



MCB Islamic Bank Ltd.  
بائركتے بينكارے، ہمارے ذمہ دارے



# Rooted in Values, Blossoming with Impact

ANNUAL REPORT '23

ANNUAL REPORT '23



بائركتے بينكارے،  
ہمارے ذمہ دارے

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ





The Journey

unfolds

M

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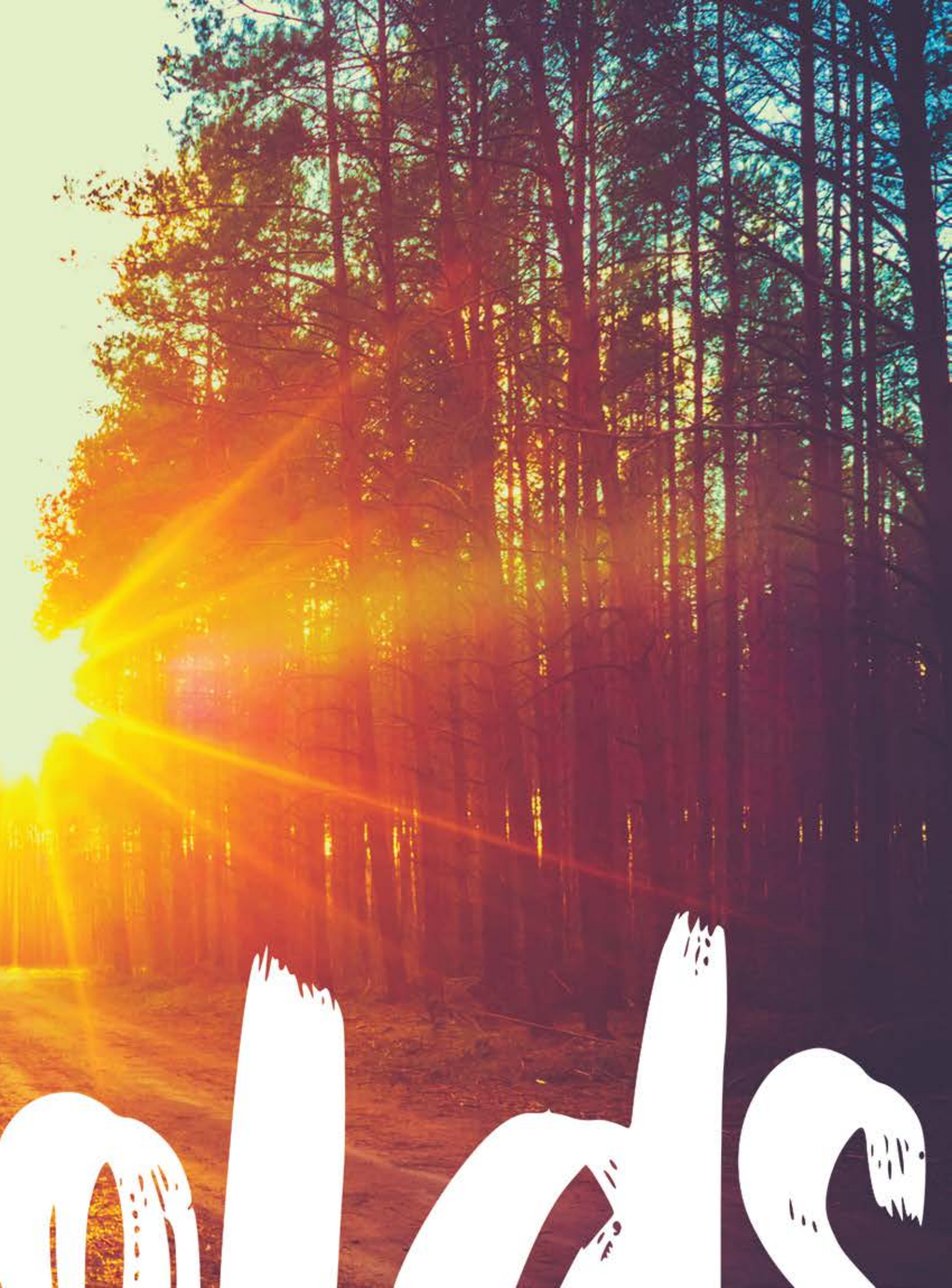
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A close-up photograph of a fish's head and scales, showing intricate patterns and textures. The fish's head is on the right, with its eye and gills visible. The scales are a mix of grey, brown, and orange tones. Overlaid on the image is white text in a brushstroke font. The word "Defying" is written in a large, flowing script, and "the Current" is written in a smaller, simpler font below it. At the bottom of the image, there are several white brushstroke shapes that look like the letters "Defying" written in a similar style to the main title.

# Defying

the Current







# Thriving

Where Challenges  
Abound











# Unearthing

Opportunities

MOSS







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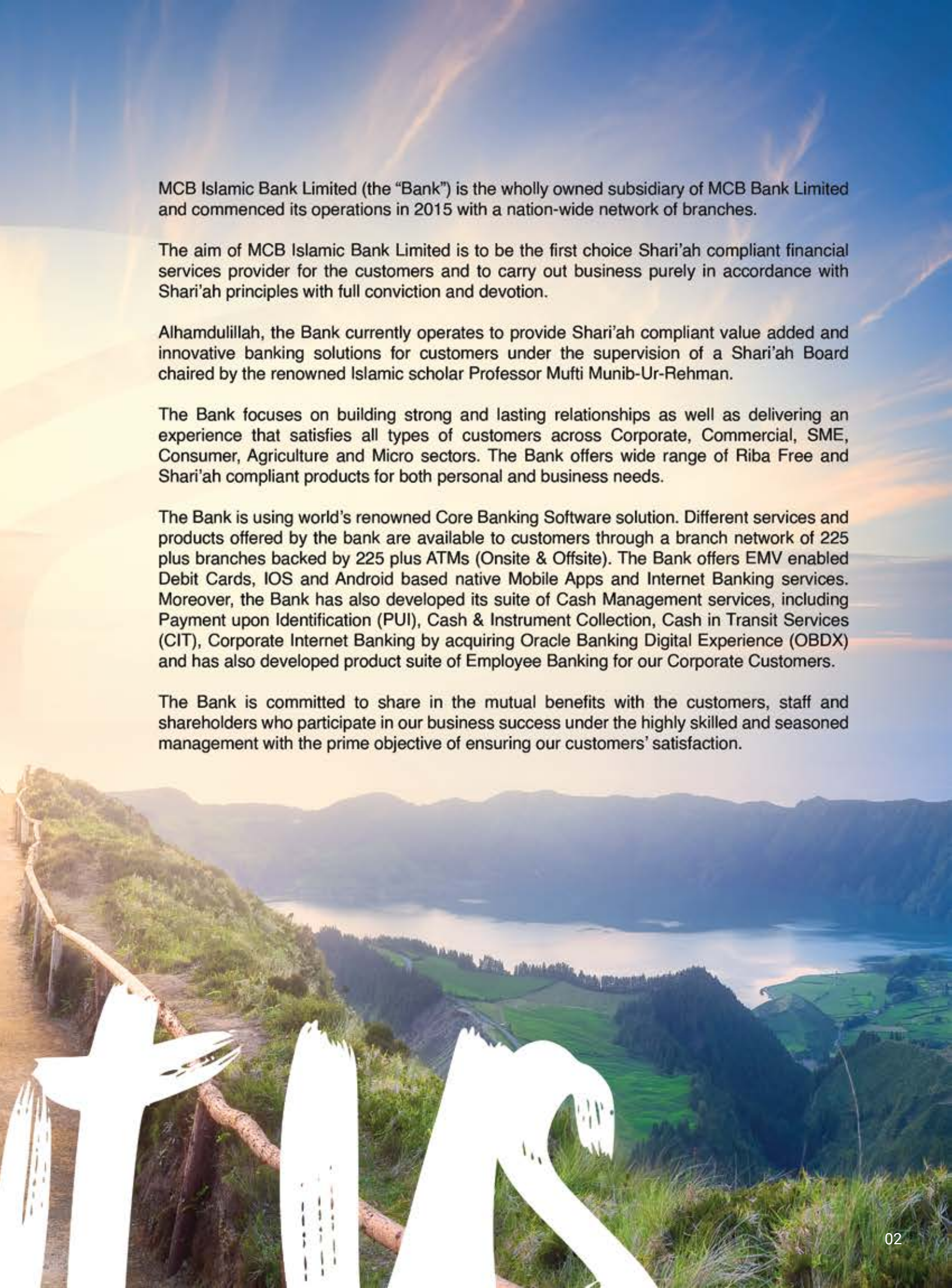


A scenic landscape at sunset. The sky is a mix of blue, orange, and yellow, with wispy clouds. In the foreground, a dirt road with a wooden fence runs along a grassy hillside. In the background, a river winds through a valley with green fields and hills. The text 'About us' is written in a white, brush-stroke font across the middle of the image.

About us

01





MCB Islamic Bank Limited (the “Bank”) is the wholly owned subsidiary of MCB Bank Limited and commenced its operations in 2015 with a nation-wide network of branches.

The aim of MCB Islamic Bank Limited is to be the first choice Shari’ah compliant financial services provider for the customers and to carry out business purely in accordance with Shari’ah principles with full conviction and devotion.

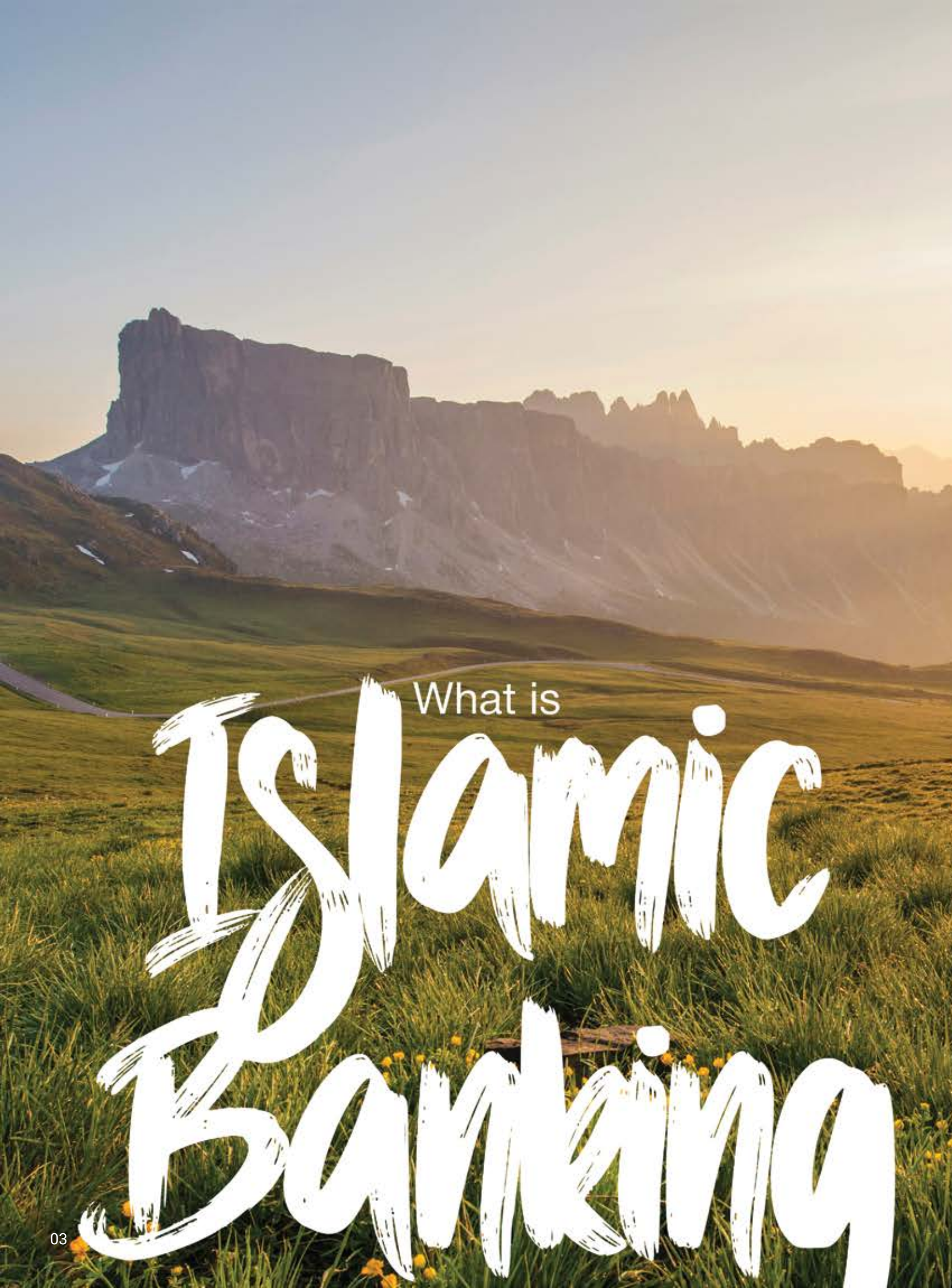
Alhamdulillah, the Bank currently operates to provide Shari’ah compliant value added and innovative banking solutions for customers under the supervision of a Shari’ah Board chaired by the renowned Islamic scholar Professor Mufti Munib-Ur-Rehman.

The Bank focuses on building strong and lasting relationships as well as delivering an experience that satisfies all types of customers across Corporate, Commercial, SME, Consumer, Agriculture and Micro sectors. The Bank offers wide range of Riba Free and Shari’ah compliant products for both personal and business needs.

The Bank is using world’s renowned Core Banking Software solution. Different services and products offered by the bank are available to customers through a branch network of 225 plus branches backed by 225 plus ATMs (Onsite & Offsite). The Bank offers EMV enabled Debit Cards, IOS and Android based native Mobile Apps and Internet Banking services. Moreover, the Bank has also developed its suite of Cash Management services, including Payment upon Identification (PUI), Cash & Instrument Collection, Cash in Transit Services (CIT), Corporate Internet Banking by acquiring Oracle Banking Digital Experience (OBDX) and has also developed product suite of Employee Banking for our Corporate Customers.

The Bank is committed to share in the mutual benefits with the customers, staff and shareholders who participate in our business success under the highly skilled and seasoned management with the prime objective of ensuring our customers’ satisfaction.





What is

# Islamic Banking



Islamic banking is defined as a banking system, which is in consonance with the spirit, ethos and value system of Islam and governed by the principles laid down by the Shari'ah. Interest free banking is a narrow concept denoting a number of banking instruments or operations which avoid interest.

Islamic banking, the more general term, is based not only to avoid interest-based transactions prohibited in Shari'ah but also to avoid unethical and un-social practices. In practical sense, Islamic Banking is the transformation of conventional money lending into transactions based on tangible assets and real services.

The model of Islamic banking system leads towards the achievement of a system which helps achieve economic prosperity.



# Mission

- To provide innovative Shari'ah compliant financial solutions and quality services to our customers.
- To maximize returns in Halal manners for our shareholders.
- To nurture and internal environment of qualified professionals and cutting-edge technology.

# Vision

To be the leading provider of Shari'ah Compliant Innovative financial products with a focus on service quality and providing superior value for our customers, shareholders, employees and the community.



- **We are Shari'ah driven**  
Following the Shari'ah, we will conduct our activity in a fair, ethical and socially responsible manner.
- **Dedicated and Dependable**  
We will build strong, enduring relationships, delivering an experience that delights our customers.
- **Aspirational**  
We will be professional and fulfil our commitments, delivering high quality products and services.

# values



# Corporate Strategy

MCB Islamic Bank's corporate strategy consists of the following multi-dimensional elements, which are being pursued concurrently:

- Customer oriented business growth with focus on Shari'ah based high tech innovative product development, service excellence to attain customer satisfaction, and prudent network expansion.
- Optimum capital utilization through effective risk management, developing quality asset portfolio and maximum return.
- Attain operational efficiency by effective cost management and ensuring compliance with all the applicable regulatory requirements.
- Development of motivated human resource having Islamic Banking skills, while ensuring the transparent market based remuneration practices.







# EXCITING NEWS FOR ISLAMIC BANKING CUSTOMERS

MCB Islamic Bank customers can now perform the following banking transactions at **1400+** branches of MCB Bank across Pakistan.



200+  
Branches



1400+  
Branches



Cash  
Deposit



Cash  
Withdrawal



MCB Cheque  
Direct Transfer



Cheque  
Clearing

Open your account at MCB Islamic Bank today and get access to a wider network of branches under this special arrangement!



