Non Government Sukus	119,520,856	119,520,856	-	-	119,520,856	
- Foreign Securities	5,102,756	-	5,102,756	-	5,102,756	
	<u>1,337,970,032</u>	<u>130,366,546</u>	<u>1,207,603,486</u>	<u>-</u>	<u>1,337,970,032</u>	
Financial assets - disclosed but not measured at fair value						
Investments						
- Federal Government securities	216,954,593	-	187,691,000	-	187,691,000	
	<u>216,954,593</u>	<u>-</u>	<u>187,691,000</u>	<u>-</u>	<u>187,691,000</u>	
	<u>1,554,924,625</u>	<u>130,366,546</u>	<u>1,395,294,486</u>	<u>-</u>	<u>1,525,661,032</u>	
Off-balance sheet financial instruments - measured at fair value						
Forward purchase and sale of foreign exchange contracts						
	<u>848,249</u>	<u>-</u>	<u>848,249</u>	<u>-</u>	<u>848,249</u>	

45.2 Fair Value of non-financial assets

	Carrying value	2024				
		Fair value				
		Level 1	Level 2	Level 3	Total	
Rupees in '000						
Non-banking assets acquired in satisfaction of claims						
	498,450	-	-	498,450	498,450	
	<u>498,450</u>	<u>-</u>	<u>-</u>	<u>498,450</u>	<u>498,450</u>	

	Carrying value	2023				
		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>	

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 Consolidated Financial Statements

For The Year Ended December 31, 2024

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 listed on Pakistan Stock Exchange has been determined through closing rates of Pakistan Stock Exchange. The fair value of other GoP Ijarah sukuks 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	These are measured at fair value using the rates published by the valuation expert (Bloomberg)
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by SBP.
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 of the Group for the year ended December 31, 2024.
Units of mutual funds	The valuation has been determined based on net asset values (NAV) declared by respective funds.
Unquoted Equity Securities	The value of unquoted equity securities are determined by using different methods for different securities. Fair value of investment in Sapphire Electric Company Limited has been determined by Dividend Discount Model (DDM) by using constant dividends streams of the entity by using various key assumptions considering economic and market conditions. Key assumptions include discount rate and terminal growth rate (if applicable).
Corporate sukuks	The valuation has been determined through closing rates announced by FMA (Financial Market Association) through Reuters.

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.

The valuation of non-banking assets acquired in satisfaction of claims, mentioned above, is conducted by the valuation expert appointed by the Holding Company 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 15.2.1. The change in the market value has been accounted for in the consolidated statement of profit and loss account.

The sensitivity analysis of the fair value measurement of unquoted equity securities due to changes in observable inputs has not been disclosed as the amount is not material and significant.

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46 SEGMENT INFORMATION

46.1 Segment Details with respect to Business Activities

	Corporate and Commercial banking	Retail banking	Trading and sales	Asset Management	Others	Inter-segment Eliminations	Total
	2024 Rupees in '000						
Consolidated profit and loss account							
External funded revenue	179,663,034	9,794,699	304,852,624	-	-	-	494,310,357
External non funded revenue	6,119,005	5,437,614	4,992,917	7,969,925	10,786,231	-	35,305,692
Inter segment revenue - net	-	441,879,838	-	-	80,440	(441,960,278)	-
Total Income	185,782,039	457,112,151	309,845,541	7,969,925	10,866,671	(441,960,278)	529,616,049
 External cost of funds							
Segment direct expenses	14,557,941	149,691,564	43,017,720	-	-	-	207,267,225
Inter segment expense allocation	2,422,665	75,517,200	1,010,346	2,126,172	5,770,782	-	86,847,165
Total expenses	155,448,338	-	286,511,940	-	-	(441,960,278)	-
	172,428,944	225,208,764	330,540,006	2,126,172	5,770,782	(441,960,278)	294,114,390
Credit loss allowance / provisions and write offs - net	8,936,298	114,423	8,520	-	163,164	-	9,222,405
Profit before tax	4,416,797	231,788,964	(20,702,985)	5,843,753	4,932,725	-	226,279,254
 Consolidated statement of financial position							
Cash and bank balances	2,701,418	259,368,426	135,138	810,845	11,148,266	-	274,164,093
Due from financial institutions	-	-	34,964,299	-	-	-	34,964,299
Investments	13,208,564	-	1,857,327,056	8,317,221	-	-	1,878,852,841
Net inter segment lending	-	2,447,637,280	-	-	17,791,702	(2,465,428,982)	-
Islamic financings and related assets	1,432,227,514	82,528,422	-	-	-	-	1,514,755,936
Others	51,394,838	92,412,523	60,257,206	1,727,341	1,997,723	-	207,789,631
Total assets	1,499,532,334	2,881,946,651	1,952,683,699	10,855,407	30,937,691	(2,465,428,982)	3,910,526,800
Due to financial institutions	109,871,661	13,102,601	599,312,056	-	-	-	722,286,318
Deposits and other accounts	-	2,584,583,671	-	-	-	-	2,584,583,671
Subordinated sukuk	20,990,000	-	-	-	-	-	20,990,000
Net inter segment borrowing	1,234,292,589	-	1,224,799,434	6,336,959	-	(2,465,428,982)	-
Others	37,120,929	256,091,800	1,924,414	3,814,384	30,085,064	-	329,036,591
Total liabilities	1,402,275,179	2,853,778,072	1,826,035,904	10,151,343	30,085,064	(2,465,428,982)	3,656,896,580
Equity	97,257,155	28,168,579	126,647,795	704,064	852,627	-	253,630,220
Total equity and liabilities	1,499,532,334	2,881,946,651	1,952,683,699	10,855,407	30,937,691	(2,465,428,982)	3,910,526,800
Contingencies and commitments	1,522,044,707	87,751,572	280,886,420	-	-	-	1,890,682,699

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

	2023						
	Corporate and Commercial banking	Retail banking	Trading and sales	Asset Management	Others	Inter-segment Eliminations	Total
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 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 sukuks	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

47 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.

48 RELATED PARTY TRANSACTIONS

- 48.1 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 companies, associated companies, retirement benefit funds, directors, and key management personnel and their close family members.
- 48.2 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.

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48.3 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.

48.4 Key management personnel

- President and Chief Executive Officer of the Holding Company
- Deputy Chief Executive Officers of the Holding Company

48.5 Details of transactions with related parties during the year and balances with them (other than those disclosed in respective notes) as at the year-end as are follows:

	Total		Associates		Directors and close family members		Key management personnel and close family members		Other related parties (funds and trusts)	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	Rupees in '000									
Islamic financing and related assets										
At January 1	33,002,164	29,972,348	32,914,968	29,972,348	-	-	87,196	-	-	-
Addition during the year	3,522,864	23,154,677	3,522,864	23,066,434	-	-	-	88,243	-	-
Repayment during the year	(36,441,928)	(20,124,861)	(36,437,632)	(20,123,814)	-	-	(4,296)	(1,047)	-	-
At December 31	82,900	33,002,164	-	32,914,968	-	-	82,900	87,196	-	-
Investments										
At January 1	6,855,718	4,170,433	6,855,718	4,170,433	-	-	-	-	-	-
Investments made during the year	5,529,369	3,164,265	5,529,369	3,164,265	-	-	-	-	-	-
Repayment / redemption during the year	(2,311,594)	(478,980)	(2,311,594)	(478,980)	-	-	-	-	-	-
At December 31	10,073,493	6,855,718	10,073,493	6,855,718	-	-	-	-	-	-
Deposits										
	8,189,875	6,535,423	6,758,697	5,521,325	251,088	167,014	75,745	176,832	1,104,345	670,252
Other assets										
Profit receivable on financing / investments / placements	44	1,076,495	-	1,076,459	-	-	44	36	-	-
Fee and other receivable	1,052,743	30,517	1,052,743	28,800	-	-	-	-	-	1,717
Credit loss allowance / provision held against other assets	13	-	8	-	-	-	5	-	-	-
Due to financial institutions										
At January 1	-	18,000,000	-	18,000,000	-	-	-	-	-	-
Addition during the year	643,630,000	157,050,000	643,630,000	157,050,000	-	-	-	-	-	-
Paid during the year	(596,500,000)	(175,050,000)	(596,500,000)	(175,050,000)	-	-	-	-	-	-
At December 31	47,130,000	-	47,130,000	-	-	-	-	-	-	-
Sub-ordinated Sukuk										
At January 1	210,000	210,000	210,000	210,000	-	-	-	-	-	-
Issued / purchased during the year	-	200,000	-	200,000	-	-	-	-	-	-
Redemption / sold 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	256,364	-	256,364	-	-	-	-	-	-	-
Payable to defined benefit plan	2,279,476	1,646,683	-	-	-	-	808,528	663,573	1,470,948	983,110
Accrued expenses	2,350	-	-	-	2,350	-	-	-	-	-
Unearned income	-	4,534	-	4,534	-	-	-	-	-	-
Contingencies and Commitments										
Letters of Credit (unfunded)	-	81,444	-	81,444	-	-	-	-	-	-
Letters of Guarantee (unfunded)	-	1,175,457	-	1,175,457	-	-	-	-	-	-

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	Total		Associates		Directors and close family members		Key management personnel and close family members		Other related parties (funds and trusts)	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Rupees in '000										
Income										
Profit earned on financing / investments / placements	2,361,062	5,592,691	2,357,134	5,591,608	-	-	3,928	1,083	-	-
Fees and commission income earned	5,728,458	2,214,818	5,728,117	2,214,461	32	21	217	251	92	85
Dividend income	335,862	180,603	335,862	180,603	-	-	-	-	-	-
Net gain on sale of securities	4,031	128,254	4,031	128,254	-	-	-	-	-	-
Expenses										
Return on deposits / acceptance expensed	2,458,626	2,249,934	2,334,188	2,162,898	5,074	3,853	12,119	13,451	107,245	69,732
Recovery of expenses	-	1,717	-	-	-	-	-	-	-	1,717
Charge for defined benefit plan	1,390,705	1,063,662	-	-	-	-	-	-	1,390,705	1,063,662
Contribution to defined contribution plan	899,028	711,825	-	-	-	-	-	-	899,028	711,825
Contribution to staff benevolent fund	114,294	82,816	-	-	-	-	-	-	114,294	82,816
Fees expensed	1,809	4,097	1,809	4,097	-	-	-	-	-	-
ECL - net (including recognised directly in unappropriated profit)	3,575	-	3,564	-	-	-	11	-	-	-
Charity paid	92,500	81,500	4,000	1,500	-	-	-	-	88,500	80,000
Purchase of fixed assets	32,845	320,143	32,845	320,143	-	-	-	-	-	-
Remuneration to key management personnel	898,861	865,424	-	-	-	-	898,861	865,424	-	-
Fee to non-executive directors (note 44)	65,430	69,560	-	-	65,430	69,560	-	-	-	-
Proceed from the issuance of shares under employees shares option scheme	9,431	3,570	-	-	-	-	9,431	3,570	-	-
Proceeds from sale of fixed assets	7,261	-	-	-	-	-	7,261	-	-	-

49 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.