# CORPORATE INFORMATION

## Board of Directors

Mr. Raza Mansha (Chairman)	Non-Executive Director
Mr. Jawaid Iqbal	Independent Director
Ms. Seema Aziz	Independent Director
Mr. Ahmed Ebrahim Hasham	Non-Executive Director
Mr. Ibrahim Shamsi	Non-Executive Director
Mr. Hammad Khalid	Non-Executive Director
Mr. Omair Safdar	Non-Executive Director
Mr. Zargham Khan Durrani	President / CEO

## Board Audit Committee

Mr. Jawaid Iqbal	Chairman
Ms. Seema Aziz	Member
Mr. Ibrahim Shamsi	Member
Mr. Omair Safdar	Member
Mr. Hammad Khalid	Member

## Human Resource & Remuneration Committee

Mr. Jawaid Iqbal	Chairman
Ms. Seema Aziz	Member
Mr. Raza Mansha	Member
Mr. Omair Safdar	Member

## Risk Management & Portfolio Review Committee

Mr. Omair Safdar	Chairman
Mr. Ahmed Ebrahim Hasham	Member
Mr. Ibrahim Shamsi	Member
Mr. Jawaid Iqbal	Member
Mr. Zargham Khan Durrani	Member

## Board Evaluation Committee

Ms. Seema Aziz	Chairman
Mr. Hammad Khalid	Member

## Business Strategy & Service Quality Review Committee

Mr. Ahmed Ebrahim Hasham	Chairman
Mr. Hammad Khalid	Member
Mr. Omair Safdar	Member
Mr. Zargham Khan Durrani	Member

## Board I.T. Committee

Mr. Ibrahim Shamsi	Chairman
Mr. Jawaid Iqbal	Member
Mr. Hammad Khalid	Member
Mr. Zargham Khan Durrani	Member

## Shari'ah Board

Prof. Mufti Munib-ur-Rehman	Chairman
Mufti Syed Sabir Hussain	Resident Shari'ah Board Member
Mufti Nadeem Iqbal	Shari'ah Board Member

## Chief Financial Officer

Syed Iftikhar Hussain Rizvi

## Company Secretary

Ms. Maimoona Cheema

## Head of Internal Audit

Mr. Muhammad Imran Siddique

## Legal Advisor

M/s Imtiaz Siddiqui & Associates,  
Advocates & Solicitor

## Auditors

M/s A.F. Fergusons & Co. Chartered  
Accountants

## Registered Office

59-T Block, Phase-II, DHA, Lahore

## Website

[www.mcbislamicbank.com](http://www.mcbislamicbank.com)



# Credit Rating





Long Term

A

Short Term

A-1





# Products

## And Services

MCB Islamic Bank Ltd. (the Bank) offers a wide array of Halal and RIBA free Islamic Banking products and services to meet the requirements of individuals and businesses alike.





### Deposit Products

<b>MCB Islamic Hidayat</b> Current Account (PKR, USD, GBP, EUR & JPY)
<b>MCB Islamic Exporter's Special Hidayat</b> Current Account (USD, GBP, EUR & JPY)
<b>MCB Islamic Basic Banking</b> Current Account (PKR)   Individuals Only
<b>MCB Islamic Barkat Saving</b> Saving Account (PKR)
<b>MCB Islamic Barkat Saving Plus</b> Saving Account (PKR)
<b>MCB Islamic Barkat Saving Premium</b> Saving Account (PKR)
<b>MCB Islamic Barkat Super Saving</b> Saving Account (PKR)
<b>MCB Islamic Rozana Bachat Saving</b> Saving Account (PKR)
<b>MCB Islamic Rozana Bachat Saving Plus</b> Saving Account (PKR)
<b>MCB Islamic Rozana Bachat Saving Premium</b> Saving Account (PKR)
<b>MCB Islamic Rozana Bachat Super Saving</b> Saving Account (PKR)
<b>MCB Islamic Juniors Club</b> Saving Account (PKR)   Kids / Minors Only
<b>MCB Islamic Aasoodgi</b>   Saving Account (PKR) Senior Citizens, Widows & Persons With Disabilities Only
<b>MCB Islamic Financial Institutions</b> Saving Account (PKR)   Financial Institutions Only
<b>MCB Islamic Asaan</b> Current & Saving Accounts (PKR)   Individuals Only
<b>MCB Islamic Asaan Remittance</b> Current & Saving Accounts (PKR)   Individuals Only
<b>MCB Islamic Asaan Digital</b> Current & Saving Accounts (PKR)   Individuals Only
<b>MCB Islamic Asaan Digital Remittance</b> Current & Saving Accounts (PKR)   Individuals Only
<b>MCB Islamic Niswaan</b> Current & Saving Accounts (PKR)   Females Only
<b>MCB Islamic Shandaar</b> Current & Saving Accounts (PKR)
<b>MCB Islamic Shandaar</b> Current & Saving Accounts (PKR)
<b>MCB Islamic Prime</b>   Current & Saving Accounts (PKR) High Net-Worth Individuals Only
<b>MCB Islamic Parvaan</b> Current & Saving Accounts (PKR)   Youth Only
<b>MCB Islamic PayFlex</b>   Current & Saving Accounts (PKR) Salaried Individuals Under Employee Banking
<b>MCB Islamic Na'mat Term Deposit</b> 1, 3 & 6 Month(s) and 1, 2, 3 & 5 Year(s)
<b>MCB Islamic Na'mat Plus Term Deposit</b> 1, 2, 3 & 6 month(s) and 1, 2, 3 & 5 Year(s)
<b>MCB Islamic Na'mat Premium Plus Term Deposit</b> 1 & 3 Year(s)
<b>MCB Islamic Aasoodgi Term Deposit</b>   1 year Senior Citizens, Widows & Persons With Disabilities Only
<b>MCB Islamic Financial Institutions Term Deposit</b> 1, 3 & 6 month(s) and 1 year   Financial Institutions Only
<b>MCB Islamic Na'mat Plus Foreign Currency Term Deposit</b> 1, 3 & 6 month(s) and 1, 2 and 3 year(s) (USD, GBP & EUR)

### Consumer and Micro Finance Products

<b>MICAR</b>   Shariah Compliant Auto Financing
<b>Rihayesh Finance</b>   Shariah Compliant Home Financing
<b>Solar Financing</b> Shariah Compliant Solar Financing Solution
<b>Murabaha Microfinance</b> Shariah Compliant Micro Financing facility for fulfilling crop input needs for small farmers backed up by corporate guarantees

### Alternate Distribution Channels/ Digital Channels

<b>MCB Islamic Mobile Banking Service</b>
<b>MCB Islamic Internet Banking Service</b>
<b>MCB Islamic ATMs</b>
<b>MCB Islamic Alerts</b>
<b>MCB Islamic Debit Cards – Union Pay International</b>
<b>MCB Islamic Debit Cards – PayPak</b>
<b>MCB Islamic Discounts &amp; Alliances</b>
<b>MCB Islamic E-Statement</b>

### FID & Home Remittance

<b>Home Remittance Payout and Account Credit</b>
<b>Correspondent Banking and Trade Advisory</b>

### Treasury & Liquidity Management Products

<b>Mudrabah based Acceptance / Placement</b> Short-term Treasury based Placement & Acceptance
<b>Musharakah based Acceptance / Placement</b> Short-term Treasury based Placement & Acceptance
<b>Wakalah based Acceptance / Placement</b> Short-term Treasury based Placement & Acceptance
<b>Foreign Currency Transactions</b> Ready & Forward based upon Wa'ad (unilateral promise)
<b>Bai Muajjal</b>   Short-term Treasury based Conventional Bank Placement & Acceptance

### SBP Refinancing Schemes

<b>Islamic Export Refinance Scheme</b>   Short-term scheme to facilitate working capital requirements for export oriented businesses
<b>Islamic Long Term Financing Facility for Plant and Machinery</b> Long-term Scheme to facilitate exporters for purchase of plant and machinery for their export oriented projects
<b>Islamic Financing Facility for Renewable Energy</b> Long-term Scheme to develop renewable energy projects
<b>Islamic Financing Facility for Storage of Agricultural Produce</b> Long-term Scheme to construct & develop Warehouses & Cold Storage
<b>Islamic Refinance Scheme for Working Capital Financing of Small Enterprises and Low-End Medium Enterprises</b> Short-term Scheme to offer local currency finance for working capital requirements of specified SMEs
<b>Islamic Refinance Facility for Modernization of SMEs</b> Long-term Scheme for purchase of new imported / local plant & machinery for BMR of existing units and, for setting up new SME units
<b>Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs</b>   Medium and Long-term Financing facilities to women entrepreneurs

### Transaction & Employee Banking

<b>Corporate Internet Banking Portal   Corporate Internet Banking Solution</b>
<b>Employee Banking  Payroll Management</b>
<b>Collections  Customized collection services for customers</b>

### Financing Products for SME, Commercial & Corporate Customers

<b>Murabaha – Local Purchase &amp; Import</b>   Short, Medium and Long-term Working Capital financing for purchase of raw materials/ goods / assets.
<b>Finished Goods Muabaha</b> Short, Medium and Long-term Financing Facility to meet working capital requirements for traders and exporters.
<b>Murabaha – Advance Against Future Murabaha</b> Short, Medium and Long-term Working Capital financing for purchase of raw materials / goods / assets.
<b>Musawamah - Local Purchase &amp; Import</b> Short, Medium and Long-term Working Capital financing for purchase of raw materials / goods / assets.
<b>Musawamah – Advance Against Future Murabaha (Local \ Import)</b>   Short, Medium & Long-term Working Capital financing for purchase of raw materials / goods / assets.
<b>Finished Goods Financing (Under Musawamah Mode)</b> Short-term Facility to meet working capital requirements for traders and exporters.
<b>Ijarah</b>   Medium and Long-term financing for CAPEX and BMR requirement
<b>Diminishing Musharakah</b>   Medium and Long-term facility for CAPEX and BMR requirement
<b>Musharakah Running Finance</b> Short-term Shirkat-ul-Aqd based working capital financing
<b>Musharakah Term Financing</b> Short-term Shirkat-ul-Aqd based post shipment bill financing
<b>Istisna</b>   Short-term Facility to meet working capital requirements for manufacturers, traders and exporters.
<b>Commodity Salam</b>   Short-term Facility to meet working capital requirements for farmers, traders and exporters
<b>Currency Salam</b> Short-term Working Capital financing for post shipment
<b>Bank Guarantee</b>   Short, Medium and Long-term Kafalah based performance guarantee and performance bonds
<b>Supply Chain Financing</b> Short-term Working Capital financing arrangement for Local corporates along with suppliers & distributors
<b>Letter of Credit - Murabaha</b> Non-Funded Murabaha based import arrangement
<b>Letter of Credit - Musawamah</b> Non-Funded Musawamah based import arrangement
<b>Letter of Credit - Wakalah</b> Non-Funded Wakalah based import arrangement

### Government Schemes

<b>Prime Minister's Youth Business &amp; Agriculture Finance Scheme</b> Short to Long-Term Poverty reducing GoP scheme to provide concessional financing for establishing or extending business opportunities / enterprises
<b>Mark-up Subsidy and Risk Sharing Scheme for Farm Mechanization</b>   Medium and Long-term 'Mark-up Subsidy and Risk Sharing Scheme for Farm Mechanization' (MSRSSFM) for farmers / processors engaged in agriculture crop production

### Wealth Management

<b>1 - BANCATAKAFUL:</b> a. Adamjee Life-WTO: Muhafiz Plus Takaful Plan   Life coverage b. Adamjee Life-WTO: Munafa Plus Takaful Plan   Life coverage c. Pak Qatar Family Takaful Ltd: Family Tahafuz Takaful Plan   Life coverage d. Jubilee General Insurance-WTO  Individual Health Plan e. Jubilee General Insurance-WTO   Family Health Plan
<b>2 - MUTUAL FUNDS:</b> <b>Shari'ah Compliant Investment Schemes/Funds (belong to MCB Funds/MCB Investment Management LTD (MCB-IML):</b> a. Alhamra Islamic Income Fund  Medium Risk b. Alhamra Daily Dividend Fund  Medium Risk c. Alhamra Islamic Money Market Fund  Low Risk d. Alhamra Cash Management Optimizer  Low Risk e. Alhamra Islamic Asset Allocation Fund  High Risk f. Alhamra Smart Portfolio (Islamic Active Allocation Fund)   Medium Risk g. Alhamra Wada Plan: (Wada VII & VIII)  Very Low Risk h. Alhamra Islamic Stock Fund  High Risk



**RAZA MANSHA**

*Chairman*



**JAWAID IQBAL**

*Director*



**SEEMA AZIZ**

*Director*



**AHMED EBRAHIM  
HASHAM**

*Director*



**IBRAHIM SHAMSI**

*Director*



**HAMMAD KHALID**

*Director*



**OMAIR SAFDAR**

*Director*



**ZARGHAM KHAN  
DURRANI**

*President & CEO*



Board of

# Directors







# Raza Mansha

Chairman

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Mr. Raza Mansha has more than 28 years diversified professional experience in various business sectors including Banking, Textile, Power, Cement, Insurance, Hotels, Properties, Natural Gas, Agriculture, Dairy etc. He received his Bachelor degree from the University of Pennsylvania, USA. Currently he is acting as Chief Executive of D. G. Khan Cement Company Limited, Nishat Paper Products Co. Limited and Nishat Developers (Pvt.) Limited. He is on the Board of MCB Islamic Bank Limited, Nishat Hotels & Properties Limited, Nishat (Raiwind) Hotels and Properties Limited, Nishat (Aziz Avenue) Hotels and Properties Limited, Nishat Dairy (Pvt.) Limited, Euronet Pakistan (Pvt.) Limited, Nishat Agriculture Farming (Pvt.) Limited, Hyundai Nishat Motor (Pvt.) Limited and Nishat Agrotech Farms (Pvt.) Limited.









## Jawaid Iqbal

### Director (Independent)

Mr. Jawaid Iqbal has been on the board of MCB Islamic Bank Limited since 2021. He has over 20 years of experience in Textile, Corporate Finance and Food & Allied Industries. He is currently Director on the Board of Metro Power Company Limited, Metro Wind Power Limited and Metro Solar Power Limited. He is the CEO of Metro Storage & Services (Pvt.) Limited. Mr. Iqbal is currently CEO of Haji Ali Muhammad foundation and manages the operations of Zubaida Medical center, an NPO hospital. He serves on the Board of Alliance Francaise Karachi, Pakistan, a Cultural Center and NPO.

He has previously served as Director on the Boards of Lalpir Power Limited, Fauji Cement Company Limited, Gul Ahmed Textile Mills Ltd, National Foods Limited & Mybank Limited.

Mr. Jawaid Iqbal holds a Bachelor degree from University of Pennsylvania, Philadelphia, USA and is a certified Director from the Institute of Chartered Accountants of Pakistan.



## Seema Aziz

### Director (Independent)

Ms. Seema Aziz is an entrepreneur and social activist who has been working for the cause of education in Pakistan since 1988. She is the Founder and Chairperson of CARE Foundation, the largest non-governmental organization in Pakistan, educating nearly 300,000 students through 890 schools. She is also on the Board of Sefam (Pvt.) Ltd.

Ms. Seema has studies from University of Punjab and Harvard Business School. Being actively involved in improving the educational opportunities for the children of Pakistan, she is on the Board of multiple Government and Private bodies working in the sector as well as on the Global Advisory Board of Harvard Business School.





## Ahmed Ebrahim Hasham

**Director**

Mr. Ahmed Ebrahim Hasham is the Managing Director of Mehran Sugar Mills Limited. He is a board member of Pakistan Molasses Company Limited, Unicol Limited, UniEnergy Limited and Mehran Sugar Mills Limited. In addition, he is also a member of the Executive Committee of the Pakistan Sugar Mills Association and a Board member of Young President Organization Pakistan (YPO - Pakistan). He is an active contributor towards social and academic services, a board member of Hasham Foundation and Usman Memorial Foundation which in turns manages to the Usman Institute of Technology. He is a graduate in International Relations (IR) and Economics from Tufts University, USA.



## Ibrahim Shamsi

**Director**

Mr. Ibrahim Shamsi has strong experience of modern management and effective control management. He is Chief Executive of Joyland, Lahore and also Chairman of Cotton Web (Pvt.) Limited. He is also serving his responsibilities as the Director of on the Board of Adamjee Insurance Company Limited the largest insurance company of Pakistan. By qualification Mr. Shamsi is Master of Business Administration from LUMS Lahore. He Joined Siddiqsons Tin Plate Limited Board in 1997.





## Hammad Khalid

### Director

Mr. Hammad Khalid is a member of the Institute of Chartered Accountants of Pakistan (“ICAP”) and carries quantifiable experience in the financial control environment. He carries over 15 years of experience with MCB Bank with Financial Reporting, Taxation, Budgeting & Strategy and Investor Relations falling under his purview. He has represented MCB Bank Limited at various national and global forums and has played an instrumental role in the growth of the institution. Before joining MCB Bank, he has worked with M/s A.F. Ferguson & Company, Chartered Accountants. Mr. Khalid has joined MCB Islamic Bank in June 2022 as a non-executive director. He also serves on the Board of 1Link Pvt. Limited and MCB NBCO, Azerbaijan.