49.1 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, investment in own shares.
 - 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 sukuks, general provisions for financing losses (up to 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.

Notes to and Forming Part of the Consolidated Financial Statements

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49.2 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.

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.

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, 2024 whereas CAR stood at 20.57% as of December 31, 2024.

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 yield rate, forced sale value of collateral, non-performing financings and foreign exchange rate depicts that the Group's capital adequacy ratio is above the regulatory requirements.

Notes to and Forming Part of the Consolidated Financial Statements

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50 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	2024	2023
	Rupees in '000	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	17,947,407	<u>17,912,532</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	226,804,706	175,098,890
Eligible Additional Tier 1 (ADT 1) Capital	7,097,451	6,061,415
Total Eligible Tier 1 Capital	233,902,157	181,160,305
Eligible Tier 2 Capital	47,285,724	32,711,351
Total Eligible Capital (Tier 1 + Tier 2)	<u>281,187,881</u>	<u>213,871,656</u>
Risk weighted assets (RWAs):		
Credit Risk	879,369,116	619,350,728
Market Risk	44,881,329	32,576,916
Operational Risk	442,859,431	298,444,251
Total	<u>1,367,109,876</u>	<u>950,371,895</u>
Common Equity Tier 1 Capital Adequacy ratio	16.59%	18.42%
Tier 1 Capital Adequacy Ratio	<u>17.11%</u>	<u>19.06%</u>
Total Capital Adequacy Ratio	<u>20.57%</u>	<u>22.50%</u>
Leverage ratio (LR):		
Eligible Tier-1 Capital	233,902,157	181,160,305
Total Exposures	<u>4,194,571,526</u>	<u>3,482,121,771</u>
Leverage Ratio	<u>5.58%</u>	<u>5.20%</u>

In the latest assessment carried out by the SBP under 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 <http://www.meezanbank.com>

51 RISK MANAGEMENT

Economic fundamentals improved and political uncertainty showed a decline during 2024. Stability in FX reserves, exchange rate and decline in policy rate were the major contributor to the overall improvement in economic situation. During the year, SBP decreased the benchmark interest rate by a cumulative 900 bps to 13%. This steep decrease was due to decline in headline inflation to 4.1% only in Dec 2024 resulting in ample cushion for SBP to focus on monetary easing. Stock market showed robust growth as benchmark index grew by 84% in 2024. However, fiscal policy remains a key challenge for the government to generate additional revenue. Sustainable fiscal measures along with external support from IMF and other sources will be the key determinant for the economy in the future.

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. The Holding Company is confident that it has more than sufficient risk bearing capacity to withstand 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.

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.

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- 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 Holding Company
Asset and Liability Management Committee (ALCO)	President & CEO of Holding Company
Compliance and Operational Risk Management Committee (CORMC)	President & CEO of 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 maximized without compromising on risk appetite. ALCO also ensures that the Holding Company's 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.

51.1 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 which may 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 Holding Company takes into account the risk mitigating effect of the eligible collaterals for the calculation of capital requirement for credit risk.

Thus, use of CRM resulted in capital adequacy ratio of the Holding Company of 20.57%.

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51.1.1 Methodologies and models used for the measurement of Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD)

51.1.1.1 IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

Stage 1:	When financial instruments are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and they have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure at default (EAD) and multiplied by the expected Loss given default (LGD) and discounted by an approximation to the original effective profit rate (EIR). This calculation is made for all the scenarios.
Stage 2:	When a financial instrument has shown a significant increase in credit risk (SICR) since origination, the Group records an allowance for the LTECLs. Stage 2 also include facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but probability of default (PD) are applied over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
Stage 3:	For financial instruments considered credit-impaired, the Group recognises the lifetime expected credit losses for these instruments. The Group uses a PD of 100% and LGD as computed for each portfolio. This is then compared with allowance computed under SBP Prudential Regulations and higher of the two amounts is taken as the allowance for credit-impaired instrument.
Purchased or originated credit impaired POCI):	POCI assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and profit / rental is subsequently recognised based on approximation to a credit-adjusted effective profit rate. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.
Undrawn financing commitments	When estimating LTECLs for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated on un-drawn portion of the facility and presented within other liabilities.
Guarantee and letters of credit	The Group estimates ECLs based on the BASEL driven credit conversion factor (CCF) for guarantee and letter of credit. The calculation is made using a probability-weighting of the three scenarios. The ECLs is recognised within other liabilities.

51.1.2 Forward looking information

In the ECL models, the Bank relies on a range of forward looking information as economic inputs, such as:

- GDP growth
- Volume of exports of goods
- Consumer price index
- Unemployment rate

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51.1.3 The calculation of ECLs

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI, undrawn financing commitments, guarantee and letter of credits is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), discounted at an approximation to the EIR, defined as follows:

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk (note 6.3.1);
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of portfolio and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

The Group calculates ECLs based on a three probability-weighted scenarios (Base, best and worst) [after deriving PDs based on forward looking information as detailed below] to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

51.1.4 The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on transitioning among credit states. Credit states are defined by rating classes and are based on the Bank's internal risk ratings (i.e. from 1 to 12). PDs for non rated portfolios are calculated based on Days Past Due (DPD) bucket level for each segment separately. Where practical, they also build on information from External Rating Agencies. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information.

EAD The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued profit from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier. The Group's product offering includes a variety of corporate and retail facilities, in which the Group has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities.

LGD The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. Group has estimated segment wise LGDs for Corporate/Commercial, SME & Agri Portfolio as well as product wise LGDs for House Finance, Car Ijarah, Bike Ijarah and Consumer ease. The LGDs are determined using workout approach, based on vintage recovery data for the defaulted portfolio; these recoveries are then discounted back to date of default, to factor in time value of money.

The Group has converted the estimates for segment / product wise historical LGDs (Through the cycle LGDs) into forward looking point in time LGDs, through use of term structure of Point in time PDs.

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51.1.1.5

ECL Principles, Grouping and Calculations

The ECL is determined by projecting the PD, LGD and EAD for each future repayment date and for each individual exposure. These three components are multiplied together, effectively calculating an ECL for each future repayment date, which is then discounted back to the reporting date and summed.

The discount rate used to discount the ECLs is based on the effective profit rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective profit rate (at reporting date), the Group uses an approximation e.g. contractual rate (at reporting date).

Effective profit rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

When estimating the ECLs, the Group considers three scenarios (base case, best case, worst case). Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted financing are expected to be recovered, including the probability that the financing will cure and the value of collateral or the amount that might be received for selling the asset.

The Group considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty and enforceability
- History of enforceability and recovery.

The Group's management has only considered cash, liquid securities, gold, and Government of Pakistan guarantees as eligible collaterals in the LGD calculation. All of these collaterals have a 0% haircut other than equity securities where haircut of 15% is applied.

The credit exposure (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

The SBP has issued FAQs in its BPRD Circular Letter No. 16 dated July 29, 2024 with regard to certain interpretation of the SBP application instructions. In respect of Stage 3 provision, the SBP has clarified that the banks, while assessing the higher of IFRS 9 ECL and provision under the SBP Prudential Regulations, shall take into account the ECL against corporate / commercial / SME Islamic financing and related assets portfolios at the borrower / facility level, and for the retail borrowers at segment / product basis.

51.1.1.6

ECL Modelling and staging criteria / Significant increase in ECLs / Cooling off criteria and movement between stages

51.1.1.6.1 Significant increase in credit risk (SICR)

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group considers an exposure (including profit accrued) to have significantly increased in credit risk when:

Quantitative criteria

- The Group considers that there has been a significant increase in credit risk when contractual payments are more than specified days.

Qualitative criteria

- whether there has been a significant increase in credit risk since initial recognition based on internal ratings.
- The customer / facility has been placed on the watchlist rating.

For all the accounts with other banks (local / foreign), due from FIs and sovereign exposures (in foreign currency), external ratings falling below specified rating grade shall be considered as SICR and the exposure will be classified in stage 2.

Exposure below specified rating grade, at origination, will be considered in stage 2.

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51.1.6.2 Cooling off criteria

A customer classified as stage 2 will move to stage 1 if the following criteria is met and it does not meet SICR indicators at the reporting date.

Reason for classification in Stage 2 (refer to SICR)	Move to Stage 1 when
Delinquency	Counterparty should not be delinquent as at reporting date. **
Restructured / rescheduling	Customer is regular as per Prudential Regulations for customers classified as Non-performing financing. *
Risk rating	As per the revised rating, the customer does not fall in the criteria of downgrading to Stage 2. *

*A minimum cooling period is required, from meeting the relevant criteria, before any financial asset is moved back to Stage 1

**A minimum cooling period or next payment made on due date, whichever is later, from meeting the relevant criteria has lapsed/ occurred before customer is moved back to Stage 1.

As a general rule, the underlying facility must have become regular, should be current and no longer meets the definition of credit impaired or is in default before it can be reclassified back from Stage 3.

Any upgrading of non-performing exposure to a performing status must be subject to a cooling off period of specified months. However, for financings classified as non-performing, cooling off period and other conditions specified in PRs will have to be complied with. If the facility has been regular during cooling off period, it will move back to stage 2 after which the criteria for moving from stage 1 to stage 2 will be applied.

51.1.2 Segmental information

51.1.2.1 Due from financial institutions

Credit risk by public / private sector	Non-performing amount due from financial institution						Credit loss allowance (stage 3) / provision held	
	Gross amount due from financial institutions		Non-performing amount due from financial institution					
	2024	2023	2024	2023	2024	2023		
— Rupees in '000 —								
Public / Government	-	-	-	-	-	-		
Private	34,979,799	34,979,799	15,500	15,500	15,500	15,500		
	34,979,799	34,979,799	15,500	15,500	15,500	15,500		

* No provision recorded under Stage 1 and Stage 2

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51.1.2.2 Investment in debt securities

Credit risk by industry sector	Gross investments*		Non-performing investments		Credit loss allowance / provision held					
					Stage 3 / provision		Stage 2		Stage 1	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Rupees in '000										
Chemical and pharmaceuticals	417,650	413,748	17,650	20,645	17,650	20,645	-	-	1,754	-
Construction and allied industries	656,961	250,000	-	-	-	-	-	-	2,578	-
Steel and allied industries	790,750	965,750	272,000	-	272,000	-	-	-	455	-
Federal Government Securities	1,684,683,725	1,407,153,959	-	-	-	-	-	-	-	-
Financial	933,000	1,082,999	-	-	-	-	-	-	-	-
Foreign Government Securities	3,194,577	4,645,817	-	-	-	-	-	-	326	-
Mutual Funds	59,150	-	-	-	-	-	-	-	-	-
Power (electricity)	125,872,393	128,200,411	-	-	-	-	-	-	103	-
Textile	52,300	95,157	52,300	52,300	52,300	52,300	-	-	-	-
	1,816,660,506	1,542,807,841	341,950	72,945	341,950	72,945	-	-	5,216	-
Rupees in '000										
Credit risk by industry sector	Gross investments*		Non-performing investments		Credit loss allowance / provision held					
					Stage 3 / provision		Stage 2		Stage 1	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Public / Government	1,812,918,867	1,539,540,187	-	-	-	-	-	-	-	-
Private	3,741,639	3,267,654	341,950	72,945	341,950	72,945	-	-	5,216	-
	1,816,660,506	1,542,807,841	341,950	72,945	341,950	72,945	-	-	5,216	-

This includes debt securities carried at FVTPL and also includes government and government guaranteed debt securities on which ECL has not been calculated.