## Omair Safdar

### Director

Omair Safdar has more than 19 years of experience in the banking industry. He has been associated with MCB Bank for almost 17 years. At MCB Bank, Omair looks after Wholesale Banking business, which includes Corporate & Investment Banking, transaction banking and capital markets. Omair holds a Bachelor’s Degree in Economics from LUMS and is also a CFA Charter holder. He has thorough understanding of business, risk and investment dynamics, having been involved in Retail, Corporate, Investment Banking and Capital Markets transactions across industrial sectors and national boundaries. He currently serves on a number of Management Committees in MCB Bank including Credit, Investment and Write-Off. On behalf of MCB Bank, Omair also serves, as a Director, on the Board of MCB Islamic Bank and MCB NBCO, CJSC, Azerbaijan.



## Zargham Khan Durrani

President & CEO

Mr. Zargham Khan Durrani has an extensive banking career spanning over 28 years. Prior to joining MCB Islamic Bank, Mr. Durrani was Group Head Retail Banking (SEVP) in MCB Bank.

Mr. Durrani has an impressive and successful track record of realizing visions into realities. He is an experienced banking professional having hands on experience in branch banking, digital banking, SME / Commercial lending and building & managing highly successful large teams through coaching, motivation and leading from the front. Transformation of MCB Bank's retail franchise over the last 15 years is a testament to his success.

Apart from MCB Bank, he has worked with Standard Chartered Bank, Union Bank and other financial institutions both locally and internationally. He has also served as Director of MNET Service (PVT), a wholly owned subsidiary of MCB Bank (now merged into MCB Bank). MNET was the first company in Pakistan to provide a secure electronic inter-bank connectivity platform for online financial transactions.





# YOUR COMFORT IS OUR PRIORITY

Saving Account for Senior Citizens



Free  
Cheque Book



Free  
Debit Card



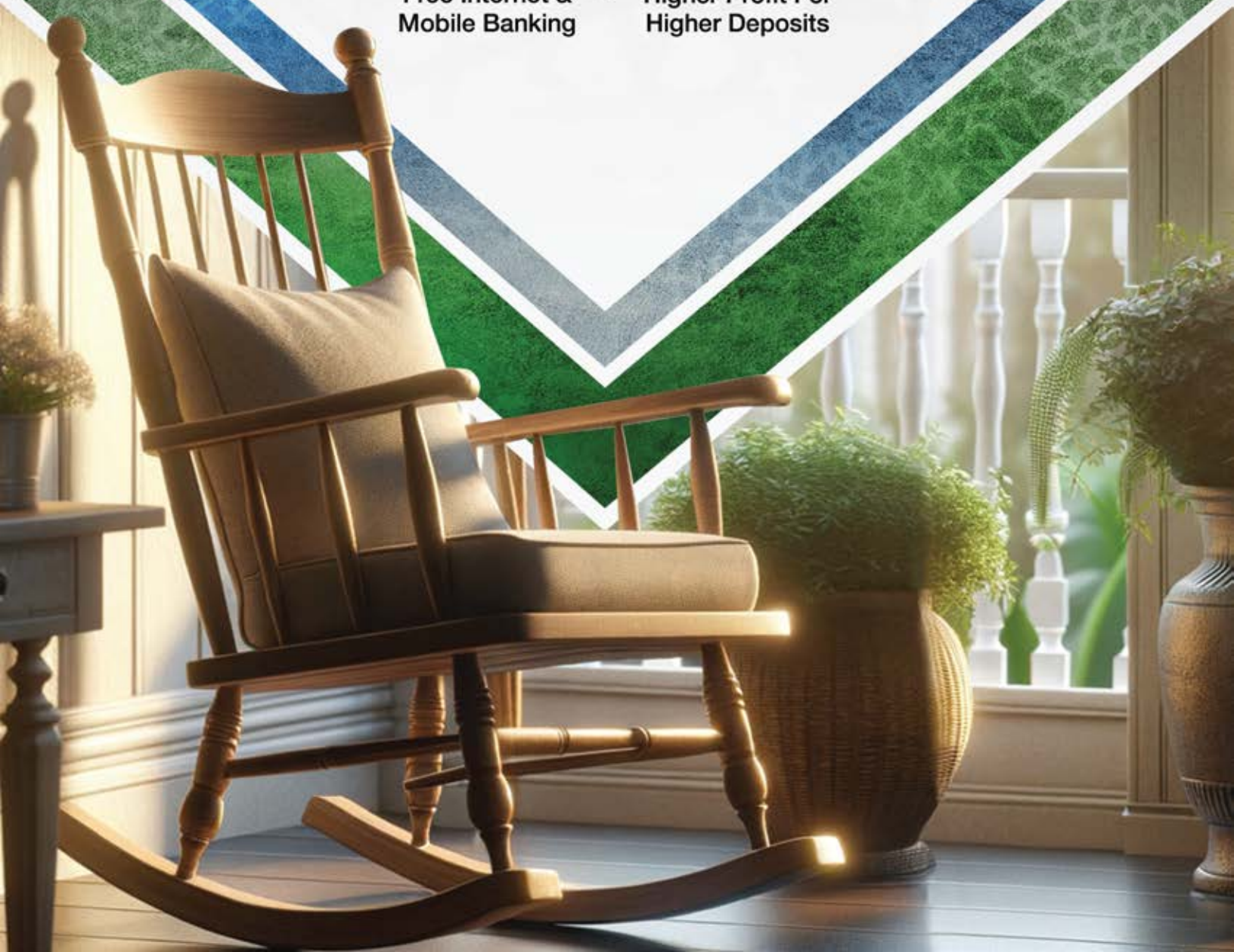
Free  
E-statements



Free Internet &  
Mobile Banking



Higher Profit For  
Higher Deposits





# CORPORATE GOVERNANCE

Corporate Governance at MCB Islamic Bank Limited (“the “Bank”) refers to the rights and responsibilities among different stakeholders of the Bank through a set of rules, policies and practices keeping focus on proper delegation, transparency and accountability in the organization as a whole. The success of the Bank relies on upholding high standards of corporate governance.

## BOARD COMPOSITION

Category	Name of Directors
Independent Directors	Ms. Seema Aziz Mr. Jawaid Iqbal
Non-Executive Directors	Mr. Raza Mansha Mr. Ahmed Ebrahim Hasham Mr. Omair Safdar Mr. Ibrahim Shamsi Mr. Hammad Khalid
Director (President & CEO)	Mr. Zargham Khan Durrani
Female Director	Ms. Seema Aziz

## CHANGE IN DIRECTORS

Mr. Muhammad Afaq Khan resigned from the Director (President & CEO) w.e.f. 17-02-2023.  
Mr. Zargham Khan Durrani was appointed as new director (President & CEO) of the Bank on 21-02-2023.

## DIRECTORS' PROFILE

Directors' profile has been incorporated in the “Board of Directors” section.

## BOARD COMMITTEE

The Board of Directors has formed following six sub-committees to oversee relevant specialized functions of the Bank:

- Board Audit Committee (BAC)
- Human Resource and Remuneration Committee (HR&RC)
- Risk Management and Portfolio Review Committee (RM&PRC)
- Business Strategy and Service Quality Review Committee (BSSQRC)
- Board Information Technology Committee (BITC)
- Board Evaluation Committee (BEC)



## BOARD AUDIT COMMITTEE

Meetings held 04

### Composition

1. Mr. Jawaid Iqbal – Chairman
2. Ms. Seema Aziz
3. Mr. Ibrahim Shamsi
4. Mr. Omair Safdar
5. Mr. Hammad Khalid

### Terms of Reference

1. Facilitate Board in establishing an unambiguous & observable 'tone at the top' for strong and effective system of internal controls based on & supported by strong ethical practices, culture, comprehensive policies, procedures, processes and technological systems. Review and recommend for BOD approval, comprehensive policies, procedures, in line with International Auditing Standards.
2. Review and approve Internal Audit Charter (IAC) in accordance with SBP guidelines.
3. Determination of appropriate measures to safeguard the bank's assets.
4. Reviewing of quarterly, half-yearly and annual financial statements of the bank, prior to their approval by the Board of Directors, focusing on:
  - Major judgmental areas;
  - Significant adjustments resulting from the audit;
  - The going concern assumption;
  - Any changes in accounting policies and practices;
  - Compliance with applicable accounting standards, regulatory requirements and Shari'ah rulings; and
  - All related party transactions.
5. Reviewing of preliminary announcements of results prior to publication.
6. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
7. Reviewing of Client Service Report / Management Letter issued by external auditors and management's response thereto.
8. Ensuring coordination between the internal and external auditors of the bank.
9. Making recommendation to the Board of Directors for the appointment of external auditors including External Shari'ah Auditor(s), their removal, audit fees, the provision by the external auditors of any permissible service to the bank in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations.
10. Reviewing of the scope and extent of internal audit/Shari'ah audit, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the bank.
11. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto.



12. Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.
13. Reviewing of the bank's statement on internal control systems prior to endorsement by the Board of Directors and Internal Audit and Shari'ah Audit Reports.
14. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and/or Shari'ah Board (if required) and to consider remittance of any matter to the external auditors or to any other external body.
15. Review of arrangement for staff and management to report to BAC in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures
16. Determination of compliance/Shari'ah compliance with relevant statutory requirements.
17. Monitoring compliance with the requirements of CCG regulations and identification of significant violations thereof.
18. Consideration of any other issue or matter as may be assigned by the Board of Directors.
19. Approval of Shari'ah audit Plan after review by the Shari'ah Board.
20. Approval of Internal Audit plan and budgets pertaining to Audit & RAR Group.
21. Receive and review summary of reported violations identified through internal audit activities and follow-up actions taken by management to ensure that audit observations/recommendations receive proper and timely attention by senior management. The BAC will also review the trends of audit observation from multiple dimensions to have deep insights into state of internal controls and must set specific, time bound action points/indicators to monitor improvements.
22. Report to board any significant matters identified by IAF/external auditors that warrant board's immediate attention.
23. Review effectiveness of whistle blowing procedures for receiving (through internal or external sources) complaints/concerns regarding business ethics/conduct practices, governance & risk management practices, controls over financial reporting, auditing practices etc. The BAC will ensure that such concerns are treated confidentially and that the reporting employee(s) are protected and not penalized in any manner whatsoever. The BAC will ensure that employees remain aware of i) existence of such procure of such procedures, ii) the procedure to utilize it and iii) are encouraged to be a 'whistleblower'.
24. Provide its fullest support to IAF and internal auditors to perform their mandated activities independently and in objective manner.
25. Approve the appointment/re-hiring/renewal of contract and removal of Group Head Audit & RAR; and approve his/her remuneration, allied benefits, promotion/demotion and other terms of employment.
26. Approve key performance indicators of GH Audit including but not limited to adherence to annual budget, completion of annual audit plan, reporting to BAC, training & capacity building of audit staff, and formulation and review of policies & procedures etc.
27. Review and approve appraisal of GH-Audit in line with bank's policies and procedures.



## HUMAN RESOURCE & REMUNERATION COMMITTEE

Meetings held 03

### Composition

1. Mr. Jawaid Iqbal - Chairman
2. Ms. Seema Aziz
3. Mr. Raza Mansha
4. Mr. Omair Safdar

### Terms of Reference:

The main tasks of the Committee are to ensure that:

1. The human resource policies are reviewed periodically, and, if necessary are revised & recommended to the Board of Directors for its approval, in order to attract and retain highly qualified & skilled employees.
2. To ensure implementation of Bank's Remuneration Policy.
3. To ensure that appropriate criteria are adopted for annual performance appraisal of the President & his direct reports.
4. To ensure that key hierarchical organizational structure supports the business strategy & plan and, if deemed appropriate, approve any changes upon the recommendations of the President.
5. HRRC may periodically review MIB's HR Policies through peer analysis either through in house resource or any external consultant.
6. To review selection, evaluation, compensation (including retirement benefits if any) and succession planning of the CEO and these will be recommended to the Board for approval.
7. The HRRC shall review and recommend Training and development budget (which is part of an overall budget document of the bank) to the BOD; and subsequently monitor the implementation of the same.
8. HRRC shall monitor implementation of approved training & development policy.
9. The selection, evaluation, compensation (including retirement benefits) and succession planning of the CFO, Company Secretary and Internal Audit and recommend to the Board.

## RISK MANAGEMENT & PORTFOLIO REVIEW COMMITTEE

Meetings held 04

### Composition

1. Mr. Omair Safdar - Chairman
2. Mr. Ahmed Ebrahim Hasham
3. Mr. Ibrahim Shamsi
4. Mr. Jawaid Iqbal
5. Mr. Zargham Khan Durrani



### Terms of Reference

1. Review the bank's risk related policies/ Strategy for management of financing, market, operational, Compliance and other risks, in light of internal developments, guidelines issued by the regulatory bodies and international best practices, on as and when required basis and recommend the same to Board for review and approval.
2. Monitor bank's progress towards risk management related projects on as and when required basis.
3. Review and recommend to Board, bank's Risk Appetite Statement and Compliance Program as and when required.
4. Review various reports pertaining to risk in the bank's portfolio prepared by the Risk Management Group. The Committee shall also consider comments of the relevant senior management while reviewing such reports and communicate the planned/executed corrective actions to the Board, if required.
5. Review Minutes of Compliance Committee of Management (CCM) to ascertain its effectiveness in Managing Compliance Risk
6. Review the Compliance Issues and information and progress in implementing remedial action taken with respect to instances of Non-Compliance /Control weaknesses identified by Compliance & Controls Group and evaluate the effectiveness of Bank's overall Management of Compliance Risk, including seeking assurances from Senior Management on implementation and effectiveness of Compliance Risk Controls.
7. To engage with CCO on Half Yearly basis, to discuss issues faced by the Compliance Function in the implementation of board approved Compliance Program.
8. To recommend the Appointment, any disciplinary action or termination of CCO and ensure that position of CCO does not remain vacant for more than 60 days.
9. To ensure that CCO has proper stature, authority, resources, support, independence and capacity to offer his objective opinions to Senior Management and Board on Compliance Risks.

## BUSINESS STRATEGY & SERVICE QUALITY REVIEW COMMITTEE

Meetings held 05

### Composition

1. Mr. Ahmed Ebrahim Hasham - Chairman
2. Mr. Hammad Khalid
3. Mr. Omair Safdar
4. Mr. Zargham Khan Durrani

### Terms of Reference

1. Review the Bank's policies including but not limited to finance, treasury, compliance, Service Quality and other policies of the Bank (excluding Human Resource, Risk Management, Audit & IT related policies), in light of internal developments, guidelines issued by the regulatory bodies and international best practices, on as and when required basis and recommend the same to Board for approval.
2. Review the strategies, policy and procedures/frameworks related to the bank's strategic initiatives, service quality, customers' complaint management, and fair treatment of customers
3. To review Bank's Annual Budget prepared by the management and recommend it for approval by the BOD.
4. To monitor the performance of the bank against approved strategy / budget on a quarterly basis.
5. Recommend policy changes to align service delivery with expectations of the customers, vision of the bank and innovations in the market.

6. Provide policy guidance (0 inculcate values those recognize the importance of customer orientation at all phases of product design and service lifecycle.
7. Provide strategic direction to instill a culture that recognizes the importance of complaints as an opportunity to improve and take corrective measures.
8. Monitor the bank's progress towards achieving its objectives in terms of service delivery and customer satisfaction.
9. Receive periodic reports on issues and achievement on Conduct Assessment Framework.
10. Receive annual assessment of Conduct Assessment Framework for review and approval, along with proposed as well as actual improvements introduced.
11. Receive periodic reports on service health of the bank, including:
  - Statistic on and analysis of customer complaints
  - Measurement of key service indicators and key processes
  - Summary of customer feedback received through surveys

## BOARD IT COMMITTEE

Meetings held 02

### Composition

1. Mr. Ibrahim Shamsi - Chairman
2. Mr. Jawaid Iqbal
3. Mr. Hammad Khalid
4. Mr. Zargham Khan Durrani

### Terms of Reference

1. The Board IT Committee shall have a minimum of three (03) directors as its members, one of whom shall be an independent director and at least one member shall have relevant qualification or experience of IT.
2. The committee shall be responsible for formulation of IT strategy and its different framework, review and implementation of IT strategy and policy framework, guiding the management for necessary course of action, oversight of IT performance and aligning IT with business needs.
3. The committee shall receive appropriate information from IT, lines of business, and external sources. Additionally, it shall coordinate and monitor the institution's IT resources.
4. The committee shall be mainly responsible for advising and reporting to the board on the status of technology activities and digital initiatives in the Bank. These reports shall enable the board to make decisions without having to be involved in routine activities.
5. The committee shall review IT and Digital strategies and relevant policies before submission to the board.
6. The committee shall ensure that risk management strategies are designed and implemented to achieve resilience, such as the ability to effectively respond to wide-scale disruptions, including cyber-attacks and attacks on multiple critical infrastructures.
7. The committee may also review and determine the adequacy of the institution's training plan including cyber security training, for the staff.
8. The committee shall receive periodic updates from IT Steering Committee to monitor all technology related projects approved by the board.
9. The committee shall ensure that technology procurements are aligned with the IT strategy approved by the board.
10. If deem necessary, the committee may seek expert opinion from independent sources.



## BOARD EVALUATION COMMITTEE

Meetings held 01

### Composition

1. Ms. Seema Aziz – Chairman
2. Mr. Hammad Khalid

### Terms of Reference

The Board Evaluation Committee shall undertake the following tasks:

1. Formulation of criteria for performance evaluation of overall Board, its Committees, Individual Directors, Independent Directors, Chairperson and the President in the form of a framework.
2. Carrying out performance evaluation of the overall Board, its Committees, Independent Directors, Individual Directors, Chairperson and the President.
3. Identifying weak areas required to improve Board's and Board Committee effectiveness.
4. Recommending to the Board for its consideration and approval on the size and composition of the Board taking into account the available and needed diversity and balance in terms of experience, knowledge and skills (as and when required).
5. Reviewing (as and when required), the composition of the existing Board and its Sub-Committees and recommending amendment to the composition.
6. Assisting the Board of Directors by helping to identify individuals qualified to become members of the Board and its Committees.
7. Review nominations of potential director candidates who will strengthen the Board and remedy any perceived deficiencies in its fulfillment of the specific criteria identified above.
8. Ensuring that the specific criteria outlining the skills, experience, expertise, backgrounds and other characteristics identified by the State Bank of Pakistan in its Fit & Proper Test criteria are duly met before it recommends the proposed director for nomination.
9. The Committee will review candidate qualifications in light of the needs of the Board and the Company, considering the current mix of director attributes and other pertinent factors (specific qualities, skills and professional experience required will vary depending on the Company's specific needs at any point in time).
10. The Committee will consider the diversity of the existing Board, so that the Board maintains a body of directors from diverse professional and personal backgrounds.
11. Any nominee shall duly meet the requirements set forth by the State Bank of Pakistan for directorship.
12. Any nominee should be an individual of the highest character and integrity and have an inquiring mind, vision and the ability to work well with others.
13. Any nominee should be free of any conflict of interest which would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director.
14. Any nominee should possess substantial and significant experience which would be of value to MCB Islamic Bank in the performance of the duties of a director.
15. Any nominee should have sufficient time available to devote to the affairs of MCB Islamic Bank in order to carry out the responsibilities of a director.

Following are the details of directors' status and membership of the above committees:

Directors	Status		Membership					
			BAC	HR & RC	RM & PRC	BITC	BEC	BSSQRC
<b>Raza Mansha</b>	Non-Executive	Male	-	Yes	-	-	-	-
<b>Ibrahim Shamsi</b>	Non-Executive	Male	Yes	-	Yes	Yes	-	-
<b>Omair Safdar</b>	Non-Executive	Male	Yes	Yes	Yes	-	-	Yes
<b>Ahmed Ebrahim Hasham</b>	Non-Executive	Male	-	-	Yes	-	-	Yes
<b>Jawaid Iqbal</b>	Independent	Male	Yes	Yes	Yes	Yes	-	-
<b>Seema Aziz</b>	Independent	Female	Yes	Yes	-	-	Yes	-
<b>Hammad Khalid</b>	Non-Executive	Male	Yes	-	-	-	Yes	Yes
<b>Zargham Khan Durrani</b>	President & CEO	Male	-	-	Yes	Yes	-	Yes

### Directors' Participation/Attendance in Board and Committee Meetings Held During 2023

Details for the meetings of the BOD and sub-committees held during the Year 2023 along with attendance are as below:

Directors	Attendance						
	BOD*	BAC	HR & RC	RM & PRC	BITC	BEC	BSSQRC
<b>Raza Mansha</b>	3/5	-	3/3	-	-	1/1**	1/5**
<b>Ibrahim Shamsi</b>	4/5	3/4	-	4/4	2/2	1/1**	-
<b>Omair Safdar</b>	5/5	4/4	3/3	4/4	-	1/1**	5/5
<b>Ahmed Ebrahim Hasham</b>	3/5	-	-	3/4	-	-	4/5
<b>Jawaid Iqbal</b>	5/5	4/4	3/3	4/4	2/2	1/1**	-
<b>Seema Aziz</b>	1/5	-	1/3	-	-	1/1	-
<b>Hammad Khalid</b>	5/5	4/4	1/3**	-	2/2	1/1	5/5
<b>Zargham Khan Durrani***</b>	4/5	3/4	2/3	3/4	2/2	-	4/5

\* Total 05 meetings of BOD were held during the year 2023.

\*\* As special invitee

\*\*\* Mr. Zargham Khan Durrani joined as Director (President & CEO) on February 21st 2023. Prior to this date one meeting of BOD, BAC, HR & RC, RM & PRC and BSSQRC was attended by Mr. Muhamamd Afaq Khan.



## PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS

The Board of Directors of MCB Islamic Bank Limited strives to ensure that the Bank is on track to achieve its long-term objectives while adhering to regulatory requirements. The Board of Directors and its committees comprise of qualified and experienced members, having diverse experience whose contributions are invaluable in defining the overall direction of the organization.

The Board of Directors recognizes that along with numerous other functions and responsibilities, it also has a duty of care and loyalty towards the Bank, to act honestly in the interests of the Bank and exercise its role with complete integrity and care. The Board therefore constituted a Board Evaluation Committee in 2015 to evaluate the performance of the overall Board, its Committees, performance of the Chairperson, Independent Directors and Individual Directors and of the President once in a calendar year with the help of a detailed criteria formulated in line with the requirements of the State Bank of Pakistan and the Securities & Exchange Commission of Pakistan (SECP).

## CRITERIA FOR PERFORMANCE EVALUATION

Evaluation is carried out through a structured questionnaire covering various aspects of the Board's functioning such as size, composition of the Board and Committees, adequacy of Independent Directors, frequency of meetings, mixture of diversity of knowledge, expertise & skills of directors, attendance at meetings, preparation for meetings and valuable contribution etc. All parameters set for evaluation are rated through a Rating Scale (1-5) against each question as follows:

"1"	represents as	<b>Strong</b>
"2"	represents as	<b>Satisfactory</b>
"3"	represents as	<b>Fair</b>
"4"	represents as	<b>Marginal</b>
"5"	represents as	<b>Un-satisfactory</b>

## EVALUATION BY BOARD EVALUATION COMMITTEE

As per the requirements of SBP Guidelines on Performance Evaluation of Board of Directors, evaluation of the overall Board, its Committees, individual directors, Independent directors, Chairperson and the President for the year 2023 was undertaken by the Board Evaluation Committee, appointed by the Board for the purpose. Accordingly it was concluded that the overall performance of the Board, including effectiveness of the role played by the Board in achieving the Bank's objectives, was found to be satisfactory.

## DIRECTOR'S TRAINING PROGRAM

Till Dec 31, 2023, the following directors have attended the Directors Training Program from SECP approved institutions:

1. Mr. Jawaid Iqbal
2. Mr. Ahmed Ebrahim Hasham
3. Mr. Omair Safdar
4. Ms. Seema Aziz
5. Mr. Hammad Khalid
6. Mr. Zargham Khan Durrani

## ACCESSIBILITY OF ANNUAL REPORT 2023

Annual Report – 2023 and other information of the Bank are accessible on Bank's website: [www.mcbislamicbank.com](http://www.mcbislamicbank.com).



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# Zargham Khan Durrani

President & CEO

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Mr. Zargham Khan Durrani has an extensive banking career spanning over 28 years. Prior to joining MCB Islamic Bank, Mr. Durrani was Group Head Retail Banking (SEVP) in MCB Bank.

Mr. Durrani has an impressive and successful track record of realizing visions into realities. He is an experienced banking professional having hands on experience in branch banking, digital banking, SME / Commercial lending and building & managing highly successful large teams through coaching, motivation and leading from the front. Transformation of MCB Bank's retail franchise over the last 15 years is a testament to his success.

Apart from MCB Bank, he has worked with Standard Chartered Bank, Union Bank and other financial institutions both locally and internationally. He has also served as Director of MNET Service (PVT), a wholly owned subsidiary of MCB Bank (now merged into MCB Bank). MNET was the first company in Pakistan to provide a secure electronic inter-bank connectivity platform for online financial transactions.







## **OMER KHALID LASHARIE**

Group Head – Corporate, Investment Banking & FI

Mr. Omer Khalid's experience spans over 30 years in Corporate & Investment Banking, Cash management, Home remittances etc. at major financial institutions of Pakistan. He has been instrumental in building asset's book and maximizing institution's profitability through effectively managing financing portfolio, actively participating/ handling investment banking, project finance and structured finance deals.

Prior to joining MCB Islamic Bank Limited; he has worked in leading institutions like MCB Bank Limited and UBL. His major assignment was with MCB Bank as Regional Corporate Head Central for 3 years. His last assignment was as Head of Transaction Banking Division for MCB Bank Limited where he efficiently led one of the largest cash management portfolio and vibrantly devised strategies to maximize remittance flows. He holds MBA from Lahore University of Management Sciences (LUMS).



## **SYED IFTIKHAR HUSSAIN RIZVI**

Chief Financial Officer

Syed Iftikhar Hussain Rizvi leads Bank's Strategic and Financial Management functions and responsible to develop, implement and control all financial-related activities of the bank in line with its business strategy.

Mr. Rizvi is a 'Certified Professional of Islamic Banking' and a 'Fellow Member of the Institute of Chartered Accountants of Pakistan' and has over 27 years of well diversified experience in the accounts and finance disciplines with added exposure in HR & corporate governance. Prior to joining the MCB Islamic, he worked with MCB Bank for 20 years in various capacities, lastly as Head – Centralized Accounts. His professional career began at Khalid Majid Hussain Rahman & Co., Chartered Accountants.





## MUHAMMAD HAMID YASIN

Group Head – Consumer Finance

Mr. Hamid is a business graduate from the Institute of Business Administration (IBA), Karachi and has over 29 years of banking experience in Retail and Corporate banking as well as Risk Management. Before joining MCB Islamic in 2018, he served Samba Financial Group (SFG) at the Head Office in Riyadh, Saudi Arabia for over eight years in the capacity of Assistant General Manager in the Risk Management Group. Prior to SFG, Hamid served MCB Bank for more than 14 years – starting as a Management Trainee in 1994 and progressively moving on to such diverse functions as Retail and Corporate credit risk management at branch and regional levels, branch operations, Basel II Project Management and bank-wide Operational and Credit risk management.



## ABRAR ALEEM

Chief Information Officer / Group Head ITG

As an experienced and accomplished IT professional, Abrar Aleem has demonstrated a remarkable ability to develop and implement strategic IT initiatives and deliver exceptional projects with high value. With over two decades of intensive experience in the Banking and Financial sector, he brings a wealth of knowledge and expertise to the table. Prior to joining MCB Islamic Bank Ltd, he spent more than 18 years in the banking industry, making significant contributions in various areas. Notably, Abrar Aleem has excelled in the planning, implementation, and management of large-scale IT infrastructure, Core Banking systems, Digital banking platforms, and Middleware Applications, including data strategies. In addition, he stays ahead of the curve by staying well-informed about upcoming technologies, showcasing a strong commitment to innovation. Furthermore, Abrar Aleem possesses a profound understanding of Cyber Security, Compliance, and IT Risk Management, ensuring a secure and compliant IT environment. With their extensive experience and comprehensive skill set, he is poised to make a transformative impact as a CIO in the banking and financial sector.



## **SALMAN QUTB**

Group Head – Human Resource Management

Mr. Salman Qutb holds a Master's Degree in Business Administration from Lahore University of Management Sciences (LUMS) and a Bachelor of Engineering from the University of Engineering and Technology, Lahore. In his role as the Group Head of Human Resource Management, he is responsible for driving human capital development at MCB Islamic Bank.

Previously, he was the Head of Credit Risk Management at MCB Bank Ltd., where his decade-long tenure in risk management provided him with invaluable insights into the bank's risk and business landscape. This expertise is now channeled into cultivating a robust workforce, aligning talent management with the organization's goals, and shaping future leaders at MCB Islamic Bank.

He is also a member of the Bank's Management Committee, Service Council, Compliance Committee of Management, Purchase Committee, and Disciplinary Action Committee. His career progression from risk to human resources exemplifies a visionary approach to leadership by the MCB Group, where nurturing internal talent is key to organizational success.



## **AZHAR NAZIR**

Group Head – Centralized Operations

Azhar is a seasoned professional with over 23 years of experience in a variety of fields, including information technology, digital banking, core banking implementation, banking operations and risk management. He is currently leading the Centralized Operations Group. He is graduate from International Islamic university, Cost & Management Accountant (ICMAP). Financial Risk Manager (FRM-GARP), DAIBP and CPIB (IIFII).





## MUHAMMAD TARIQ GONDAL

Group Head – Compliance & Controls

Mr. Muhammad Tariq Gondal is a business graduate from Lahore University of Management Sciences (LUMS) along with Masters in Statistics from GC University Lahore. He is a Certified Internal Auditor (CIA), also holds Banking Diploma and Post graduate diploma in Islamic Banking & Insurance along with certification in Islamic Banking from NIBAF. Mr. Gondal has a diversified experience of more than 27 years in areas of audit & inspection, risk, compliance and operations both in Central and Commercial Banking.



## MUHAMMAD SAEED RAJA

Group Head – Back Office Governance & Special Projects

Mr. M. Saeed Raja leads the Back Office Governance & Special Projects Group of MCB Islamic Bank Ltd. Core responsibilities of the group include Centralized Account Opening & Maintenance, Centralized Trade Operations, Centralized Reconciliation, Vendor Management & Outsourcing arrangements, Cash Processing Centers, Centralized Inward Clearing, MCB Counter Operations, Business Continuity Management, Internal Control/ICFR Documentation, General Services and Contract Management.

Saeed has a diversified experience of over 33 years in the areas of Retail, Corporate and Islamic Banking. Prior to joining MCB Islamic Bank, he was associated with MCB Bank Ltd. and was serving as Country Head-Islamic Banking Operations, systems and controls. His 26 years of services and contribution towards achievement of MCB's strategic goals were recognized by the bank at the highest level and was conferred with the PRESIDENT EXCELLENCE AWARD twice

Academically, he holds an EMBA degree in banking & finance and is a gold medalist. He is also a certified Islamic banker from National Institute of banking & finance (NIBAF).



## ZUBAIR AZIZ

Group Head – Treasury & Foreign Exchange

Mr. Zubair Aziz is positioned as Group Head Treasury & Foreign Exchange at MCB Islamic Bank Ltd. He has proven banking track record of over 28 years of work experience in financial markets of Pakistan. Prior to joining, He was associated with Summit Bank Ltd. as Head of Treasury and valued as one of the core team member of the senior management. He also remained with Atlas Bank and successfully steered the bank with various milestones.

Mr. Aziz is capable of working under pressure and capable of producing results. Having extensive, thorough and strong professional expertise in the areas of Treasury, Money Market, Foreign Exchange, Equities, Financial Brokerage, Portfolio Management, Capital Market Operations and Islamic Banking, has skills required to qualify for any leadership cadre by which a number of diverse demands come together to result in a successful campaign. He is business graduate and a certified Islamic banker from National Institute of Banking & Finance (NIBAF).



## MUHAMMAD IMRAN SIDDIQUE

Group Head – Audit & RAR

Mr. Imran has an extensive experience spanning over 26 years in the fields of risk management processes, operations, and compliance with highly esteemed banks such as SBP, HBL, RBS, and ABL. He is an Associate Member of Institute of Financial Accountants of UK and possesses notable professional certifications, including Certified Internal Control Auditor (CICA), Certification in Risk Management Assurance (CRMA), Certified in Risk & IS Control (CRISC) and Certified Shari'ah Auditor (CSA); alongside academic qualifications such as MS-Islamic Banking & Finance, M.Com and ACMA-Inter. Additionally, Mr. Imran has obtained certification in Islamic Banking from NIBAF, further enriching his expertise in the banking sector.





## **ASHAR IQBAL**

Head Retail Banking - North

Mr. Ashar Iqbal is an accomplished banking professional with an extensive experience of 23 years of retail and commercial banking. He is currently working as Head Retail Banking (North). In this role, Ashar is jointly responsible for overseeing the Retail Banking, Commercial Banking, and Wealth Management business units, catering to mass market, commercial, and SME clients in Pakistan.

Before joining MCB Islamic, he served at MCB Bank in the capacity of Regional Head and General Manager – Karachi City. He has also worked at Habib Metropolitan Bank, Habib Bank, Bank Alfalah and Prime Bank, where he served in various leadership positions at different regional and functional levels. He is also a member of the MCB Islamic Management Committee.



## **OMAIR UL HAQUE**

Head Retail Banking - South

Mr. Omair ul Haque is Head Retail Banking (South). In this role he is jointly responsible for overseeing the Retail Banking, Commercial Banking, and Wealth Management business units, catering to mass market, commercial, and SME clients in Pakistan.