51.1.2.3 Islamic financing and related assets

Credit risk by industry sector	Gross Amount*		Non-performing amount		Credit loss allowance / provision held					
					Stage 3 / provision		Stage 2		Stage 1	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Rupees in '000										
Agriculture, food, feed mills, poultry, dairy, forestry and fishing	133,316,192	118,465,031	2,679,877	4,438,568	2,644,356	4,469,726	6,187	-	165,479	-
Automobile and transportation equipment	45,697,887	26,500,707	344,085	545,984	345,149	545,984	22,132	-	68,102	-
Cement	45,026,273	21,289,514	-	-	-	-	19	-	34,621	-
Chemical and pharmaceuticals	159,880,403	49,400,905	148,928	59,606	148,928	59,606	62,485	-	106,063	-
Construction	20,595,402	14,864,604	4,606,743	292,478	4,099,676	5,881	5,831	-	20,419	-
Steel and allied industries	26,470,006	27,056,130	2,810,118	-	2,807,552	250,552	5,957	-	24,834	-
Plastic products manufacturer	9,240,192	6,641,096	-	-	-	-	12	-	16,879	-
Electronics and electrical appliances	16,311,149	14,776,106	1,170,124	1,170,124	1,250,000	1,250,000	33,803	-	33,777	-
Exports / imports	3,384,827	936,077	148,939	152,554	148,939	152,574	-	-	4,231	-
Fertilizer	82,111,061	28,692,557	-	-	-	-	96	-	34,761	-
Financial	4,948,349	35,834,765	-	-	-	-	-	-	15,560	-
Footwear and leather garments	4,131,641	6,659,357	-	-	-	-	901	-	19,177	-
Individuals	57,323,811	62,745,782	2,009,082	1,372,154	1,528,150	410,169	65,743	-	100,189	-
Takaful / insurance	303,506	500,664	-	-	-	-	-	-	625	-
Mining and quarrying	11,867,305	12,695,761	-	-	-	-	78	-	18,588	-
Oil and gas	153,533,353	105,974,401	4,274,351	4,364,340	4,247,410	4,337,347	-	-	333,261	-
Paper, board and packaging	42,934,811	26,337,151	138,716	148,396	136,701	146,381	-	-	196,275	-
Power (electricity)	114,931,497	113,122,498	723,741	753,702	723,741	753,702	23	-	356,115	-
Services	71,589,449	9,040,836	38,172	53,694	37,179	51,814	1,695	-	33,346	-
Sugar	45,760,196	24,306,742	-	-	-	-	88,364	-	109,794	-
Textile	335,166,388	192,044,497	5,418,806	2,959,913	5,127,683	3,075,307	849,322	-	614,008	-
Transport, storage and communication	116,393,259	62,892,189	101,008	60,010	54,190	43,310	357,796	-	223,187	-
Wholesale and retail trade	40,423,485	23,266,521	616,445	555,526	574,462	542,596	10,516	-	61,217	-
Others	15,021,876	7,983,572	14,038	12,148	10,962	12,148	456	-	19,380	-
	1,556,362,318	992,027,463	25,243,173	16,939,197	23,885,078	16,107,097	1,511,416	-	2,609,888	-

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Credit risk by public / private sector	Gross Amount*		Non-performing amount		Credit loss allowance / provision held					
					Stage 3 / provision		Stage 2		Stage 1	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Rupees in '000										
Public / Government	205,613,298	182,527,248	-	-	-	-	-	-	371,416	-
Private	1,350,749,020	809,500,215	25,243,173	16,939,197	23,885,078	16,107,097	1,511,416	-	2,238,472	-
	<u>1,556,362,318</u>	<u>992,027,463</u>	<u>25,243,173</u>	<u>16,939,197</u>	<u>23,885,078</u>	<u>16,107,097</u>	<u>1,511,416</u>	-	<u>2,609,888</u>	-

*This includes government guaranteed exposures on which ECL has not been calculated.

51.1.2.4 Contingencies and Commitments

Credit risk by industry sector

	2024	2023
	Rupees in '000	
Agriculture, food, feed mills, poultry, dairy, forestry and fishing	297,756,074	132,389,776
Automobile and transportation equipment	69,356,050	34,340,407
Cement	6,536,861	14,844,770
Chemical and pharmaceuticals	70,034,097	43,448,449
Construction	27,649,036	41,770,113
Steel and allied industries	38,296,453	39,998,640
Plastic products manufacturer	6,943,853	5,213,399
Electronics and electrical appliances	32,843,317	16,786,272
Exports / imports	5,850,793	10,818,847
Fertilizer	57,058,348	27,405,835
Financial	359,863,485	311,320,731
Footwear and leather garments	13,687,367	14,736,706
Individuals	6,151,547	1,649,885
Takaful / insurance	700,301	316,659
Mining and quarrying	8,657,743	5,679,410
Oil and gas	127,972,685	65,578,693
Paper, board and packaging	19,897,951	30,384,626
Power (electricity)	107,419,860	120,046,912
Services	93,249,990	73,964,906
Sugar	43,980,208	36,958,273
Textile	277,966,253	208,645,115
Transport, storage and communication	14,014,447	30,154,485
Wholesale and retail trade	171,667,604	50,057,792
Others	33,128,376	14,632,000
	<u>1,890,682,699</u>	<u>1,331,142,701</u>

Credit risk by public / private sector

	2024	2023
	Rupees in '000	
Public / Government	300,512,632	232,662,651
Private	1,590,170,067	1,098,480,050
	<u>1,890,682,699</u>	<u>1,331,142,701</u>

51.1.2.5 Concentration of Islamic financing and related assets

The Holding Company top 10 exposures on the basis of total (funded and non-funded) exposures aggregated to Rs 541,432 million (2023: Rs 282,996 million) as follows:

	2024	2023
	Rupees in '000	
Funded exposure	444,479,159	199,447,549
Non funded exposure	96,952,716	83,548,255
Total exposure	<u>541,431,875</u>	<u>282,995,804</u>

The sanctioned limits against these top 10 exposures aggregated to Rs 631,523 million (2023: Rs 361,313 million). None of the exposure against these top 10 customers is in classified stage.

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51.1.2.6 Islamic Financings and related assets - Province/Region-wise Disbursement & Utilization

Province / Region	Disbursements	2024					
		Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Rupees in '000							
Punjab	1,130,141,028	1,130,141,028	-	-	-	-	-
Sindh	1,916,969,747	-	1,916,969,747	-	-	-	-
KPK including FATA	18,650,934	-	-	18,650,934	-	-	-
Balochistan	3,922,278	-	-	-	3,922,278	-	-
Islamabad	225,913,434	-	-	-	-	225,913,434	-
AJK including Gilgit-Baltistan	292,578	-	-	-	-	-	292,578
Total	3,295,889,999	1,130,141,028	1,916,969,747	18,650,934	3,922,278	225,913,434	292,578

Province / Region	Disbursements	2023					
		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

51.1.3 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 Bank's assets class is subject to the Foundation IRB or advanced IRB approaches.

51.1.3.1 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 (ECAs) duly recognised by the SBP for capital adequacy purposes. In this connection, the Group utilises the credit ratings assigned by ECAs 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.

Types of Exposure and ECAI's used

Exposures	VIS	PACRA	Standard & Poor's	2024	
				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 Alphanumeric scale of each agency is mapped with risk buckets in accordance with instructions laid down by SBP under Basel II requirements.

51.13.2 Credit exposures subject to standardised approach

On-balance sheet Exposures	2024			2023		
	Amount Outstanding	Deduction Credit Risk Management	Net amount	Amount Outstanding	Deduction Credit Risk Management	Net amount
Rupees in '000						
Banks						
20%	62,646,632	39,424,000	23,222,632	93,811,244	63,184,012	30,627,232
50%	282,059	-	282,059	275,704	-	275,704
100%	-	-	-	1,082,999	-	1,082,999
150%	4,355	-	4,355	435,878	-	435,878
Unrated	1,148,637	-	1,148,637	3,842	-	3,842
Sovereigns						
0%	1,960,504,914	1,514,780	1,958,990,134	1,659,509,724	3,868,964	1,655,640,760
20%	1,750,660	-	1,750,660	1,731,677	-	1,731,677
50%	1,393,730	-	1,393,730	2,833,161	-	2,833,161
100%	-	-	-	-	-	-
150%	700,757	-	700,757	11,122,626	-	11,122,626
Public Sector entities						
20%	126,613,161	18,347,884	108,265,277	73,743,671	18,011,836	55,731,835
50%	-	-	-	12,117,647	4,852,513	7,265,134
Unrated (50%)	226,369,469	167,386,120	58,983,349	207,853,561	160,589,850	47,263,711
Corporate						
20%	542,398,591	76,767,886	465,630,705	304,440,139	2,788,662	301,651,477
50%	230,726,307	12,864,659	217,861,648	218,094,411	8,259,502	209,834,909
100%	3,401,688	73,621	3,328,067	7,296,865	-	7,296,865
Unrated 1 (100%)	176,543,618	5,474,552	171,069,066	127,538,395	11,711,710	115,826,685
Unrated 2 (125%)	309,699,314	154,789,048	154,910,266	81,404,346	17,015,488	64,388,858
Retails						
75%	82,012,781	11,587,796	70,424,985	62,557,205	12,569,119	49,988,086
Residential Mortgage						
35%	17,864,406	-	17,864,406	22,174,920	-	22,174,920
25%	5,597,886	2,239,026	3,358,860	6,080,806	2,432,322	3,648,484
Past Due						
50%	1,026,043	167,841	858,202	237,570	121,081	116,489
100%	965,434	11,812	953,622	834,110	12,621	821,489
150%	165,996	58,617	107,379	50,103	3,187	46,917
Others (0% - 250%)	147,188,655	-	147,188,655	118,254,307	-	118,254,307
Total	3,899,005,093	490,707,642	3,408,297,451	3,013,484,911	305,420,867	2,708,064,045

Notes to and Forming Part of the Consolidated Financial Statements

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51.1.3.3 Credit Risk: Disclosures with respect to Credit risk mitigation for Standardised approach

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 490,707.642 million was availed through CRM against total on-balance sheet exposure of Rs 3,910,526.799 million. Under off-balance sheet, total benefit of Rs 20,875.550 million was availed by the Group through CRM against total off-balance sheet, non-market related exposure of Rs 1,609,796.379 million. In the year 2024, total CRM benefit was Rs 511,583.192 million as against amount of Rs 323,097.530 million in year 2023.

51.1.3.4 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.

51.2 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.

51.2.1 Equity position in the banking and trading book

The Group classifies and values its investment portfolio in accordance with the IFRS 9, IFRS 13 and SBP directives as stated in note 6.2 to these consolidated financial statements.

Trading book

Held for trading and FVOCI / available for sale securities with trading intent;

- They are marked to market daily; and
- Any valuation difference is charged / credited to the unconsolidated statement of profit and loss account in case of FVTPL 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.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

51.2.2 Balance sheet split by trading and banking books

	2024			2023		
	Banking Book	Trading Book	Total	Banking Book	Trading Book	Total
	Rupees in '000					
Cash and balances with						
treasury banks	260,873,367	-	260,873,367	242,612,195	-	242,612,195
Balances with other banks	13,290,726	-	13,290,726	11,458,281	-	11,458,281
Due from financial institutions	34,964,299	-	34,964,299	34,964,299	-	34,964,299
Investments	1,852,480,538	26,372,303	1,878,852,841	1,560,093,725	18,247,811	1,578,341,536
Islamic financings and related assets	1,514,755,936	-	1,514,755,936	961,673,012	-	961,673,012
Property and equipment	47,226,503	-	47,226,503	39,295,656	-	39,295,656
Right-of-use assets	21,622,622	-	21,622,622	19,867,043	-	19,867,043
Intangible assets	2,960,432	-	2,960,432	2,370,686	-	2,370,686
Other assets	135,980,074	-	135,980,074	128,733,444	-	128,733,444
	3,884,154,497	26,372,303	3,910,526,800	3,001,068,341	18,247,811	3,019,316,152

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.

51.2.3 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.

Notes to and Forming Part of the Consolidated Financial Statements

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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:

	2024			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	Rupees in '000			
Pakistan Rupees	3,765,122,250	3,464,509,125	(47,003,140)	253,609,985
United States Dollars	136,693,180	171,859,704	34,842,683	(323,841)
Great Britain Pounds	2,317,517	9,306,689	7,116,176	127,004
Japanese Yen	45,659	18,334	(30,318)	(2,993)
Euro	3,194,934	8,576,231	5,469,787	88,490
Singapore Dollars	19,949	10,742	-	9,207
Australian Dollars	436,237	186,640	(242,542)	7,055
Canadian Dollars	5,019	21,543	-	(16,524)
United Arab Emirates Dirham	351,985	338,835	-	13,150
Swiss Francs	10,476	51	-	10,425
Saudi Riyal	75,567	10,543	-	65,024
Swedish Krona	4,408	-	-	4,408
Malaysian Ringgit	5,078	3	-	5,075
Hong Kong Dollar	2,109	-	-	2,109
Thailand Bhat	674	-	-	674
Norwegian Krone	5,161	-	-	5,161
Danish Krone	10,772	-	-	10,772
Chinese Offshore Spot	-	-	-	-
Chinese Yuan	2,221,480	2,058,140	(152,646)	10,694
Others	4,345	-	-	4,345
Total foreign currency exposure	145,404,550	192,387,455	47,003,140	20,235
Total currency exposure	3,910,526,800	3,656,896,580	-	253,630,220

	2023			
	Assets	Liabilities	Off-balance sheet items	Net 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

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in foreign exchange rates on				
- Consolidated Profit and Loss Account	-	1,673	-	7,783
- Consolidated Other Comprehensive Income	---	---	---	---

Impact of 1% change in foreign exchange rates on

- Consolidated Profit and Loss Account
- Consolidated Other Comprehensive Income

Notes to and Forming Part of the Consolidated Financial Statements

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51.2.4 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.

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
Rupees in '000				
Impact of 5% change in equity prices on				
- Consolidated Profit and Loss account	-	-	-	-
- Consolidated Other Comprehensive Income	-	408,782	-	385,168

51.2.5 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.

	2024		2023	
	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	6,021,165	-	5,307,497	-
- Consolidated Other Comprehensive Income	-	-	-	-

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51.2.6 Mismatch of yield rate sensitive assets and liabilities

Effective yield rate %	Total	2024										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	-	260,873,367	-	-	-	-	-	-	-	-	-	260,873,367		
Balances with other banks	0.07	13,290,726	280,223	-	-	-	-	-	-	-	-	13,010,503		
Due from financial institutions	12.17	34,964,299	-	-	-	-	-	-	-	-	-	-		
Investments	13.24	1,868,772,848	115,968,043	94,648,806	1,236,458,474	34,964,299	20,580,530	236,852,778	79,831,769	73,553,420	36,871,558	13,357,547	10,879,028	
Islamic financing and related assets	12.12	1,514,755,936	869,959,386	303,725,090	177,726,983	38,054,820	16,800,151	27,049,010	29,252,331	-	-	-	1,959,060	
Other assets	-	123,347,336	-	-	-	-	-	-	-	-	-	-		
		3,816,004,512	986,207,652	398,373,896	1,414,185,457	93,599,649	253,652,929	106,880,779	102,805,751	36,871,558	13,357,547	410,069,294		
Liabilities	-	112,605,407	-	-	-	-	-	-	-	-	-	-		
Bills payable	-	722,286,318	608,484,708	17,740,596	32,098,714	551,230	2,113,740	9,263,522	6,971,445	40,234,700	2,744,373	112,605,407		
Due to financial institutions	13.55	2,584,583,671	1,355,793,305	-	-	-	-	-	-	-	-	2,083,290		
Deposits and other accounts	3.38	26,286,276	-	-	-	-	-	-	-	-	-	1,228,790,366		
Lease liability against right-of-use assets	-	20,990,000	11,000,000	-	9,990,000	-	-	-	-	-	-	26,286,276		
Sub-ordinated Sukuk	17.88	149,232,175	-	-	-	-	-	-	-	-	-	149,232,175		
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-		
		3,615,983,847	1,975,278,013	17,740,596	42,088,714	551,230	2,113,740	9,263,522	6,971,445	40,234,700	2,744,373	1,516,997,514		
		(989,070,361)	380,633,300	1,372,096,743	93,048,419	251,539,189	97,617,257	95,834,306	(3,363,142)	10,613,174	(614,286,900)			
On-balance sheet gap		200,020,665	(989,070,361)											
Non financial assets														
- Investments		10,079,993												
- Property and equipment		47,226,503												
- Right-of-use assets		21,622,622												
- Intangible assets		2,960,432												
- Other assets		12,632,738												
		94,522,288												
Non financial liabilities														
- Other liabilities		25,381,975												
- Deferred tax liabilities		15,530,758												
		40,912,733												
Total net assets		253,630,220												
Off-balance sheet financial instruments														
Guarantees		78,286,727	-	-	-	-	-	-	-	-	-	78,286,727		
Documentary letter of credits		369,351,453	-	-	-	-	-	-	-	-	-	369,351,453		
Forward purchase of foreign exchange contracts		163,944,780	-	-	-	-	-	-	-	-	-	163,944,780		
Forward sale of foreign exchange contracts		(116,941,640)	-	-	-	-	-	-	-	-	-	(116,941,640)		
		494,641,320	-	-	-	-	-	-	-	-	-	494,641,320		
Total yield risk rate sensitivity gap		(989,070,361)	380,633,300	1,372,096,743	93,048,419	251,539,189	97,617,257	95,834,306	(3,363,142)	10,613,174	(614,286,900)			
Cumulative yield risk rate sensitivity gap		(989,070,361)	(608,437,061)	763,659,682	856,708,101	1,108,247,290	1,205,864,547	1,301,698,853	1,298,335,711	1,308,948,885	694,661,985			
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	-	242,612,195	-	-	-	-	-	-	-	-	-	242,612,195		
Balances with other banks	0.14	11,458,281	537,708	-	-	-	-	-	-	-	-	10,920,573		
Due from financial institutions	11.72	34,964,299	-	-	-	-	-	-	-	-	-	-		
Investments	20.34	1,571,479,318	182,012,442	90,102,220	1,023,838,635	2,022,454	34,964,299	22,175,608	239,931,978	-	-	11,395,981		
Islamic financing and related assets	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		
Other assets	-	125,912,511	-	-	-	-	-	-	-	-	-	125,912,511		
		2,948,099,616	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	392,864,752		
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	3,679,320		
Deposits and other accounts	6.50	2,217,420,536	1,107,478,517	11,265,341	-	-	-	-	-	-	-	1,098,676,678		
Lease liability against right-of-use assets	-	22,412,164	-	-	-	-	-	-	-	-	-	22,412,164		
Sub-ordinated Sukuk	23.69	20,990,000	11,000,000	-	9,990,000	-	-	-	-	-	-	-		
Other liabilities	-	124,084,420	-	-	-	-	-	-	-	-	-	124,084,420		
		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	1,287,576,558		
		145,973,708	(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	(894,712,068)		
On-balance sheet gap														
Non financial assets														
- Investments		6,862,218												
- Property and equipment		39,295,656												
- Right-of-use assets		19,867,043												
- Intangible assets		2,370,686												
- Deferred tax asset		-												
- Other assets		2,820,933												
		71,216,536												
Non financial liabilities														
- Other liabilities		22,291,665												
- Deferred tax liabilities		4,881,310												
		27,172,975												
Total net assets		190,017,269												
Off-balance sheet financial instruments														
Guarantees		67,624,287	-	-	-	-	-	-	-	-	-	67,624,287		
Documentary letter of credits		221,689,496	-	-	-	-	-	-	-	-	-	221,689,496		
Forward purchase of foreign exchange contracts		139,648,096	-	-	-	-	-	-	-	-	-	139,648,096		
Forward sale of foreign exchange contracts		(104,214,374)	-	-	-	-	-	-	-	-	-	(104,214,374)		
Off-balance sheet gap		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	(569,964,501)			
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	470,721,213			

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 of unexpected movement arise.

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51.3 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.