Omair joined MCB Islamic Bank in 2021 as General Manager – Karachi & Interior Sindh. He has also worked at MCB Bank Ltd. in various senior roles such as Regional Head – Commercial Branch Banking Group, General Manager – Retail Banking Group, Head of Commercial Assets – Karachi, and Department Head of Institutional Sales – Retail Banking Group. Additionally, he has gained valuable experience in Consumer Banking and Branch Banking management roles at Standard Chartered Bank.

Omair's professional journey spans over 20 years with vast experience in Retail & Commercial Branch Banking, Operations, Commercial & SME Lending, Trade Finance, institutional Sales & Wealth Management. He is also a member of MCB Islamic Management Committee.



## **SALMAN NASEER**

Group Head (Acting) – Risk Management Group

Mr. Salman Naseer has been part of MCB Islamic Bank since 2015. His experience spans 20 years in various areas covering the credit riskspectrum, and has managed corporate, commercial, SME, agriculture, consumer and special assets portfolios. His leadership has been pivotal in steering the bank’s asset growth over the last 8 years while ensuring the sustained quality and vitality of the financing portfolio.

Prior to joining MCB Islamic Bank Limited, he has worked in Faysal Bank Limited and the Bank of Punjab. He is a certified Islamic Banking professional from NIBAF, and also holds IBP’s diploma for banking professionals. He is a Bachelor of Computer Sciences from FAST – NU.



## **MUFTI SYED SABIR HUSSAIN**

Resident Shari’ah Board Member/  
Head-Shari’ah Compliance Department

Mufti Syed Sabir Hussain, working with MCB Islamic Bank Ltd. since September 2015, is a prominent Shari’ah Scholar and experienced Islamic Banker with 24 years of teaching, 17 years of Fatawa and Islamic banking experience. He holds Shahadat-Al-Alimiyah & Takhassus-Fil-Fiqh, M.A Islamic Studies, M.Phil. in Islamic Banking & Finance and M.S (I.T) degrees. He is enrolled in PhD. in Islamic Banking and Finance from International Islamic University, Islamabad (IIUI).

He is ex-member of Shari’ah Advisory Board of SECP, Member of the Committee on Accounting and Auditing Standards of ICAP and invitee participant of Shari’ah Advisory Committee of State Bank of Pakistan and Member of several committees constituted by SBP on AAOIFI Shari’ah standards. He is also the member of working group “Fast Track adoption of International Standards constituted under the Committee for Transformation of Conventional Banking into Islamic. Further, he was member of review committee for Urdu translation of AAOIFI Shari’ah standards. He is author of 34 books on Islamic economics & banking and other social issues; He is also delivering lectures in different Dar-ul-Ulooms and Universities.





## **MS. MAIMOONA CHEEMA**

Company Secretary & Head of Legal

Ms. Maimoona Cheema holds the charge of Company Secretary & Head of Legal Affairs at MCB Islamic Bank Limited. Ms. Cheema has over 18 years of diversified experience in the field of law and has worked with highly esteemed organizations including MCB Bank Limited, Telenor Pakistan (Pvt.) Limited and the Lahore Stock Exchange (G) Limited. Ms. Cheema has a Bachelor's degree in law (LL.B) and a Master's of Science in Finance & Financial Law from SOAS, University of London.

She is the Chairperson of the Bank's Committee on Protection against Harassment of Women at the Workplace and a member of the Management Committee, the Management Compliance Committee and the Disciplinary Action Committee.

# Empower Your Transactions **Anytime, Anywhere**



**Cash Withdrawal**  
(Local & International)



**Purchase**  
(Local & International)



**Attractive Discounts**



**E-Commerce Transactions**



**Funds Transfer**



**Utility Bills Payment**



**Mobile Top-ups**



# KEY EXECUTIVES

## ZARGHAM KHAN DURRANI

President & CEO

## SALMAN NASEER

Group Head (Acting) – Risk Management Group

## OMER KHALID LASHARIE

Group Head – Corporate, Investment Banking & FI

## SYED IFTIKHAR HUSSAIN RIZVI

Chief Financial Officer

## MUHAMMAD HAMID YASIN

Group Head – Consumer Finance

## MUHAMMAD SAEED RAJA

Group Head – Back Office Governance & Special Projects

## SALMAN QUTB

Group Head – Human Resource Management

## ABRAR ALEEM

Chief Information Officer / Group Head - ITG

## AZHAR NAZIR

Group Head - Centralized Operations

## MUHAMMAD TARIQ GONDAL

Group Head – Compliance & Controls

## ZUBAIR AZIZ

Group Head – Treasury & Foreign Exchange

## ASHAR IQBAL

Head Retail Banking Group - North

## OMAIR UI HAQUE

Head Retail Banking Group - South

## MUHAMMAD IMRAN SIDDIQUE

Group Head – Audit & RAR

## MUFTI SYED SABIR HUSSAIN

Resident Shari'ah Board Member / Head-Shari'ah Compliance Department

## MAIMOONA CHEEMA

Company Secretary & Head of Legal

MCB Islamic Bank

# Sharia'in Board





**PROF. MUFTI MUNIB-UR-REHMAN**

*Chairman Shari'ah Board*



**MUFTI SYED SABIR HUSSAIN**

*Resident Shari'ah Board Member/  
Head-Shari'ah Compliance Department*



**MUFTI NADEEM IQBAL**

*Shari'ah Board Member*



## **PROF. MUFTI MUNIB-UR-REHMAN**

### **Chairman Shari'ah Board**

Prof. Mufti Munib-ur-Rehman, working with MCB Islamic Bank since September 2015, is a renowned Shari'ah scholar with a vast 51 years' teaching and 36 years' fatāwá issuance experience. He remained the member of Shari'ah Advisory Board of Securities and Exchange Commission of Pakistan (SECP) for three terms and the member of the Council of Islamic Ideology Pakistan (CIIP), he rendered voluntary services for the country since 2001 to 2020 as Chairman Central Moon Sighting Committee Pakistan. He served as a Director of Islamic Studies, Hong Kong in 1985. He is the president of Tanzeem-ul-Madaris Ahle Sunnat Pakistan & Secretary General of Ittihad-e-Tanzeemat-e-Madaris Pakistan. He participated in international seminars in Saudi Arabia, UK, Norway, USA, Canada, Kazakhstan, Turkey and other Countries.

He remained member of the Board of Studies of University of Karachi, Federal Urdu University & Board of Intermediate Karachi. He remained member of the syndicate of University of Karachi & PMAS Arid University, Rawalpindi. He is the member of National Curriculum Pakistan & National Education Task Force. He was Shari'ah Adviser of Federal Shariat Court Pakistan. The 11 Volumes of his fatāwá has already published and has vast acceptability amongst Ulama. He is the Principle & Managing Trustee of Jamia Naemias Karachi. He is a Chairman Shari'ah Advisory Committee of Dawood Family Takaful Ltd and remained Chairman Shari'ah Board of Burj Bank Ltd for more than a decade.





## **MUFTI SYED SABIR HUSSAIN**

Resident Shari'ah Board Member/  
Head-Shari'ah Compliance Department

Mufti Syed Sabir Hussain, working with MCB Islamic Bank Ltd. since September 2015, is a prominent Shari'ah Scholar and experienced Islamic Banker with 24 years of teaching, 17 years of Fatāwá and Islamic banking experience. He holds Shahadat-Al-Alimiyah & Takhassus-Fil-Fiqh, M.A Islamic Studies, M.Phil. in Islamic Banking & Finance and M.S (I.T) degrees. He is enrolled in PhD. in Islamic Banking and Finance from International Islamic University, Islamabad (IIUI).

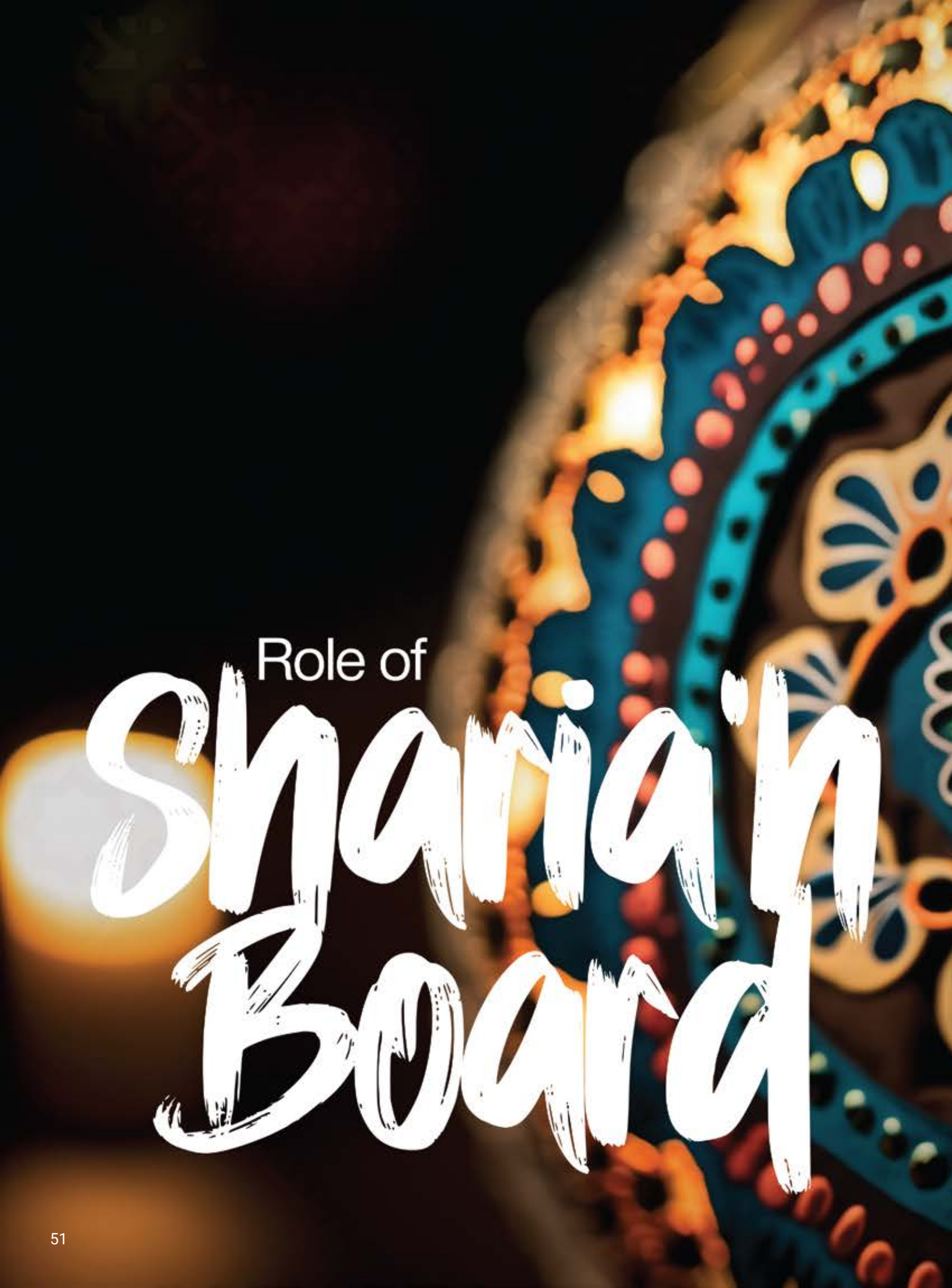
He is ex-member of Shari'ah Advisory Board of SECP, Member of the Committee on Accounting and Auditing Standards of ICAP and invitee participant of Shari'ah Advisory Committee of State Bank of Pakistan and Member of several committees constituted by SBP on AAOIFI Shari'ah standards. He is also the member of working group "Fast Track adoption of International Standards constituted under the Committee for Transformation of Conventional Banking into Islamic. Further, he was member of review committee for Urdu translation of AAOIFI Shari'ah standards. He is author of 34 books on Islamic economics & banking and other social issues; He is also delivering lectures in different Dar-ul-Ulooms and Universities.



## **MUFTI NADEEM IQBAL**

Shari'ah Board Member

Mufti Nadeem Iqbal is the Shari'ah Board Member at MCB Islamic Bank since October, 2018. He is a senior teacher and Mufti at Dar-ul-Uloom Amjadia, Karachi and currently heading Dar-ul-Ifta. He has 32 years' experience of teaching Islamic Jurisprudence and 20 years' experience of issuing Fatāwá. He has 18 years' experience in Islamic Banking. He holds Master's Degree in Islamic Studies from University of Karachi, Takhusus-Fil-Fiqh from Dar-ul-Uloom Amjadia, Karachi, Fazil Dars-e-Nizami, and Fazil Shahada-tul-Almia. He gave his services as Resident Shari'ah Board Member/Shari'ah Advisor at Soneri Bank's Islamic Banking Division for 13 years. He has served as visiting faculty member at Sheikh Zayed Islamic Centre, University of Karachi and Hamdard University, Karachi. He is a writer of several books including Islamic Jurisprudence.



Role of  
**Sharia  
Board**



- The Shari'ah Board (SB) shall advise the BOD and the executive management of the MCB Islamic Bank Ltd. on all Shari'ah related matters. All the SB's Decisions/Rulings/Fatawa shall be binding on the MCB Islamic whereas the Shari'ah Board shall be responsible and accountable for all its Shari'ah decisions and Fatawa.
- The SB shall cause to develop a comprehensive Shari'ah compliance framework for all areas of operations of the MCB Islamic and shall approve all products/services to be offered and/or launched by the MCB Islamic.
- The SB shall ensure that all the MCB Islamic products and services as well as all related agreements, contracts, structures, process flows, product manuals, marketing advertisements, sales illustrations and brochures etc. are in conformity with the rules and principles of Shari'ah. The executive management while seeking the SB's decision on any proposal shall ensure provision of all the necessary information, details and documents enabling the SB to have adequate understanding of the product, its process flows, business and economic outcomes and Shari'ah permissibility or impermissibility.
- The Shari'ah Board shall have unhindered access to all records, documents and information from all sources including professional advisors and MCB Islamic employees in discharge of its duties.
- Considering the importance of the SB's decisions and their binding nature, the SB shall rigorously deliberate on the proposals before giving any decision/ fatwá; all such deliberations and rationale for allowing or disallowing a particular product/service etc. shall be duly recorded and documented.
- All the reports of internal/external Shari'ah audit and Shari'ah compliance reviews shall be submitted to the SB for prescribing appropriate enforcement action. SB shall take up the unresolved issues with the management and if warranted shall include the outstanding issues in their annual Shari'ah Board Report. Moreover, Head of SCD and RSBM shall discuss all the significant and unresolved issues with SBP inspection team during on-site inspection.
- The SB shall also specify the process/procedures for changing, modifying or revisiting Fatawa/Rulings/Guidelines etc. already issued by SB.