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51.3.1 Assets and liabilities - based on contractual maturities

	2024														
	Total	Upto 1 Day	Over 1 to 7 Days	Over 7 to 14 Days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 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	260,873,367	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances with other banks	13,290,726	-	-	-	-	-	-	-	-	-	-	-	-	-	
Due from financial institutions	34,984,299	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investments	187,852,841	357,608	2,453,059	15,757,736	1,136,824	344,056	2,737,432	53,971,596	30,903,621	51,007,650	488,014,668	438,098,681	308,372,288	-	
Islamic financing and related assets	1,514,755,936	699,307,985	750,547	19,805,549	77,889,078	64,290,165	74,906,281	105,789,406	31,602,238	21,900,938	53,012,781	54,291,280	124,051,490	-	
Property and equipment	47,226,503	51,395	308,368	359,763	822,316	2,387,832	1,193,916	4,583,408	6,808,958	2,289,653	5,524,380	4,680,507	13,382,357	-	
Right-of-use assets	21,622,622	-	-	-	6,763	4,960	-	42,509	32,219	31,465	67,887	582,040	167,653	18,886,116	
Intangible assets	2,980,432	2,529	15,173	17,701	40,460	150,781	75,390	223,706	323,716	107,905	78,1537	62,431	579,251	17,952	
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other assets	135,980,074	338,659	12,802,220	4,560,096	10,669,745	14,386,159	12,205,658	29,909,373	25,78,366	24,686,675	(68,947)	378,570	383,500	-	-
Liabilities	3,910,526,800	974,222,169	22,808,930	27,196,168	105,186,698	82,356,721	88,725,301	167,923,834	153,367,392	78,910,257	57,885,308	54,685,023	619,853,023	464,510,203	
Bills payable	112,605,407	37,159,784	25,148,541	25,148,541	-	-	-	-	-	-	-	-	-	-	
Due to financial institutions	722,286,318	1,338,886	383,084,487	15,114,340	210,30,286	7,939,864	9,800,731	32,098,714	173,736	37,7494	2,113,740	9,293,522	6,971,445	42,978,073	
Deposits and other accounts	2,584,583,671	2,404,973,434	8,016,636	4,941,093	14,395,534	14,910,165	11,925,605	33,874,410	39,598,042	20,399,753	11,010,378	5,821,576	11,633,514	3,093,511	
Lease liability against right-of-use assets	26,286,276	-	-	-	-	76,74	(47,227)	97,383	210,021	146,352	751,626	963,725	2,578,344	21,509,628	
Sub-ordinated subliabilities	20,980,000	-	-	-	-	-	-	-	-	-	-	-	-	20,980,000	
Deferred tax liabilities	15,530,758	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other liabilities	174,614,150	730,280	13,379,582	7,301,443	16,834,762	26,121,636	23,926,705	65,072,516	10,860,690	9,838,999	3,882,690	3,882,690	447,517	-	-
Net assets	3,656,896,580	2,444,202,384	430,029,246	52,505,417	267,094,123	49,448,579	45,605,814	131,143,023	52,778,834	32,683,941	17,758,434	20,378,380	25,065,983	88,572,212	
Share capital	17,947,407	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reserves	48,026,583	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus on revaluation of assets	22,141,192	-	-	-	-	-	-	-	-	-	-	-	-	-	
Unappropriated profit	163,601,395	-	-	-	-	-	-	-	-	-	-	-	-	-	
Non-Controlling interest	1,913,643	-	-	-	-	-	-	-	-	-	-	-	-	-	
	253,630,220	(1,469,980,25)	(407,720,316)	(25,309,249)	(161,923,025)	33,308,142	43,119,487	36,780,811	100,583,558	47,216,316	55,812,674	52,820,2816	594,787,030	37,593,991	

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	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	242,612,195	242,612,195	-	-	-	-	-	-	-	-	-	-	-	-	
Balances with other banks	11,458,281	11,458,281	-	-	-	-	-	-	-	-	-	-	-	-	
Due from financial institutions	34,964,439	34,964,439	-	-	-	-	-	-	-	-	-	-	-	-	
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	34,064,299	64,198,292	515,859,503	125,232,615	
Islamic financing and related assets	961,673,012	233,386,200	9,782,352	6,600,507	54,536,738	43,998,338	50,958,206	148,276,282	26,871,449	17,763,638	48,381,541	58,403,3174	127,216,890	135,514,597	
Property and equipment	39,295,856	39,472	236,834	276,306	631,557	1,849,768	924,884	3,516,163	5,205,245	1,735,082	4,367,430	3,864,853	4,639,050	12,014,502	
Right-of-use assets	19,867,043	-	-	-	-	213	10,336	18,716	9,953	40,891	127,606	63,745,452	107,666,666	17,954,452	
Inangible assets	2,370,886	2,443	14,659	17,102	39,090	145,350	72,675	205,371	245,402	81,800	593,465	485,473	43,530,8	32,548	
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other assets	128,733,444	327,423	6,983,472	3,533,298	8,063,316	13,088,941	10,586,144	31,087,662	27,654,378	26,754,526	42,664	42,664	568,856	-	
	30,919,316,52	4,884,80,778	20,558,899	14,584,058	73,278,537	69,557,084	62,803,050	192,289,707	102,029,982	48,120,424	30,133,831	705,341,95	649,898,173	290,747,74	
Liabilities															
Bills payable	89,724,176	13,109,978	8,871,733	8,871,732	51,23,444	26,369,773	-	21,07,642	20,956,118	-	37,871	71,428	-	-	
Due to financial institutions	377,494,612	2,645,937	111,059,408	123,179,020	18,290,345	36,387,350	15,281,760	16,385,600	30,056,867	33,663,995	34,032,943	1,270,342	2,303,320	8,090,413	55,315,896
Deposits and other accounts	2,217,420,336	1981,777,86	12,630,512	94,848	-	-	62,920	(25,566)	69,650	65,628	-	11,332,900	9,358,354	12,921,669	56,602,73
Lease liability against right-of-use assets	22,412,164	20,990,000	-	-	-	-	-	-	-	-	693,127	763,886	2,056,442	18,495,525	
Subordinated subkurs	4,881,310	-	-	-	-	-	-	-	-	-	610,163	1,220,328	-	20,990,000	
Deferred tax liabilities	146,376,085	749,270	6,072,384	6,490,987	11,396,307	19,105,005	16,294,944	48,212,968	10,722,911	9,923,060	1,897,207	1,220,328	1,220,328	4,227,798	9,486,037
Other liabilities	2,829,298,883	1,986,316,801	138,664,037	136,832,085	61,778,833	60,819,458	53,732,620	98,289,603	93,000,104	45,469,516	44,002,340	16,13,904	15,543,015	28,516,850	10,949,731
Net assets	190,017,369	(1,509,436,023)	(11,075,138)	(142,248,027)	(11,499,704)	8,737,626	8,868,430	93,000,104	56,560,466	41,180,084	284,225,927	689,885,810	621,379,323	180,197,983	

Running Musharakah, Current and Savings deposits have been classified under maturity up to one day as these do not have any contractual maturity.

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51.3.2 Assets and liabilities - based on expected maturity

	2024									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	260,873,367	260,873,367	-	-	-	-	-	-	-	-
Balances with other banks	13,290,726	13,290,726	-	-	-	-	-	-	-	-
Due from financial institutions	34,964,299	-	-	-	34,964,299	-	-	-	-	-
Investments	1,878,852,841	10,524,399	1,480,880	27,375,432	84,821,217	510,017,650	498,161,294	438,099,681	308,372,288	-
Islamic financing and related assets	1,514,755,936	302,550,823	302,203,743	257,417,215	240,900,304	59,012,781	54,291,280	174,328,298	86,659,636	37,391,856
Property and equipment	47,226,503	1,541,842	3,581,748	4,583,408	9,078,611	5,524,390	4,690,507	4,843,640	3,052,532	10,329,825
Right-of-use assets	21,622,622	6,763	4,960	42,509	63,685	617,897	582,040	1,618,653	7,450,020	11,236,095
Intangible assets	2,960,432	75,863	226,171	223,706	431,621	781,537	624,331	579,251	17,952	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	135,980,074	26,902,482	27,199,811	30,821,756	50,467,180	35,332	482,849	70,664	-	-
	3,910,526,800	615,766,265	334,697,313	320,464,026	420,726,917	575,989,587	558,832,301	619,540,187	405,552,428	58,957,776
Liabilities										
Bills payable	112,605,407	112,605,407	-	-	-	-	-	-	-	-
Due to financial institutions	722,286,318	610,567,998	17,740,596	32,098,714	551,230	2,113,740	9,263,522	6,971,445	40,235,073	2,744,000
Deposits and other accounts	2,584,583,671	163,150,457	135,839,954	135,269,027	203,381,438	213,799,612	161,427,229	258,388,487	480,591,855	832,735,612
Lease liability against right-of-use assets	26,286,276	-	29,647	97,383	356,373	751,626	963,275	2,578,344	8,539,840	12,969,788
Subordinated sukuk	20,990,000	-	-	-	-	-	-	-	13,990,000	7,000,000
Deferred tax liabilities	15,530,758	-	-	-	3,882,690	3,882,688	3,882,690	3,882,690	-	-
Other liabilities	174,614,150	38,346,066	50,048,361	65,072,516	20,699,690	-	447,517	-	-	-
	3,656,896,580	924,669,928	203,658,558	232,537,640	228,871,421	220,547,666	175,984,233	271,820,966	543,356,768	855,449,400
Net assets	253,630,220	(308,903,663)	131,038,755	87,926,386	191,855,496	355,441,921	382,848,068	347,719,221	(137,804,340)	(796,491,624)
Share capital	17,947,407									
Reserves	48,026,583									
Surplus on revaluation of assets	22,141,192									
Unappropriated profit	163,601,395									
Non Controlling Interest	1,913,643									
	253,630,220									
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
Property and equipment	39,295,656	1,184,170	2,774,651	3,511,673	6,940,327	4,367,430	3,864,853	4,639,050	3,087,617	8,925,885
Right-of-use assets	19,867,043	214	1,087	18,716	50,844	127,606	637,459	1,076,666	6,212,667	11,741,784
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	396,379,308	173,966,406	231,773,550	262,969,281	301,339,838	712,231,083	649,845,930	243,305,725	47,505,031
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
Lease liability against right-of-use assets	22,412,164	94,848	37,354	69,650	199,323	693,127	763,896	2,056,442	7,162,201	11,335,323
Subordinated 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	-	-	-
Other liabilities	146,376,085	24,708,948	35,399,949	48,212,968	20,545,971	1,897,207	1,897,207	4,227,798	9,486,037	-
	2,829,298,883	488,906,757	206,919,670	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)	46,564,507	51,988,984	113,087,054	564,831,369	412,234,658	(230,889,883)	(642,318,707)
Share capital	17,912,532									
Reserves	37,106,473									
Surplus on revaluation of assets	10,920,597									
Unappropriated/ Unremitted profit	122,528,058									
Non Controlling Interest	1,549,609									
	190,017,269									

Regarding behaviour of non-maturity deposits (non-contractual deposits), the Group has carried out a behavioural study using the Value at Risk (VaR) methodology based on 5 years data. On the basis of its findings, 21.05% of current accounts and 19.66% of saving accounts are bucketed into 'Upto 1-Year maturity' whereas, 78.95% of current accounts and 80.34% of savings accounts are bucketed into maturities of above 1-Year.

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51.3.3 Operational risk

The Group 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 Group over past three years with 15% as per guidelines issued by SBP under Basel II.

To reduce losses arising from operational risk, the Group 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.

52 PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS' POOLS AND SPECIFIC POOLS

52.1 The group managed following general and specific pools during the year:

2024							
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	17.28%	50%	105,545,457	10.75%	24%	25,082,953
USD Pool	Monthly	7.29%	75%	4,598,549	2.32%	7%	426,238
GBP Pool	Monthly	4.90%	90%	217,047	1.21%	14%	35,288
EUR Pool	Monthly	3.99%	90%	96,399	1.06%	18%	17,749

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

2024							
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	16.83%	-*	-*	10.85%	N/A	N/A
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	24.71% - 11.40%	-*	-*	23.00% - 10.00%	N/A	N/A
Special Sharikah Certificate Musharaka / Mudaraba borrowing Pool	As required	24.71% - 11.40%	-*	-*	20.60% - 3.42%	N/A	N/A

* The profit sharing ratio and the investment ratio varies on case to case basis.

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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.