### MEETINGS OF SHARI'AH BOARD HELD IN 2023:

Sr. No	Quarter	Date of Meeting	Meeting Attend (Yes / No)		
			Chairman	Member	RSBM
1	Q1	20 Mar 2023	Yes	Yes	Yes
2	Q2	19 Jun 2023	Yes	Yes	Yes
3	Q3	06 Sep 2023	Yes	Yes	Yes
4	Q4	19 Dec 2023	Yes	Yes	Yes

### MEETINGS OF SHARI'AH BOARD-BOARD OF DIRECTORS HELD IN 2023

Sr. No	Half Year	Date of Meeting	Meeting Attend (Yes / No)		
			Chairman	Member	RSBM
1	1st	26 Apr 2023	Yes	Yes	Yes
2	2nd	15 Dec 2023	Yes	Yes	Yes

### NUMBER OF OTHER BOARD MEMBERSHIPS

Sr. No	Name of Members	Date of Joining / Leaving the Board	Status of Member- Chairman/Resident member/ Non Resident Member	Number of Other Board Memberships along with name of companies
1	Mufti Munib-ur-Rehman	15 Sep 2015	Chairman	1) Chairman Shari'ah Supervisory Board ■ Dawood Family Takaful
2	Mufti Syed Sabir Hussain	16 Sep 2015	Resident Member	1) Shari'ah Supervisory Board Member /Consultancy ■ Dawood Family Takaful
3	Mufti Nadeem Iqbal	15 Oct 2018	Non Resident Member	No other engagement



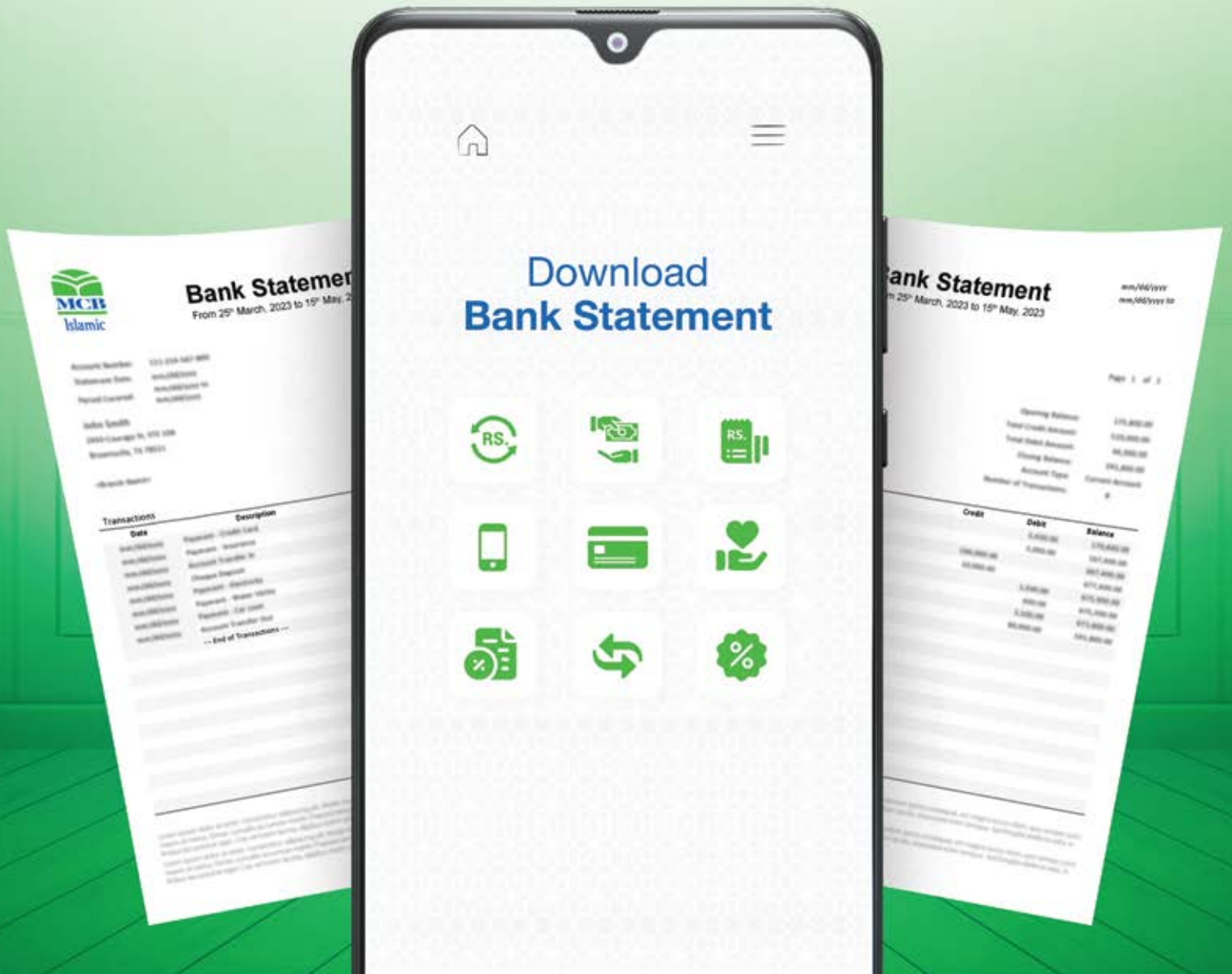
Receive your  
**Account Statement**  
at your **Desired Frequency**

Monthly

Quarterly

Half Yearly

Yearly



It is with great pleasure that I present the Annual Report of MCB Islamic Bank Limited (the Bank) for the year 2023. I am proud to acknowledge the effective leadership of our Board of Directors in steering the Bank towards the accomplishment of its strategic objectives. Despite economic challenges, our management team exhibited extremely effective execution of bank's business plan with dedication, leadership and resilience, resulting in the Bank achieving it's highest-ever Pre-tax Profit of Rs. 10.6 billion for the year, Alhamdulillah.

The Board plays a pivotal role in shaping the strategic direction of the Bank, aligning with our vision, mission, and core values. Upholding stringent standards of Corporate Governance is paramount for the Bank's enduring success, and the Board is committed to maintaining and elevating these standards. Providing policy frameworks and strategic oversight, the Board guides the management in navigating both challenges and opportunities. During the year, the Board Evaluation Committee conducted a comprehensive performance assessment, affirming the satisfactory overall performance, particularly highlighting the Board's effectiveness in achieving the Bank's objectives. In 2021, an external performance evaluation was conducted by BDO Ebrahim & Co., Chartered Accountants, in accordance with the State Bank of Pakistan's guidelines, which stipulate an independent external evaluation once every three years.

The Board strives to uphold and enhance a high standard of governance and best practices within the Bank, focusing on guarding the best interest of the Bank's shareholders. As part of this commitment, the Board has established several sub-committees, each equipped with a comprehensive oversight framework to govern risk management, audit, information technology and other crucial functions vital for accomplishing the Bank's strategic goals.

The banking sector grapples with escalating Credit, Operation and Cyber threats. In response to these

challenges and in alignment with the strategic advice and guidance provided by the Board, the Bank's management upheld prudent financial management practices. This strategic approach enabled the Bank to successfully navigate through uncertainties, ensuring its continued positive contribution to the growth of the Islamic financial system in Pakistan.

Political stability is indispensable for effective governance, instilling confidence among investors, facilitating strategic planning and fostering sustainable economic growth. Despite challenging macroeconomic conditions, the Bank achieved unparalleled performance, maintaining a robust financial standing in alignment with its strategy. This strategy emphasizes business growth, strengthening core deposits, optimizing balance sheet spreads and deploying funds efficiently, all while prioritizing innovative and effective customer support services. Furthermore, the Bank is actively embracing a digital transformation journey to meet the evolving needs of an increasingly digitalized financial sector.

As we reflect on the accomplishments of 2023, it emerges as a commendable year marked by our dedication to excellence and unwavering resilience. This commitment was evident not only in our robust financial performance but also in the enduring trust of our expanding and loyal customer base. On behalf of the Board, I extend our gratitude to regulatory bodies, including the State Bank of Pakistan, Securities and Exchange Commission of Pakistan and Federal Board of Revenue for their valuable assistance, support and cooperation. Heartfelt thanks to our esteemed shareholders for their unwavering confidence in our long-term strategic objectives. Your support and encouragement inspire us to reach greater heights of success. I would also like to express appreciation to our customers for their continued trust and confidence in MCB Islamic Bank and the cause of Islamic banking in Pakistan. As we envision 2024, despite the challenges facing the national economy, I am optimistic about the Bank's continued strong position for sustainable growth and enhanced value for our shareholders.

**RAZA MANSHA**  
*Chairman*



# Communication

## Message



In the midst of a global landscape marked by the challenges of a pandemic, Russia's invasion of Ukraine, regional conflicts in the Middle East and persistent cost-of-living concerns, the world economy has demonstrated remarkable resilience. Despite disruptions in food and energy markets, the complexities of global monetary policy adjustments to curb inflation, the withdrawal of fiscal support amidst mounting debt and the impact of extreme weather events, the global economy has navigated these obstacles, experiencing a slowdown without coming to a standstill. As we conclude this year, we take pride in our Bank's unwavering commitment to overcoming adversities while maintaining a customer centric approach for the benefit of all our stakeholders.

Despite the challenging macroeconomic environment domestically, the year 2023 stands out as a transformative period for MCB Islamic Bank (the Bank). This transformation is evident not only in the substantial growth in our business performance and profitability, setting unprecedented records that have exceeded market expectations, but also in our elevated standing in the marketplace. The Bank has achieved its highest-ever Profit Before Tax of Rs. 10.6 billion marking a remarkable 3.3 times from the previous year. This commendable growth is the result of adept execution of our strategic plans, aimed at meeting and surpassing the high expectations of our valued shareholders.

The Bank's assets experienced impressive growth, expanding by 34% to reach Rs. 267 billion compared to the previous year. In 2023, investments soared by an impressive 82% showcasing the Bank's prudent approach to enhancing profitability while maintaining a robust Capital Adequacy ratio, which closed at 23.79%. Notably, average current deposits witnessed a substantial growth of Rs. 13.5 billion (+33%) during 2023, driven by a strategically focused initiative. The operating income surged to Rs. 18.9 billion, marking an impressive 102% increase attributed to strong volumetric growth in current deposits and favorable movements in the yield curve. Despite facing exceptional inflationary pressures and rupee devaluation, the Bank successfully limited the rise in operating expenses to 24% compared to the previous year, thanks to effective management controls. Return on Assets and Return on Equity showed improvement over the last year, standing at 2.31% and 27.70% respectively.

In 2023, the Bank maintained a strategic focus on growing its no-cost current account base, a key objective contributing to its overall expansion. Non-remunerative deposits witnessed a significant 27% growth, reaching Rs. 63.4 billion, thereby enhancing their proportion to 31% of total deposits by December 31, 2023. The Current Account-Savings Account (CASA) concentration achieved a notable 74%. Furthermore, the Bank achieved a significant milestone as its total deposits surpassed Rs. 200 billion, reaching Rs. 204.5 billion.

In a strategic collaboration with MCB Bank, we introduced a pioneering initiative allowing our customers to use MCB

Bank counters for selected transactions. The customer response has been overwhelmingly positive. As we move into 2024, our focus is on maximizing the potential of this unique First-Time-In-The-Market facility, aiming to expand our market share significantly.

The Pakistan Credit Rating Agency (PACRA) has affirmed the Bank's robust financial standing, maintaining its medium to long-term rating at 'A' and short-term rating at 'A-1' with a stable outlook. Throughout the year, the Bank strategically expanded its ATM network by installing over 150 more secured new ATMs, including the replacement of 116 aging ones. This initiative resulted in a total of 225 ATMs, aligning with the 1:1 ratio set by the State Bank of Pakistan (SBP) guidelines. This proactive effort not only modernizes our ATM infrastructure but also ensures compliance with regulatory standards, providing enhanced secured banking services to our customers.

The Bank's management is dedicated to advancing its standing among Islamic banks through a strategic focus on digital banking, the development of customer-centric products, an extended branch network and a strong emphasis on recruiting and retaining high-potential talent. This comprehensive strategy underscores the commitment to technological innovation, customer satisfaction, and market expansion and talent management, demonstrating our resolve to attain ambitious objectives.

The Bank recognizes its human resources as a critical asset, appreciating their professionalism and dedication. Acknowledging the significance of attracting and retaining skilled talent, the Bank continues to invest in ongoing staff development and engagement programs. This strategic approach ensures that the workforce stays abreast of emerging skill sets. The positive response from the job market reflects a growing interest in MCB Islamic, highlighting the effectiveness of the Bank's commitment to continuous workforce development.

In conclusion, the results showcase that we are on the right growth journey equipped with the right talent to consistently deliver value for our stakeholders. I extend my sincere appreciation to the Chairman and Board of Directors for their leadership and ongoing guidance. I would also like to thank to the State Bank of Pakistan, Securities & Exchange Commission of Pakistan, other regulatory authorities and the Shar'ah Board for their consistent guidance and support. The dedication of our team members in realizing the Bank's vision and preparing for substantial growth in the upcoming months and years is duly acknowledged. The commitment and hard work of our team strengthen our determination to serve the Bank's valued customers with increased diligence, interest and passion. Through our dedication, teamwork and shared purpose, I am confident that we will surpass expectations and fulfill the needs of our shareholders, customers, employees and regulators, In Sha Allah.

**ZARGHAM KHAN DURRANI**  
*President / CEO*



# President's Message



Enhance Convenience with Our  
**FOREIGN CURRENCY  
CURRENT ACCOUNT**



**Acceptable Currency**  
USD, GBP, EURO & JPY

**Free Online**  
Banking

**Unlimited Deposits**  
& Withdrawals



# DIRECTORS' REPORT TO THE MEMBERS

As representatives of the Board of Directors (The Board) of MCB Islamic Bank Limited (the Bank), we take pleasure in presenting the Annual Report for the year ending December 31, 2023.

*Rupees in Million*

Statement of Financial Position	Dec 31, 2023	Dec 31, 2022	Growth
Deposits	204,460	154,001	33%
Total Assets	267,000	199,040	34%
Investments – net	132,544	72,669	82%
Islamic Financing – net	89,347	90,302	-1%
Shareholders' Equity (including revaluations)	22,036	16,347	35%
Profit & Loss Account	YTD Dec 2023	YTD Dec 2022	Growth
Operating income	18,921	9,390	102%
Operating and other expenses	7,649	6,046	27%
Provisions against financing & investments	(704)	(141)	4.99 Times
Profit before taxation	10,568	3,203	3.3 Times
Profit after taxation	5,153	1,548	3.33 Times
Basic / diluted earnings per share - Rs.	3.314	1.125	2.95 Times

## PERFORMANCE REVIEW

In 2023, the Pakistani banking industry demonstrated remarkable resilience amid formidable challenges, including soaring inflation, climate change-related costs, economic stagnation, and political uncertainty.

In this context, our Bank proactively navigated the complexities of the economic and operational landscape, adhering to a strategic framework centred on consistent growth. This involved leveraging low-cost deposit mobilization, timely investment ventures, and adherence to prudent financing practices. Underpinned by an efficient organizational structure, robust risk management, and stringent regulatory compliance, the Bank reported a commendable profit before tax of **Rs. 10.57 billion for the year ending December 31, 2023, Alhamdulillah.**

As of December 31, 2023, the Bank's Deposits surged to Rs. 204 billion, reflecting an impressive 33% growth compared to Rs. 154 billion as of December 31, 2022. The Bank's Current and Saving Account (CASA) mix stands at a healthy 74%, with non-remunerative Deposits comprising 31% of the total deposit mix. Notably, the Bank achieved substantial growth in Current Accounts by Rs. 13.33 billion (27%) during the year. Emphasizing Islamic Banking, we continue to reach potential non-banked customers through a diverse range of Islamic Banking products, ensuring service excellence.

Total assets witnessed a significant 34% increase, reaching Rs. 267 billion as of December 31, 2023, compared to Rs. 199.04 billion a year prior. The net Financing position closed at Rs. 89.35 billion, demonstrating prudent financial management, while investments rose to Rs. 132.54 billion. The Bank's Capital Adequacy increased by 3.38% points, concluding at 23.79%. The management maintains unwavering focus on efficient capital management, superior asset quality, and a high-yielding portfolio.

Throughout the year, the Bank generated an operating income of Rs. 18.92 billion, achieving a return on earning assets at 17.69%, with a net spread of 8.51%. However, operating and other expenses rose by 27% due to heightened inflation and Rupee devaluation. This escalation is vigilantly monitored through effective management controls to sustain profitability.

In light of these developments, the Bank's profit and loss statement sustained an after-tax profit of Rs. 5.153 billion for the year, a notable improvement from Rs. 1.548 billion in the previous year. Earnings per share after tax rose to Rs. 3.314 for the year under review, compared to Rs. 1.125 in the prior year.

## CREDIT RATING

Pakistan Credit Rating Agency (PACRA) has reaffirmed the Bank's medium to long-term rating as 'A' and the short-term rating as 'A-1,' maintaining a stable outlook.

## ECONOMIC REVIEW

In the face of a challenging global economic landscape marked by tight monetary policies, restricted financial conditions, and sluggish global trade growth, the economy has shown resilience and continues to soften. The recent conflict in the Middle East has elevated geopolitical risks and introduced uncertainty in commodity markets, adding to the persistent effects of the COVID-19 pandemic, the Russian Federation's invasion of Ukraine, and the surge in global inflation. The International Monetary Fund (IMF) projects a gradual decline in global inflation from 8.7% in 2022 to 6.9% in 2023, accompanied by a deceleration in global growth from 3.5% in 2022 to 3% in 2023.

Within the Pakistani economic landscape, the fiscal year 2023 posed significant challenges, including mounting inflation, escalating fuel prices, considerable currency devaluation, political uncertainty, rising policy rates, and a substantial budget deficit. However, the last five months of 2023 witnessed a remarkable performance on the Pakistan Stock Exchange (PSX), signaling improved economic health and a positive outlook for the ongoing fiscal year. IMF's growth estimation for Fiscal Year (FY) 2023 is negative 0.5% against 6.0% of 2022.

Despite these challenges, the real interest rate remains positive and Fitch Ratings upgraded Pakistan's Long-Term Foreign-Currency Issuer Default Rating (IDR) from 'CCC-' to 'CCC,' reflecting enhanced stability during the year. The successful completion of the IMF Pakistan's Stand-By Arrangement program's first review unlocked financial inflows, slightly improving the State Bank of Pakistan (SBP)'s FX reserves.

In December 2023, the National Consumer Price Index (CPI) recorded a year-on-year increase to 29.7%, compared to 24.5% the previous year. Although the CPI remained elevated, there was a slight decline of 1.7% from the peak of 31.4% in September 2023. SBP responded to inflationary pressures by implementing a cumulative 600 basis point increase in the policy rate, reaching 22% in 2023. This significant hike aimed to curb aggregate demand and counter high inflation, contributing to a noticeable uptick in domestic food prices.

Large Scale Manufacturing in July-October FY 2024 contracted by 0.4% compared to the same period last year, driven by declines in various sectors, including Food, Beverages, Coke & Petroleum Products, Wearing Apparel, Leather, Chemicals, Pharmaceuticals, Non-Metallic Mineral Products, Rubber Products, Fabricated Metals, Machinery and Equipment, among others.

On the external front, during July-December FY 2024, the Current Account deficit recorded a significant reduction to USD 831 million, down from USD 3.63 billion in the same period the previous year. This improvement was attributed to stricter import policies and administrative measures. Exports increased by 7.5% to USD 15.3 billion, while imports declined by 14.7% to USD 25.2 billion, resulting in a narrowed trade deficit of USD 9.9 billion, compared to USD 15.4 billion the previous year. Workers' remittances amounted to USD 13.4 billion, reflecting a 6.8% decrease. Foreign exchange reserves stood at USD 12.7 billion as of December 31, 2023, with a depreciation of more than 24% in the exchange rate year-on-year.

On the fiscal front, the overall deficit marginally contracted during the period July-October FY 2024, recording 0.8% of GDP (Rs. 861.7 billion), compared to 1.5% of GDP (Rs. 1,265.8 billion) in the same period the previous year.



The KSE-100 Index closed at 62,451.04 points on December 31, 2023, representing an upward shift by 22,030 points from December 31, 2022.

The assets and deposits of the Islamic banking industry experienced significant growth, with an increase of Rs. 1,188 billion and Rs. 999 billion, respectively during the period of January to September 2023. The total assets and deposits recorded a substantial rise of 16% and 19%, reaching Rs. 8,417 billion (with a market share of 19.6%) and Rs. 6,160 billion (with a market share of 22.5%), respectively. Additionally, the branch network expanded, closing at 4,666 branches by the end of September 2023.

## RISK MANAGEMENT

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The Risk Management Framework includes governance, organizational structure, policies, procedures, risk assessment techniques, systems, early warning indicators, and reporting mechanisms. Aligned with the Board's strategy, the independent Risk Management Function follows international best practices and SBP guidelines, ensuring rigorous measurement, analysis, control, and monitoring of risks.

The Risk Management & Portfolio Review Committee, a subcommittee of Board and Management Finance Committee provide guidance on credit, market, operational, and fraud risks. The Bank is confident in its risk-bearing capacity to withstand challenges in the business environment.

Market risk is managed through Basel ratios, Internal Capital Adequacy Assessment, behavioral studies, and stress testing. The Bank actively ensures compliance with SBP's instructions for implementing International Financial Reporting Standard 9.

Asset Liability Management, Liquidity Strategy, and Contingency Funding Plan ensure timely liquidity and optimal contribution to profitability. The Asset Liability Committee oversees assets and liabilities management.

Operational risk is managed through diverse data collection mechanisms, including operational losses, near-miss events, control breaches, and risk control exercises. Business continuity and disaster recovery planning are regularly reviewed, with staff training for risk awareness.

Dedicated departments manage fraud risk, including a '24x7 fraud detection unit' for proactive tracking of digital banking transactions. IT security risks are mitigated through automated solutions, risk assessments, access reviews, and continuous monitoring via a 24x7 Security Operations Centre.

The Bank addresses Shari'ah Non-Compliance Risk through dedicated oversight by the Shari'ah Board, Shari'ah Compliance Department, Shari'ah Audit Department, and the Shari'ah Non-Compliance Risk Management Committee to ensure conformity with Shari'ah principles.

## STATEMENT ON INTERNAL CONTROL

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The Board is pleased to support the management's statement regarding internal controls, including management's assessment of the Internal Control over Financial Reporting (ICFR). The Management's Statement on Internal Control is featured in the Annual Report.

## STATEMENT UNDER CODE OF CORPORATE GOVERNANCE AND SECTION 227 OF COMPANIES ACT 2017

The Board is dedicated to ensuring full compliance with the Corporate Governance requirements outlined by the Securities and Exchange Commission of Pakistan. The Bank adheres to sound Corporate Governance practices, and the Directors are pleased to report the following:

- The financial statements accurately represent the Bank's state of affairs, operations, cash flows, and changes in equity.
- Proper books of accounts have been diligently maintained.
- Consistent application of appropriate accounting policies in financial statement preparation, with reasonable and prudent judgment in accounting estimates.
- Adherence to International Financial Reporting Standards applicable to banks in Pakistan, with any deviations adequately disclosed.
- No material departure from best practices of Corporate Governance.
- No significant doubts about the Bank's ability to continue as a going concern.
- Transfer of Rs. 1,030.7 million profit to Statutory Reserve for the year 2023.
- A soundly designed and effectively implemented Internal Control System.
- MCB Bank Limited (Parent Bank) holding 1,554,999,993 shares of the Bank as of December 31, 2023, with non-executive directors holding 07 shares each.
- Statement of Compliance with Code of Corporate Governance included in the Annual Report.
- Composition of the Board detailed in the Corporate Governance Section.
- Committees of the Board, along with their Terms of Reference, disclosed separately.
- Details of the number of Board and committees' meetings held during the year, along with attendance by each Director, disclosed in the Corporate Governance Section.
- Names of individuals who were directors during the financial year disclosed in the Corporate Governance Section.
- Details of remuneration of Chairman, President/CEO, and Non-Executive Directors, including independent Directors, disclosed in note 37 of the financial statements.
- Non-executive directors receive reasonable remuneration for attending meetings, avoiding compromise of independence.
- No fee is paid to Directors who do not attend meetings, and no fee for resolutions considered through circulation.
- Details of directors' training programs outlined in the Statement of Compliance with the Code of Corporate Governance.
- Presentation of key operating and financial data for the last five years in the Annual Report.
- The value of investments of the Bank's Provident Fund, based on unaudited accounts at December 31, 2023, amounted to Rs. 610.7 million.
- No overdue statutory payments on account of taxes, duties, levies, and charges.



## CHARITY FUNDS MANAGEMENT

Charity stands as a fundamental pillar in fostering a thriving society, and the Bank upholds its commitment to giving back, aligning with the principles of Ihsan in Islam, both directly and indirectly.

To discourage system misuse, customers are required to contribute to a charity account in case of late payments. Additionally, during Shari'ah audits, if a transaction is found to deviate from the defined Shari'ah compliance process, the income from such a transaction is directed to the charity account. In 2023, a total of Rs. 15.5 million was disbursed from the charity account on behalf of customers to allocate funds to various charitable organizations, as elaborated in Note 19.2 of the Financial Statements.

## TRADING OF SHARES OF THE BANK

The Bank is presently a non-listed entity; therefore, no transactions involving the shares of the Bank were executed by the Directors, executives, or their spouses and minor children during the year 2023.

## AUDITORS

The outgoing auditors, M/s. A. F. Ferguson & Co., Chartered Accountants, who are eligible for reappointment, have expressed their willingness to continue for the next term. Following the recommendations of the Audit Committee, the Board endorses the reappointment of M/s. A. F. Ferguson & Co., Chartered Accountants, as the statutory auditors for the financial year ending December 31, 2024.

## FUTURE OUTLOOK

The global economic outlook is poised to further decelerate this year, marked by ongoing impacts of tight monetary policy, financial constraints, and sluggish trade and investment. Potential risks include Middle East conflict escalation, financial stress, persistent inflation, China's economic activity, trade challenges, and climate-related disasters. IMF anticipates a global inflation drop from 5.9% in 2023 to 4.8% in 2024, alongside growth forecasts of 2.9% (IMF) and 2.4% (World Bank) for 2024, marking a potential fourth consecutive weakest year in three decades.

Domestically, Pakistan aims for political stability, fiscal deficit reduction, and positive real interest rates. Regulatory measures, a favourable agriculture outlook, and eased supply chain constraints may curb inflation, projected to decrease to 18.5% by end-June 2024. IMF's review of Pakistan's economic reform program unlocks around USD 700 million, enhancing financial inflows and FX reserves. Comprehensive fiscal reform is vital for economic recovery. IMF forecasts 2.5% GDP growth in 2024 and 3.6% in 2025, contrasting with the World Bank's projections of 1.7% growth in 2024 and 2.4% in 2025.

As digital financial services gain traction, the banking sector faces heightened risks like credit, operations, and cyber threats. Strategic risk management improvements are crucial to address evolving risks effectively.

In the face of challenges, our commitment to sustainable growth remains unwavering. Leveraging recent momentum, we prioritize enhanced profitability through strategic initiatives—acquiring cost-effective deposits, optimizing high-earning assets, and advancing digitization. Simultaneously, our focus extends to robust IT enhancements, elevated staff satisfaction, and best-in-class management practices. As we navigate complexities, we forge ahead, confident in our ability to thrive and lead in the ever-evolving landscape of banking and finance.

## ACKNOWLEDGMENT

On behalf of the Board and management, we extend heartfelt appreciation to our valued customers, esteemed business partners, and dedicated shareholders for their unwavering patronage and trust. We extend our gratitude to the State Bank of Pakistan, Securities & Exchange Commission of Pakistan, other regulatory authorities and Shari'ah Board for their consistent guidance and support. The Board sincerely commends the invaluable contributions of our dedicated staff members, whose commitment has played a pivotal role in fostering the growth of our franchise, even amid challenging business conditions.

For and on behalf of the Board of Directors



**RAZA MANSHA**  
Chairman

Date: February 03, 2024



**ZARGHAM KHAN DURRANI**  
President / CEO

سال 2024ء کے لیے 4.8 فیصد پر اندازہ کیا ہے۔ اس کے ساتھ ساتھ سال 2024ء کے لیے نمو کی پیش بینی 2.9 فیصد (آئی ایم ایف) اور 2.4 فیصد (عالمی بینک) پر کی گئی ہے جو کہ گزشتہ تین دہائیوں میں مسلسل چوتھا کمزور ترین سال ہے۔

داخلی طور پر، پاکستان سیاسی استحکام، مالی خسارے میں کمی اور مثبت حقیقی انٹرسٹ ریٹ کے حصول کا اعادہ کیے ہوئے ہے۔ انظباطی و اصلاحاتی اقدامات، سازگار زرعی پیش بینی اور رسد میں حائل رکاوٹوں میں ہونے والی آسانی سے افراط زر میں کمی ہو سکے گی۔ جس کی جون 2024ء کے اختتام تک متوقع شرح کمی کے ساتھ 18.5 فیصد پر آنے کی توقع ہے۔ آئی ایم ایف کے پاکستان کی معاشی اصلاحات کے پروگرام کے تجزیے سے تقریباً 700 ملین امریکی ڈالر کے اضافی وسائل دستیاب ہوئے ہیں جس سے مالیاتی وصولیوں اور زر مبادلہ کے ذخائر میں اضافہ ہوا ہے۔ معاشی بحالی کے لیے جامع مالی اصلاحات ناگزیر ہیں۔ آئی ایم ایف نے مالی سال 2024ء کے لیے جی ڈی پی کی نمو کی شرح 2.5 فیصد اور سال 2025ء کے لیے 3.6 فیصد پر توقع کی ہے۔ اس کے مقابلے میں ورلڈ بینک نے سال 2024ء کے لیے نمو کا تخمینہ 1.7 فیصد اور سال 2025ء کے لیے 2.4 فیصد پر تجویز کیا ہے۔ جیسا کہ ڈیجیٹل خدمات توجہ حاصل کر رہی ہیں اسی بناء پر بینکنگ کے شعبے کو اس مد میں خدمات میں اضافے کا سامنا ہے جس میں کریڈٹ، آپریشنز اور سائبر تھریٹس شامل ہیں۔ ان ارتقاء پذیر خطرات کے موزوں تدارک کے لیے رسک مینجمنٹ میں اسٹریٹجک بہتری نہایت ضروری عمل ہے۔

ان خدمات اور چیلنجز کے تناظر میں پائیدار نمو کے حصول کے لیے ہمارا عزم غیر متزلزل ہے۔ حالیہ تحریک سے مستفید ہوتے ہوئے ہم نے اسٹریٹجک اقدامات کے آغاز کے ذریعے منافع میں اضافے کو ترجیح بنایا ہے۔ جن میں کم لاگت پر منحصر ڈیپازٹس کے حصول، بلند شرح آمدنی کے حامل اثاثہ جات کے معیار کی موزونیت اور قرضہ جات کی ڈیجیٹلائزیشن شامل ہے۔ اسی مماثلت میں ہماری توجہ آئی ٹی کے مضبوط فروغ، اسٹاف کے اطمینان اور اعتماد میں اضافے اور بہترین معیار کی انتظامی طریقہ کار کو اختیار کرنے پر بھی مرکوز ہے۔ ان دشواریوں سے گزرتے ہوئے ہم مستقبل میں اپنی کوششوں اور بینکنگ اور فنانس کے تیزی سے بدلتے منظر نامے میں کلیدی کردار ادا کرنے کی اپنی صلاحیتوں کے بارے میں پر اعتماد ہیں۔

## تسلیم و تحسین:

بورڈ آف ڈائریکٹرز اور مینجمنٹ کی جانب سے ہم اپنے معزز صارفین، قابل احترام کاروباری شراکت داروں اور سرگرم شیئر ہولڈرز کا انکے مسلسل اعتماد اور تعاون پر تہہ دل سے مشکور ہیں۔ ہم اسٹیٹ بینک آف پاکستان، سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان، دیگر انضباطی اداروں اور شریعہ بورڈ کی جاری معاونت اور رہنمائی پر بھی بے حد شکر گزار ہیں۔ بورڈ آف ڈائریکٹرز اپنے ملازمین کی خدمات کا پُر خلوص اعتراف کرتے ہیں جنکی ان تھک محنت اور عزم کی بدولت ادارے نے مشکل کاروباری ماحول میں بھی شاندار ترقی کی ہے۔

مخانب و برائے بورڈ آف ڈائریکٹرز:



زرغام خان درانی  
 پریزیڈنٹ / سی ای او

3 فروری 2024



رضا منشاء  
 چیئرمین



- ایسے اشخاص جو مالی سال کے دوران کسی بھی مدت کے لیے بینک کے ڈائریکٹر رہے ہیں، انکی تفصیل کو کارپوریٹ گورننس کے سیکشن میں تحریر کیا گیا ہے۔
- چیئرمین، پریزیڈنٹ / چیف ایگزیکٹو آفیسر (سی ای او) اور نان ایگزیکٹو ڈائریکٹرز بشمول آزاد ڈائریکٹرز کی تفصیل نوٹ 37 میں مہیا کی گئی ہے۔
- نان ایگزیکٹو ڈائریکٹرز تمام اجلاسوں میں شرکت کے عوض نہایت معقول اور مناسب معاوضہ وصول کرتے ہیں تاکہ آزاد حیثیت کے بارے کسی مفاہمت یا سمجھوتے کا تاثر کو دور کیا جاسکے۔ ایسے ڈائریکٹر جو کسی اجلاس میں شرکت نہیں کرتے انکو کسی معاوضے کی ادائیگی نہیں کی جاتی اور سرکولیشن کے ذریعے منظور کی گئی قراردادوں کے لیے بھی کوئی معاوضہ ادا نہیں کیا جاتا۔
- ڈائریکٹرز کے ٹریننگ پروگرام کی تفصیل، کوڈ آف کارپوریٹ گورننس کی تعیلات کے بیانیہ میں درج کی گئی ہے۔
- گزشتہ 5 سال کا نمائندہ کاروباری اور مالیاتی ڈیٹا سالانہ رپورٹ میں پیش کیا گیا ہے۔
- 31 دسمبر 2023ء تک پروویڈنٹ فنڈ کی سرمایہ کاری کی قدر بمطابق غیر آڈیٹڈ اکاؤنٹس 610.7 ملین روپے رہی۔
- بینک کے ذمہ کسی طرح کا کوئی ٹیکس / محصول، ڈیوٹی یا اس سے متعلقہ دیگر اخراجات واجب الادا نہیں ہے۔

## خیراتی فنڈز کا انتظام:

خیرات معاشرے کی ترقی و بود و باش کے فروغ میں بنیادی ستون کی حیثیت کی حامل ہے اور بینک اسلام میں بلواسطہ یا بلاواسطہ دونوں طریقوں سے احسان کے اصول سے مکمل ہم آہنگی کے ساتھ اس عزم کا اعادہ کرتا ہے کہ معاشرے میں اس امر کو تقویت حاصل ہو۔

نظام کے غلط استعمال کی حوصلہ شکنی کرنے کی خاطر صارفین کو تاخیر سے ادائیگیاں کرنے کی صورت میں ایک خیراتی اکاؤنٹ میں مالی شمولیت اختیار کرنا پڑتی ہے۔ علاوہ ازیں شریعہ آڈٹ کے دوران، اگر کسی ایسی ٹرانزیکشن کی نشاندہی ہو جائے جو کہ مروجہ شریعہ کبیلاننس کے طریقہ کار سے ہٹ کر کی گئی ہو یا متصادم تو ایسی ٹرانزیکشن سے حاصل ہونے والی تمام آمدنی خیراتی اکاؤنٹ میں منتقل کر دی جاتی ہے۔ سال 2023ء کے دوران، صارفین کی جانب سے، 15.5 ملین روپے کی خطیر رقم خیراتی اکاؤنٹ سے مختلف خیراتی اداروں کو منتقل کی گئی۔ جیسا کہ فنانٹل اسٹیٹیمینٹس کے نوٹ نمبر 19.2 میں واضح کیا گیا ہے۔