52.2 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
	2024	2023	2024	2023	2023	2023
PKR Pool						
Saving Accounts	30.13%	28.20%	0.41	0.37	0.41	0.40
Meezan Bachat Account	13.63%	14.63%	0.54	0.37	0.51	0.40
Karobari Munafa Account	6.83%	8.46%	0.49	0.37	0.52	0.40
Certificate of Islamic Investment	4.47%	7.06%	0.88	0.22	0.73	0.22
Meezan Aamdan Certificate	2.08%	3.04%	0.89	0.56	0.67	0.55
USD Pool						
Saving Accounts	4.24%	4.49%	0.58	0.58	0.59	0.45
Certificate of Islamic Investment	1.05%	1.47%	0.85	0.60	1.35	0.50
GBP Pool						
Saving Accounts	0.28%	0.34%	0.27	0.27	0.27	0.27
EUR Pool						
Saving Accounts	0.15%	0.19%	0.27	0.27	0.27	0.27

52.3 Allocation of Income and Expenses to Depositors' Pools

Following are material items of revenues, expenses, gains and losses

	2024	2023
	Rupees in '000	
Profit / return earned on Islamic financing and related assets, investments and placements	259,244,681	207,562,862
Other Income (including other charges and interpool income)	10,365,910	8,904,189
Directly related costs attributable to pool	(1,899,525)	(1,850,152)

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended December 31, 2024

53. CORRESPONDING FIGURES

Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated financial statements, wherever necessary to facilitate comparison.

The effect of reclassification, rearrangement, restatement in the comparative information presented in these consolidated financial statements due to implementation of the revised format issued by SBP as mentioned in note 6.1.2 is as follows:

Reclassified from	Reclassified to	December 31, 2023 (Rupees in '000)
Aggregate		
Property and equipment	Right-of-use assets	19,867,043
Other liabilities	Lease liability against right-of-use assets	22,412,164
<hr/>		

54. NON-ADJUSTING EVENT

The Board of Directors of the Holding Company in their meeting held on February 13, 2025 has announced final cash dividend of Rs 7 per share (70%). The consolidated financial statements for the year ended December 31, 2024, do not include the effect of this appropriation which will be accounted for in the consolidated financial statements for the year ending December 31, 2025.

55. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on February 13, 2025 by the Board of Directors of the Holding Company.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Mohammad Abdul Aleem
Director



Bader H.A.M.A.
AlRabiah
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, 2024

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2024 as referred in note 11.9 to these Consolidated Financial Statements. Financing written off in accordance with the policy do not in any way prejudice the Bank's right of recovery from the customer.

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 at beginning of the year				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	Tahir Omer Industries Limited Shahrah-e-Nazaria-e-Pakistan Road, Near Expo Center, Lahore.	Rana Iqbal Hussain 35202-2634080-9 Rana Tahir Iqbal 35202-6205471-3 Umer Iqbal 35202-6206421-3	Rana Muhammad Ikram Rana Iqbal Hussain Rana Iqbal Hussain	590,287	-	-	590,287	119,080	-	-	119,080
2	Gulshan Weaving Mills Limited 2nd Floor, Finlay Home, I.I. Chundrigar Road, Karachi	Jahangir Ahmed Shakoor 42201-0545325-7 Abdul Shakoor 42201-0350226-5	Abdul Shakoor Haji Jamal ud Din	63,243	4,268	-	67,511	63,243	4,268	-	67,511
3	Javed Abdul Sattar House # 28-B/I, Khayaban-e-Bahria, Phase VII, DHA, Karachi	42301-2808364-9	Abdul Sattar	16,650	40,813	-	57,463	-	31,723	500	32,223
4	Sajid Ali House # 179, Block-F, Phase-7, EME Sector, Multan Road, Lahore	34102-9812594-3	Muhammad Shabbir	27,559	19,100	1,492	48,151	-	17,324	827	18,151
5	D.S. Motors Private Limited Plot A-28, S.I.T.E., Hyderabad	Ariz Amin Khatri 42301-3949877-1 Awais Ali Ghangra 41306-1903028-1 Muhammad Naeem Dhoraji 41306-2444710-1 Asad Ghangra 41306-7817728-3 Muhammad Amin Khatri 42301-4238226-1 Naseema Ali Muhammad 41306-9284773-8 Haris Naeem Dhoraji 41306-8653484-3	Muhammad Amin Khatri Ali Muhammad Abdul Ghaffar Ali Muhammad Muhammad Ali Muhammad Muhammad Naeem	149,974	10,531	-	160,505	-	16,335	-	16,335
6	Pakistan Packages Private Limited Plot # 50, Sector No. 7-A, Korangi Industrial Area, Karachi	Salik Tahir 42201-2287467-3 Sanober Tahir 42201-3948357-6 Anjum Ilyas 42201-9871484-6 Tahir Ilyas (42201-3067903-5	Tahir Ilyas Tahir Ilyas Sheikh Muhammad Ilyas Sheikh Muhammad Ilyas	-	34,964	-	34,964	-	10,464	-	10,464

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, 2024

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 at beginning of the year				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
7	Rana Muhammad Mazhar Khan House P-5, Ashrafi Villas, Faisalabad	33100-5126438-7	Muhammad Naseem	18,667	6,447	-	25,114	-	6,756	-	6,756
8	Muhammad Rafiq Baloch House No 173, Sector D, Askari X, Lahore	54400-7153606-3	Haji Muhammad Sharif	5,234	3,122	587	8,943	-	2,886	1,020	3,906
9	Naeem ur Rehman House# 57-A, Sector U, Scheme 45, Gulshan-e-Maymar, Karachi	42101-1670075-5	Zikr ur Rehman	2,437	5,236	-	7,673	-	2,264	62	2,326
10	Mansoor Ashraf House # 166/101 Amin Town Sector 4-A Khayaban-e-Sir Syed Rawalpindi	61101-7493567-1	Muhammad Ashraf	2,030	1,069	1,721	4,820	-	371	1,765	2,136
11	Muhammad Bilal Khan Abbası House # 9 Auditor General Office, Ittehad Colony Gulberg III, Lahore	35202-4500823-5	Muhammad Mumtaz Abbası	1,009	948	105	2,062	-	767	1,033	1,800
12	Shams Grain Private Limited 12-B, Kot Shahab-ud- Din, Shahdara, Lahore	Chaudhry Shams-ul-Haq 35201-1358471-9 Chaudhry Inam-ul-Haq 35202-2560958-9 Chaudhry Ikram-ul-Haq 35202-2485053-9	Ikram ul Haq Ikram ul Haq Bahar Muhammad Chaudry	28,586	1,511	-	30,097	-	1,492	-	1,492
				905,676	128,009	3,905	1,037,590	182,323	94,650	5,207	282,180

Patterns of Shareholding

No. of Shareholders	From	No. of Shares To	'Shares held'	Percentage
6,242	1	100	224,703	0.0125
3,982	101	500	1,110,114	0.0619
1,844	501	1,000	1,468,295	0.0818
2,795	1,001	5,000	6,821,831	0.3801
605	5,001	10,000	4,484,079	0.2498
265	10,001	15,000	3,277,380	0.1826
154	15,001	20,000	2,709,680	0.1510
110	20,001	25,000	2,510,477	0.1399
74	25,001	30,000	2,052,921	0.1144
65	30,001	35,000	2,138,766	0.1192
43	35,001	40,000	1,636,843	0.0912
36	40,001	45,000	1,549,301	0.0863
45	45,001	50,000	2,157,750	0.1202
21	50,001	55,000	1,108,818	0.0618
22	55,001	60,000	1,284,219	0.0716
26	60,001	65,000	1,625,597	0.0906
12	65,001	70,000	815,143	0.0454
19	70,001	75,000	1,385,512	0.0772
15	75,001	80,000	1,172,660	0.0653
9	80,001	85,000	752,962	0.0420
10	85,001	90,000	874,801	0.0487
7	90,001	95,000	648,095	0.0361
23	95,001	100,000	2,276,516	0.1268
8	100,001	105,000	822,607	0.0458
8	105,001	110,000	861,416	0.0480
6	110,001	115,000	676,114	0.0377
8	115,001	120,000	935,402	0.0521
9	120,001	125,000	1,113,090	0.0620
5	125,001	130,000	643,268	0.0358
2	130,001	135,000	269,226	0.0150
1	135,001	140,000	138,391	0.0077
7	140,001	145,000	995,754	0.0555
6	145,001	150,000	894,085	0.0498
5	150,001	155,000	759,640	0.0423
4	155,001	160,000	628,520	0.0350
3	160,001	165,000	490,982	0.0274
4	165,001	170,000	666,706	0.0371
6	170,001	175,000	1,038,960	0.0579
5	175,001	180,000	892,600	0.0497
8	180,001	185,000	1,464,052	0.0816
2	185,001	190,000	375,500	0.0209
1	190,001	195,000	192,437	0.0107
7	195,001	200,000	1,391,498	0.0775
5	200,001	205,000	1,005,741	0.0560
2	205,001	210,000	417,075	0.0232
2	210,001	215,000	429,313	0.0239
1	215,001	220,000	220,000	0.0123
3	220,001	225,000	670,065	0.0373
2	230,001	235,000	462,423	0.0258
2	240,001	245,000	488,666	0.0272
4	245,001	250,000	998,292	0.0556
1	250,001	255,000	251,000	0.0140
1	255,001	260,000	255,775	0.0143
1	260,001	265,000	262,870	0.0146
1	265,001	270,000	265,767	0.0148
1	270,001	275,000	275,000	0.0153
1	275,001	280,000	279,077	0.0156
1	280,001	285,000	283,071	0.0158
1	285,001	290,000	288,150	0.0161
2	290,001	295,000	582,358	0.0324
4	295,001	300,000	1,200,000	0.0669
1	305,001	310,000	305,075	0.0170
1	310,001	315,000	315,000	0.0176
2	320,001	325,000	646,200	0.0360
2	325,001	330,000	657,768	0.0366
2	335,001	340,000	673,544	0.0375
3	340,001	345,000	1,027,827	0.0573
1	350,001	355,000	353,257	0.0197
1	360,001	365,000	360,274	0.0201
1	365,001	370,000	366,096	0.0204
1	370,001	375,000	370,709	0.0207
3	380,001	385,000	1,146,771	0.0639
1	385,001	390,000	386,253	0.0215
1	390,001	395,000	393,250	0.0219
2	395,001	400,000	796,649	0.0444
1	400,001	405,000	400,365	0.0223
1	405,001	410,000	410,000	0.0228
1	415,001	420,000	417,443	0.0233
1	420,001	425,000	424,841	0.0237
2	435,001	440,000	873,250	0.0487
1	440,001	445,000	443,571	0.0247
1	445,001	450,000	450,000	0.0251
2	460,001	465,000	924,810	0.0515
2	465,001	470,000	932,739	0.0520
1	480,001	485,000	481,900	0.0269
1	485,001	490,000	487,587	0.0272
5	495,001	500,000	2,500,000	0.1393
3	505,001	510,000	1,524,799	0.0850
1	510,001	515,000	514,196	0.0286
2	520,001	525,000	1,046,980	0.0583
1	545,001	550,000	547,550	0.0305
1	550,001	555,000	553,000	0.0308
1	555,001	560,000	558,100	0.0311
1	560,001	565,000	563,422	0.0314
1	565,001	570,000	567,025	0.0316
1	585,001	590,000	585,378	0.0326
2	595,001	600,000	1,193,602	0.0665
2	600,001	605,000	1,203,219	0.0670
1	605,001	610,000	610,000	0.0340
2	615,001	620,000	1,237,159	0.0689
2	625,001	630,000	1,253,542	0.0698
1	650,001	655,000	651,600	0.0363
1	655,001	660,000	657,179	0.0366

No. of Shareholders	From	No. of Shares	To	'Shares held'	Percentage
1	660,001	665,000		663,431	0.0370
2	665,001	670,000		1,337,500	0.0745
1	685,001	690,000		689,494	0.0384
1	695,001	700,000		700,000	0.0390
1	730,001	735,000		733,653	0.0409
2	735,001	740,000		1,473,395	0.0821
1	745,001	750,000		750,000	0.0418
1	755,001	760,000		757,102	0.0422
1	760,001	765,000		763,040	0.0425
1	800,001	805,000		802,386	0.0447
1	810,001	815,000		813,846	0.0453
1	830,001	835,000		830,965	0.0463
1	850,001	855,000		852,506	0.0475
1	865,001	870,000		870,000	0.0485
1	875,001	880,000		877,000	0.0489
1	885,001	890,000		888,435	0.0495
1	900,001	905,000		902,700	0.0503
1	915,001	920,000		917,374	0.0511
1	935,001	940,000		935,423	0.0521
2	945,001	950,000		1,900,000	0.1059
1	985,001	990,000		988,973	0.0551
1	995,001	1,000,000		1,000,000	0.0557
1	1,020,001	1,025,000		1,023,222	0.0570
2	1,035,001	1,040,000		2,076,358	0.1157
1	1,085,001	1,090,000		1,089,018	0.0607
1	1,105,001	1,110,000		1,105,411	0.0616
1	1,170,001	1,175,000		1,172,440	0.0653
1	1,190,001	1,195,000		1,194,960	0.0666
1	1,195,001	1,200,000		1,200,000	0.0669
1	1,250,001	1,255,000		1,252,309	0.0698
1	1,265,001	1,270,000		1,268,852	0.0707
2	1,270,001	1,275,000		2,544,288	0.1418
1	1,290,001	1,295,000		1,291,950	0.0720
1	1,295,001	1,300,000		1,300,000	0.0724
1	1,355,001	1,360,000		1,357,294	0.0756
1	1,370,001	1,375,000		1,370,420	0.0764
1	1,375,001	1,380,000		1,380,000	0.0769
1	1,390,001	1,395,000		1,390,630	0.0775
1	1,395,001	1,400,000		1,400,000	0.0780
2	1,400,001	1,405,000		2,803,263	0.1562
1	1,415,001	1,420,000		1,419,511	0.0791
1	1,440,001	1,445,000		1,441,548	0.0803
1	1,455,001	1,460,000		1,459,184	0.0813
1	1,465,001	1,470,000		1,465,284	0.0816
2	1,495,001	1,500,000		3,000,000	0.1672
1	1,520,001	1,525,000		1,525,000	0.0850
1	1,525,001	1,530,000		1,529,000	0.0852
1	1,545,001	1,550,000		1,550,000	0.0864
1	1,635,001	1,640,000		1,635,967	0.0912
1	1,680,001	1,685,000		1,684,001	0.0938
1	1,695,001	1,700,000		1,695,650	0.0945
2	1,700,001	1,705,000		3,404,973	0.1897
1	1,705,001	1,710,000		1,708,542	0.0952
1	1,730,001	1,735,000		1,732,391	0.0965
1	1,765,001	1,770,000		1,768,035	0.0985
1	1,770,001	1,775,000		1,771,077	0.0987
1	1,795,001	1,800,000		1,795,722	0.1001
1	1,995,001	2,000,000		2,000,000	0.1114
1	2,040,001	2,045,000		2,040,661	0.1137
1	2,055,001	2,060,000		2,058,741	0.1147
1	2,060,001	2,065,000		2,060,631	0.1148
1	2,095,001	2,100,000		2,100,000	0.1170
1	2,390,001	2,395,000		2,392,132	0.1333
1	2,430,001	2,435,000		2,433,058	0.1356
1	2,700,001	2,705,000		2,703,600	0.1506
1	2,745,001	2,750,000		2,746,744	0.1530
1	2,825,001	2,830,000		2,826,780	0.1575
1	2,845,001	2,850,000		2,846,100	0.1586
1	2,895,001	2,900,000		2,896,970	0.1614
1	2,955,001	2,960,000		2,960,000	0.1649
1	2,970,001	2,975,000		2,974,032	0.1657
1	3,010,001	3,015,000		3,014,803	0.1680
1	3,285,001	3,290,000		3,286,087	0.1831
1	3,540,001	3,545,000		3,543,364	0.1974
1	3,570,001	3,575,000		3,573,284	0.1991
1	3,850,001	3,855,000		3,854,779	0.2148
1	4,005,001	4,010,000		4,008,303	0.2233
1	4,060,001	4,065,000		4,064,021	0.2264
1	4,360,001	4,365,000		4,361,365	0.2430
1	4,505,001	4,510,000		4,506,618	0.2511
1	4,510,001	4,515,000		4,510,920	0.2513
1	4,805,001	4,810,000		4,807,260	0.2679
1	5,365,001	5,370,000		5,366,785	0.2990
1	5,580,001	5,585,000		5,584,234	0.3111
1	5,845,001	5,850,000		5,848,398	0.3259
1	6,120,001	6,125,000		6,121,957	0.3411
1	6,235,001	6,240,000		6,236,920	0.3475
1	6,310,001	6,315,000		6,311,972	0.3517
1	6,460,001	6,465,000		6,460,003	0.3599
1	8,265,001	8,270,000		8,269,520	0.4608
1	8,425,001	8,430,000		8,427,315	0.4696
1	8,500,001	8,505,000		8,500,182	0.4736
1	9,070,001	9,075,000		9,071,711	0.5055
1	10,325,001	10,330,000		10,329,500	0.5755
1	10,420,001	10,425,000		10,423,415	0.5808
1	10,770,001	10,775,000		10,772,667	0.6002
1	11,880,001	11,885,000		11,884,471	0.6622
1	18,380,001	18,385,000		18,384,726	1.0244
1	68,565,001	68,570,000		68,569,449	3.8206
1	166,860,001	166,865,000		166,863,457	9.2974
1	536,885,001	536,890,000		536,887,288	29.9145
1	630,815,001	630,820,000	Total	630,819,684	35,1482
Total	16,738			1,794,740,714	100.0000

Categories of Shareholders

For The Year Ended December 31, 2024

Particulars	Number of Shareholders	Shares held	Percentage			
				2023		
Directors, Chief Executive, their spouse and minor children	6	14,966,472	0.83%	6	14,894,856	0.83%
Associated Companies, undertakings and related parties	14	1,347,655,036	75.09%	11	1,347,059,126	75.20%
Banks, Development Financial Institutions and Non Banking Finance Companies	20	9,271,113	0.52%	22	26,593,014	1.48%
Insurance Companies	20	84,841,016	4.73%	15	42,232,902	2.36%
Mudarabah and Mutual Funds	66	29,529,695	1.65%	84	28,411,454	1.59%
General Public						
a.Local	13,989	98,528,576	5.49%	7,827	97,495,686	5.44%
b.Foreign	2,258	19,932,717	1.11%	1,299	21,029,844	1.17%
Others	365	190,016,089	10.59%	353	213,536,312	11.92%
Total	<u>16,738</u>	<u>1,794,740,714</u>	<u>100.00%</u>	<u>9,617</u>	<u>1,791,253,194</u>	<u>100.00%</u>

Additional Information as at December 31, 2024

Particulars	Number of Shareholders	Shares held	Percentage			
				2023		
Noor Financial Investment Co.	1	630,819,684	35.15%	1	630,819,684	35.22%
Pakistan Kuwait Investment Co. (Pvt.) Ltd.	1	536,887,288	29.91%	1	536,887,288	29.97%
Islamic Development Bank	1	166,863,457	9.30%	1	166,863,457	9.32%
CDC Trustee Meezan Islamic Fund	1	8,269,520	0.46%	1	6,702,838	0.37%
CDC Trustee Meezan Balanced Fund	1	200,744	0.01%	1	302,023	0.02%
CDC Trustee Meezan Dicated Equity Fund	1	32,843	0.00%	1	171,873	0.01%
CDC Trustee Meezan Asset Allocation Fund	1	48,698	0.00%	1	110,683	0.01%
CDC - Trustee Al Meezan Mutual Fund	1	1,465,284	0.08%	1	1,871,284	0.10%
CDC - Trustee KSE Meezan Index Fund	1	1,732,391	0.10%	1	1,471,659	0.08%
CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund	1	1,023,222	0.06%	1	1,819,724	0.10%
CDC - Trustee Meezan Pakistan Exchange Traded Fund	1	89,452	0.00%	1	38,613	0.00%
CDC - Trustee MDAAF - Meezan Dividend Yield Plan	1	13,748	0.00%	-	-	-
Crescent Steel and Allied Products Ltd.	1	164,225	0.00%	-	-	-
Pakistan Centre for Philanthropy	1	44,480	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. Abdulrazzaq T.A.M. Razooqi	1	500	0.00%	-	-	-
Mr. Irfan Siddiqui	1	5,848,399	0.33%	1	5,776,733	0.32%
Mr. Yousef S.M.A. AlSaad*	-	-	-	1	550	0.00%
Executives	354	2,255,616	0.13%	277	4,568,170	0.26%
Public Sector Companies, Corporations, Banks, DFIs, NBFCs, Insurance Companies, Mudarabah, Mutual Funds and other Organizations	471	313,657,913	17.48%	474	310,773,682	17.35%
General Public	<u>15,895</u>	<u>124,632,992</u>	<u>6.94%</u>	<u>8,851</u>	<u>122,384,675</u>	<u>6.83%</u>
	<u><u>16,738</u></u>	<u><u>1,794,740,714</u></u>	<u><u>100.00%</u></u>	<u><u>9,617</u></u>	<u><u>1,791,253,194</u></u>	<u><u>100.00%</u></u>

*Retirement effective as of November 18, 2024

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'iyah

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 contact 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.

Qiyyas

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 assist, 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.

Waqt

In Arabic language the word Waqt means preventing something from movement. In Shariah terminology, Waqt 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 29th Annual General Meeting

Notice is hereby given that the 29th Annual General Meeting of the Members of Meezan Bank Limited (the "Bank") will be held Insha-Allah on Thursday, March 27, 2025 at 10:00 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 Extraordinary General Meeting held on November 18, 2024.
2. To receive, consider and adopt the Annual Audited Accounts of the Bank, Audited Consolidated Accounts for the year ended December 31, 2024, 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/financial-information/#Financial-Report>



3. To appoint auditors of the Bank for the year ending December 31, 2025 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. 7/- per share i.e. 70% in addition to Rs. 21/- per share i.e. 210% interim cash Dividend already declared /paid for the year December 31, 2024.
5. To transact any other business with the permission of the Chair.

By Order of the Board



Muhammad Sohail Khan
Company Secretary

Karachi
February 13, 2025

Notes:

1. Closure of Share Transfer Books

The Members' Register will remain closed from March 24, 2025 to March 27, 2025 (both days inclusive). Transfer received at the Share Registrar office, by the close of business on March 21, 2025 will be treated in time for the purpose of entitlement to receive the 70% cash dividend and attend, vote and speak in the 29th 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 (3:00 PM) on Monday, March 24, 2025.

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 09:50 a.m. till the end of the Annual General Meeting on March 27, 2025, enabling the participants to join the proceedings which will start at 10:00 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 Extraordinary General Meeting held on November 18, 2024, 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. 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/investor-relations/#doc>

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 shareholder.

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://csp.cdcaccess.com.pk/#/login>

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 (12:30 p.m.) on March 21, 2025 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, 2025, 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 (12:30 p.m.) on March 21, 2025.

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. UNCLAIMED 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/>

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.

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 لمیڈٹر

ای ڈی یڈ نڈ مینڈیٹ فارم

کمپنیز ایکٹ، 2017 کی شق 242 اور سکیورٹیز ایڈنڈا یکچھ کمیشن آف پاکستان کے سرکلنر نمبر 2017/18 بتاریخ 25 جولائی 2017، 2017 کے ذریعے تمام اسٹک کمپنیوں کو ہدایت کی گئی ہے کہ کیم نومبر، 2017 کے بعد سے ادا ہونے والے ڈی یڈ نڈ کی رقم الیکٹریک طریقہ کار سے برادرست شیئر ہولڈر رز 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 "اٹر نیشنل 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 2017/1145(I) SRO میں Companies (Distribution of Dividends) Regulations, 2017 کی شق 7 اور (ii) 9 کے مطابق کی ہے، تاکہ ہم درج بالا شق پر عمل پیرا ہو سکیں۔ سی ڈی سی اکاؤنٹ ہولڈر/سب اکاؤنٹ ہولڈر تفصیل متعلقہ ممبر اسٹاک اکچھ کو مہیا کریں۔

فونیکل شیئر ہولڈر رز کے لئے	ٹی ایچ کے ایسوی ایٹس (پرائیویٹ) لمیڈٹ، بلاٹ نمبر C-32، جامی کرشنل اسٹریٹ 2، ڈی ایچ اے، فیز II، کراچی 75500، پاکستان
سی ڈی سی اکاؤنٹ ہولڈر رز کے لئے	اگر آپ سی ڈی سی اکاؤنٹ ہولڈر/سب اکاؤنٹ ہولڈر ہیں تو رائے مہربانی نیچے دی گئی تفصیلات سی ڈی سی اسٹاک اکچھ کے معزز نمبر کو فراہم کریں۔

کمپنی یکٹری

ای ڈی یڈ نڈ مینڈیٹ کی تفصیل:

درخواست کی جاتی ہے کہ بینک کی جانب سے اعلان کردہ میرے ڈی یڈ نڈ کی تمام رقم مندرجہ ذیل بینک اکاؤنٹ میں منتقل کی جائے:

فونیکل شیئر ہولڈر نمبر:	
شیئر ہولڈر کا نام:	
بینک اکاؤنٹ جس نام سے ہے:	
مکمل بینک اکاؤنٹ نمبر (IBAN):	
بینک کا نام، برائی کا نام، بکوڈ اور پیپر:	
موبائل نمبر:	
فون نمبر (اگر ہے):	
ای میل:	
کمپنیہ راز ڈاشنچی کا راز نمبر / پاسپورٹ نمبر (اگر غیر ملکی شیئر ہولڈر ہو تو) (کالی مشکل کریں):	

ہیان کیا جاتا ہے کہ درج بالا معلومات درست ہیں، اور یہ میں درج بالا معلومات میں کوئی بھی تبدیلی واقع ہونے کی صورت میں کمپنی اور متعلقہ شیئر ہولڈر اپارٹمنٹ / سی ڈی سی اولیٹر اکاؤنٹ سرویس کو فوری طور پر مطلع کروں گا / گی۔

و تخطیط شیئر ہولڈر

(برائے مہربانی کا اپنے اکاؤنٹ میں برادرست ایکٹر اسکی کریڈیٹ کا اہل بینے کے لئے اپنے مکمل IBAN، پی محتلقہ بینک برائی سے تصدیق کے بعد فراہم کریں)

نقڈ ڈی یڈ نڈ کی ادائیگی کی کارروائی صرف IBAN کی بنیاد پر کی جائے گی۔ ہیوان بینک کو صرف آپ کی بدلیات کے طبق IBAN کی (آپ کی جانب سے فراہم کردہ) معلومات پر انحصار کرنے کا اختیار ہے۔ ہیوان بینک اس معاہدہ کے تحت آپ کی کمی مددواری کی ادائیگی میں غلطی ہاتھ بخرانا کا میں کی وجہ سے با واسطہ یا با واسطہ ہونے والے کسی بھی ضرر، نقصان، ذمہ داری یا دعویٰ کے لئے جواب دینیں ہو گا اگر یا آپ کی جانب سے ادائیگی کی غلط ہدایات اور بینک کے کنٹرول سے باہر کی دفعی موجے ہوئیں ہوں۔



Meezan Bank

The Premier Islamic Bank

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 29th Annual General Meeting of Meezan Bank Ltd. to be held on Thursday, March 27, 2025 at 10:00 a.m. at Meezan House, C-25, Estate Avenue, S.I.T.E., Karachi, Pakistan and at any adjournment thereof.

Signed this _____ day of _____ 2025.

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:

1. Proxies in order to be effective must be received by the Company not later than 48 hours before the time of the meeting.
2. 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.
3. 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.
4. 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.
5. 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:

1. 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.

2. 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:

1. 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.
2. 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.
3. 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.
4. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
5. Attested copies of CNIC or the passports of the beneficial owners and the proxy shall be furnished with the proxy form.
6. 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.



میزان بینک
پریمیر اسلامی بینک

نماہنگی فارم

جناب کمپنی سیکریٹری
میزان بینک لمبید
میزان ہاؤس،
C۔ ۲۵، اسٹیٹ ایونیو، ساکٹ
کراچی، پاکستان۔

میں / ہم بھیت رکن کا / کے میزان بینک لمیڈ اور شیئر جسٹر فول یونبر یا سی ڈی سی انویسٹر کاؤنٹ نمبر / سی ڈی سی پارٹیپنٹ آئی ڈی نمبر اور ڈیلی اکاؤنٹ نمبر کے مطابق عمومی حصہ کا / کے مالک، کے اکی یا بصورت دیگر کے اکی کو اپنا / ہمارا مناسنہ مقرر کرتا ہوں / کرتی ہوں / اکرتے ہیں اور میزان بینک لمیڈ کے ۲۷ مارچ ۲۰۲۵ برداشت بوقت ۱۰:۰۰ بجے صبح کو میزان ہاؤس، C۔ ۲۵، اسٹیٹ ایونیو، سائٹ، کراچی، پاکستان میں منعقد ہونے والے ۲۹ 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 / دیجے ہیں۔

براه کرم مناسب قیمت
والے روپیہ واسطی پ
چپاں کریں۔

رکن (اراکین) کے دستخط
دستخط بینک میں رجسٹرڈ
نمونے سے مطابقت رکھنے چاہئے۔

دستخط _____ ویں روز ۲۰۲۵ کو کئے گئے۔

گواہ:

22

نام

 پاکستانی

—

کمپیوٹر ائز ڈ قومی شناختی کارڈ مایا سپورٹ نمبر

کمپیوٹر ائز ڈ قومی شناختی کارڈ بیان سپورٹ نمبر

2 کارپوریٹ ادارے کی صورت میں، اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرارداد اپر آف اماراتی مع شخصی دستخط کے پیش کرنا ہوگی (تا دینکنک سیلے فراہم نہیں گئی ہو۔)

1- نمائندگی کا تقریب نامہ مورث ہونے کے لئے اجلاس سے کم از کم 48 گھنٹے پہلے کمپنی کو موصول ہو جانا چاہئے۔

: (Proxies) مہماں دوں کی تقری کے لئے

2- سالانہ اجلاس میں حاضر ہونے اور ووٹ دینے کا حق دار کوئی بھی ممبر کسی دوسرے ممبر کو اجلاس میں حاضر ہونے ارادے اور ووٹ دینے کے لئے ایک ایسا تھام حقوق استعمال کرنے کے لئے اپنی اپنا نہاد مقرر کر سکتا ہے۔

۱- نماستگی فارم تقریکنده ماس کے اثارنی کی جانب سے دستخط شدہ اور تحریری طور پر صدق اقت شدہ ہو، یا اگر تقریکنده کوئی

3۔ ممبران سے درخواست ہے کہ اپنے یتے میں کسی بھی قسم کی تبدیلی کی صورت میں پینک کے شیئر رجسٹر THK

۲- انفرادی صورت میں، اکاؤنٹ ہولڈر یا ذلی اکاؤنٹ ہولڈر اور ای جن کی سیکو ریٹیزگروپ اکاؤنٹ میں ہوں اور

4۔ مزید پر آس، شیئر ہولڈرز کو سیکورٹی شیئر اینڈ اسچیخ کمپنیشن آف پاکستان کے جاری کردہ سرکلر 1 محرم یہ 26 جنوری پاکستان کو فوراً مغلظ کریں۔

ان کی رجسٹریشن کی تفصیلات تواعد و ضوابط کے مطابق اپ لوڈ ہوں، مندرجہ بالا شرکا کے مطابق پرائیوری فارم جمع کرائیں گے۔

5- اگر کوئی ممبر ایک سے زائد نامندے مقرر کرتا ہے اور کسی ایک اجلاس کے لئے ایک سے زائد پرائی فارم موصول 2000 میں فراہم کردہ بیاناتیں پیرروئی کرنی ہوئی۔

۔۔۔ جن دو افراد سے پہلی فارم کی تصدیق کروائی جائے کی ان کے نام، پتے کپیوٹر انزوڈ قومی شناختی کارڈ نمبر فارم میں درج کیے جائیں گے۔

۱ افرادی صورت میں، اکاؤنٹ ہولڈر یا زیلی اکاؤنٹ ہولڈر اور یا جن کی سیکریٹریز گروپ اکاؤنٹ میں ہوں اور ان کا حجت پیش کیے، تھکناتی قاعدہ ضوابط کم مطالعہ اس اوضاع ہو، اس احالہ کر، مدد شرکت کے وقت اصل قوی مشائخ کا رہ

۶۔ نامزد شخص کو اجلاس میں شرکت کے وقت اصل کمپیوٹر ائرڈر قومی شاختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوں گے۔

برائے مہربانی
درسست ڈاکٹر
چپاں کریں

محترم کمپنی سیکریٹری
میزان بینک لمبیڈ
میزان ہاؤس C-25، اسٹیٹ یونیورسٹی
سائبٹ، کراچی، پاکستان