## بینک کے حصص کی ٹریڈنگ / کاروبار:

بینک فی الوقت ایک غیر لسٹڈ ادارہ ہے۔ لہذا اس کے ڈائریکٹرز، عہدہ داران اور ان کے شریک حیات اور نابالغ بچوں میں سے کسی نے بھی سال 2023ء کے دوران شیئرز کی خرید و فروخت سے متعلق کوئی لین دین نہیں کیا۔

## آڈیٹرز:

بینک کے ریٹائر ہونے والے آڈیٹرز میسرز اے۔ ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس جو کہ دوبارہ تعیناتی کے اہل ہیں، نے اگلی مدت کے لیے بھی اپنی دستیابی اور رضامندی ظاہر کی ہے۔ آڈٹ کمیٹی کی سفارشات کے مطابق، بورڈ، میسرز اے۔ ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کو 31 دسمبر 2024ء کو اختتام پذیر سال کے لیے قانونی (Statutory) آڈیٹرز کے طور پر بھی دوبارہ تعیناتی کی منظوری دیتا ہے۔

## مستقبل کی پیش بینی:

اس سال کے دوران، عالمی معاشی پیش بینی، سخت مالیاتی پالیسی کے جاری رہنے کے اخراجات، مالیاتی دشواریوں، تجارت اور سرمایہ کاری میں سست رجحان کے باعث مزید سست روی کا شکار ہو سکتی ہے۔ اس بارے میں متوقع خطرات و خدشات میں مشرق وسطیٰ کے تنازعے کے پھیلاؤ، مالیاتی دباؤ، مسلسل افراط زر، چین کی معاشی سرگرمی، تجارت کو لاحق چیلنجز اور موسمیاتی تبدیلی سے متعلقہ آفتیں شامل ہیں۔ آئی ایم ایف نے عالمی افراط زر کی شرح میں سال 2023ء کی 5.9 فیصد کی سطح سے تخفیف کرتے ہوئے اس کی شرح کو

کاروباری خدشات کا انتظام، ڈیٹا کو اکٹھے کرنے کے متنوع نظام جس میں کاروباری نقصانات، حالیہ ضائع کیے گئے مواقع، کنٹرول میں ہونے والی کوتاہیوں اور خدشات پر قابو پانے کی مشقیں شامل ہیں، سے کیا جاتا ہے۔ کاروبار کو جاری رکھنے اور کسی بھی مشکل و تباہی سے بچنے کے منصوبوں کی تواتر سے جانچ کی جاتی ہے اور خدشات سے آگاہی کے لیے اسٹاف کی ٹریننگ کا اہتمام بھی اس کے ساتھ دیکھا جاتا ہے۔

فراڈ کے خدشات کے تدارک کے لیے ایک ڈیپارٹمنٹ مختص ہے جس میں ایک 24x7 فراڈ ڈیکشن یونٹ (Fraud Detection Unit) شامل ہے تاکہ ڈیجیٹل بینکنگ کے لین دین کی پیش قدم ٹریڈنگ کی جاسکے۔ آئی ٹی سیکورٹی کے خدشات کا تدارک خود کار نظام، خدشات کی تشخیص، رسائی کے جائزے اور ایک سیکورٹی آپریشنز سینٹر، جو 24x7 کام کرتا ہے، کے ذریعے کیا جاتا ہے۔

بینک شریعہ کی عدم تعمیلات کے خدشات کا انتظام شریعہ بورڈ، شریعہ کپلائنس کے ڈیپارٹمنٹ، شریعہ آڈٹ ڈیپارٹمنٹ اور شریعہ نمان کپلائنس رسک مینجمنٹ کمیٹی کی مختص شدہ نگرانی کے ذریعے کرتا ہے تاکہ شرعی اصولوں سے ہم آہنگی کو یقینی بنایا جاسکے۔

## انٹرنل کنٹرول (اندرونی انضباط) کا بیانیہ:

بورڈ آف ڈائریکٹرز انتہائی مسرت سے اندرونی انضباط سے متعلق انتظامیہ کے بیانیہ بشمول انتظامیہ کے آئی سی ایف آر (ICFR) کے تخمینے کی توثیق کرتا ہے۔ انتظامیہ کا اندرونی انضباط کا بیانیہ سالانہ رپورٹ میں شامل ہے۔

## لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء اور کمپنیز ایکٹ 2017ء کے سیکشن 227 کے تحت بیانیہ:

بورڈ آف ڈائریکٹرز اس امر کو یقینی بنانے کے لیے کوشاں ہے کہ سیکورٹی اینڈ اینٹی کوریپشن کمیشن آف پاکستان کی جانب سے وضع کردہ کارپوریٹ گورننس کے مطلوبات کو مکمل طور پر پورا کیا جائے۔ بینک نے کارپوریٹ گورننس کے بہترین اصولوں کو اختیار کیا ہے اور ڈائریکٹرز نہایت مسرت سے مندرجہ ذیل بیان کرتے ہیں:

- فنانشل اسٹیٹمنٹس بینک کے معاملات، کارکردگی، نقدی کے بہاؤ (کیش فلوز) اور ایکویٹی میں تبدیلیوں کا نہایت درستگی سے اظہار کرتی ہیں۔
- بینک کے اکاؤنٹس کی مکمل دستاویزات بھرپور تندہی اور توجہ سے تیار کی گئی ہیں۔
- فنانشل اسٹیٹمنٹس کی تیاری میں اکاؤنٹنگ کی مخصوص پالیسیوں کا یکساں اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے موزوں اور محتاط اندازوں پر مبنی ہیں۔
- فنانشل اسٹیٹمنٹس کی تیاری میں پاکستان میں قابل اطلاق انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز کو مد نظر رکھا گیا ہے اور اس سے کسی بھی انحراف کو وضاحت کے ساتھ بیان کیا گیا ہے۔
- کارپوریٹ گورننس کے بہترین معیار اور ضابطہ عمل سے کوئی قابل ذکر انحراف نہیں کیا گیا ہے۔
- بطور ادارہ بینک کے کام جاری رکھنے کی اہلیت میں کسی شک و شبہ کی گنجائش نہیں ہے۔
- 1,030.7 ملین روپے کا منافع سال 2023ء کے قانونی (statutory) ریزرو میں منتقل کیا گیا ہے۔
- اندرونی انضباط کا نظام مضبوط و خال پر استوار کیا گیا ہے اور نہایت مؤثر انداز میں نافذ اور جانچا جاتا ہے۔
- 31 دسمبر 2023ء تک ایم سی بی بینک لمیٹڈ (ملکییتی کمپنی) کے پاس 1,554,999,993 حصص، جبکہ نان ایگزیکٹو ڈائریکٹرز کی ملکیت میں فی کس کے حساب سے 7 حصص رہے۔
- کوڈ آف کارپوریٹ گورننس کی تعمیلات کا بیانیہ سالانہ رپورٹ میں شامل ہے۔
- بورڈ کی تشکیل کارپوریٹ گورننس کے سیکشن میں درج کی گئی ہے۔
- بورڈ کی کمیٹیوں اور ان کے دائرہ کار و اختیار کو علیحدہ طور پر تحریر کیا گیا ہے۔
- سال کے دوران، بورڈ اور کمیٹیوں کے منعقد شدہ اجلاسوں اور ان میں ہر ڈائریکٹر کی شرکت کی تفصیل کو سالانہ رپورٹ کے کارپوریٹ گورننس کے سیکشن میں تحریر کیا گیا ہے۔



صارف کی قیمتوں کے قومی جدول (نیشنل کنزیومر پرائس انڈیکس - سی پی آئی) میں گزشتہ سال کی 24.5 فیصد کی شرح کی نسبت، دسمبر 2023ء کے دوران، سال بہ سال کی بنیاد پر 29.7 فیصد کا اضافہ درج ہوا۔ اگرچہ، سی پی آئی میں اضافہ برقرار رہا، تاہم، اسکی شرح میں 31.4 فیصد کی بلند ترین شرح کو چھو کر، ستمبر 2023ء میں 1.7 فیصد کی معمولی تخفیف دیکھی گئی۔ اسٹیٹ بینک آف پاکستان نے افراط زر کے دباؤ کے رد عمل کے طور پر سال 2023ء میں پالیسی ریٹ میں مجموعی طور پر 600 بیس پوائنٹس کا اضافہ کرتے ہوئے اس کی شرح کو 22 فیصد پر مقرر کر دیا۔ اس نمایاں اضافے کا مقصد اگرچہ مجموعی طلب میں کمی اور افراط زر کا تدارک تھا تاہم، یہ داخلی اجناس کی قیمتوں میں قابل ذکر اضافہ کا باعث بھی بنا۔

مالی سال 2024ء کے جولائی تا اکتوبر کے عرصہ کے دوران بڑے پیمانے کی پیداواری صنعت گزشتہ سال کے مماثلٹی عرصہ کی نسبت 4.0 فیصد تک سکوڑ گئی۔ جس کے باعث دیگر شعبوں جن میں اجناس (اشیائے خورد و نوش)، مشروبات، کونسلے اور پیٹرو لیوم اور اڈکس، ملبوسات، چمچے کی اشیاء، کیمیکلز، فارماسیوٹیکلز، غیر دھاتی معدنیاتی پراڈکٹس، بڑی اشیاء، فیبرکے ٹیڈ دھاتیں، مشینری اور آلات میں بھی کمی واقع ہوئی۔

بیرونی محاذ پر، مالی سال 2024ء کے جولائی تا دسمبر کے عرصے کے دوران، کرنٹ اکاؤنٹ خسارہ گزشتہ سال کے اسی مماثلٹی عرصہ کے 3.63 بلین امریکی ڈالر کے حجم کی نسبت نمایاں کمی کے ساتھ 831 بلین امریکی ڈالر زپر بیکارڈ کیا گیا۔ اس بہتری کے بنیادی وجوہ سخت درآمدی پالیسیاں اور انتظامی اقدامات تھے۔ برآمدات 7.5 فیصد کے اضافے کے ساتھ 15.3 بلین امریکی ڈالر، جبکہ، درآمدات 14.7 فیصد کی کمی کے ساتھ 25.2 بلین امریکی ڈالر زپر درج ہوئیں۔ جس کے نتیجے میں تجارتی خسارہ گزشتہ سال کے 15.4 بلین امریکی ڈالر کے مقابلے میں کم ہوتا ہوا 9.9 بلین امریکی ڈالر زپر پہنچ گیا۔ افرادی ترسیلات زر 6.8 فیصد کی کمی کے ساتھ 13.4 بلین پر درج ہوئیں۔ غیر ملکی زرمبادلہ کے ذخائر 31 دسمبر 2023ء تک 12.7 بلین امریکی ڈالر زپر رہے اور اس کے ساتھ شرح تبادلہ میں، سال بہ سال کی بنیاد پر، 24 فیصد سے زیادہ کی فرسودگی ہوئی۔

مالیاتی محاذ پر، مالی سال 2024ء کے جولائی تا اکتوبر کے عرصے کے دوران، مجموعی خسارہ گزشتہ سال کے مماثلٹی عرصے کے دوران کی جی ڈی پی کی 1.5 فیصد کی شرح (1,265.8 بلین روپے) کے مقابلے میں قدرے معمولی کمی کے ساتھ جی ڈی پی کی 0.8 فیصد کی شرح (861.7 بلین روپے) پر درج ہوا۔

کے ایس ای 100 - انڈیکس 31 دسمبر 2023ء تک 62,451.04 پوائنٹس پر بند ہوا جو کہ 31 دسمبر 2022ء تک کی 22,030 پوائنٹس سے بہتری کے رجحان کا مظہر ہے۔

اسلامی بینکاری کی صنعت کے اثاثہ جات اور ڈیبٹس میں قابل قدر نمود کیھی گئی۔ جن میں مالی سال 2023ء کے جنوری تا ستمبر کی مدت کے دوران، بالترتیب 1,188 بلین روپے اور 999 بلین روپے کا اضافہ دیکھا گیا۔ کل اثاثہ جات اور ڈیبٹس 16 فیصد اور 19 فیصد کے بالترتیب نمایاں اضافے کے ساتھ 8,417 بلین روپے (مارکیٹ شیئر 19.6 فیصد کے ساتھ) اور 6,160 بلین روپے (مارکیٹ شیئر 22.5 فیصد کے ساتھ) پر پہنچ گئے۔ علاوہ ازیں، ستمبر 2023ء کے اختتام تک برانچوں کا نیٹ ورک پھیلتے ہوئے 4,666 برانچوں پر درج ہوا۔

## خدشات کا انتظام (رسک مینجمنٹ)

خدشات کے انتظام کا فریم ورک گورننس، انتظامی ڈھانچے، پالیسیوں اور طریقہ کار، خدشات کی تخصیص کی تکنیک، سسٹمز (نظام)، خطرات و خدشات کے فوری اور جلد انتباہ کے اشاریوں اور رپورٹنگ میکانزمز پر مشتمل ہوتا ہے۔ بورڈ کی حکمت عملی سے مکمل ہم آہنگ، ایک خود مختار اور آزاد رسک مینجمنٹ فنکشن، بین الاقوامی بہترین پریکٹس اور اسٹیٹ بینک آف پاکستان کے فراہم کردہ رہنمائی کے اصولوں پر عمل پیرا ہو کر خدشات کے تعین، تجزیے، تدارک اور انکی گمرانی کے عمل کو یقینی بناتا ہے۔

رسک مینجمنٹ اینڈ پورٹ فولیو ریویو کمیٹی جو کہ بورڈ کی ایک ذیلی کمیٹی ہے اور مینجمنٹ فنانس کمیٹی کریڈٹ، مارکیٹ، آپریشنل اور فراڈ کے خدشات کے بارے رہنمائی کے اصول وضع کرتی ہے۔ بینک کاروباری ماحول سے جڑے چیلنجز کا سامنا کرنے کے لیے خدشات کو برداشت و جذب کرنے کی اپنی صلاحیت کے بارے میں خاصا پر اعتماد ہے۔

مارکیٹ رسک کا انتظام بازل (BASEL) کے تناسب، سرمائے کی معقولیت کی داخلی جانچ، طرز عمل کے مطالعہ اور اسٹریٹجی ٹیسٹنگ کے ذریعے کیا جاتا ہے۔ بینک، عالمی مالیاتی رپورٹنگ اسٹینڈرڈ نمبر 9 کے نفاذ کے لیے اسٹیٹ بینک آف پاکستان کی جاری کردہ ہدایات کی تعمیل کو یقینی بنانے کے لیے مستعدی سے کام لیتا ہے۔

اثاثہ جات و واجبات کے انتظام، سیالیت کی حکمت عملی اور کونٹینجمنسی (Contingency) فنڈنگ پلان بروقت سیالیت کو یقینی بناتے ہوئے منافع میں اپنی بہترین شرکت کا کردار ادا کرتے ہیں۔ ایسٹ لیا بیلٹی کمیٹی (Asset Liability Committee) اثاثہ جات اور واجبات کے انتظام کی نگرانی کرتی ہے۔

قابل ذکر امر کے طور پر بینک نے اس سال کے دوران کرنٹ اکاؤنٹ میں 13.33 بلین روپے (27 فیصد) کا نمایاں اضافہ درج کیا ہے۔ اسلامی بینکاری پر زور دیتے ہوئے ہم، اپنی پیش کردہ اسلامی بینکاری کی پراڈکٹس میں تنوع اور خدمات کے اعلیٰ معیار کو یقینی بناتے ہوئے، بینکاری سے محروم مکنہ صارفین تک رسائی کی کوششوں کو جاری رکھے ہوئے ہیں۔ کل اثاثہ جات، گزشتہ سال کے 199.04 بلین روپے کی نسبت 31 دسمبر 2023ء تک 34 فیصد کے نمایاں اضافے کے ساتھ 267 بلین روپے پر پہنچ گئے۔ خالص قرضہ جات، دانشمندانہ مالیاتی انتظام کی عکاسی کرتے ہوئے 89.35 بلین روپے پر بند ہوئے جبکہ سرمایہ کاری کا حجم 132.54 بلین روپے تک بڑھ گیا۔ بینک کے سرمائے کی معقولیت کی شرح (کیپٹل ایڈیکویٹی) 3.38 فیصد پوائنٹس کے اضافے کے ساتھ 23.79 فیصد پر جا پہنچی۔ بینک کی انتظامیہ سرمائے کے موزوں انتظام، اثاثہ جات کے اعلیٰ ترین معیار اور زیادہ آمدنی کے حامل پورٹ فولیو پر غیر متزلزل توجہ برقرار رکھے ہوئے ہے۔

بینک نے سال بھر میں 18.92 بلین روپے کی کاروباری آمدنی حاصل کی اور اسکے ساتھ اثاثہ جات کی آمدنی 17.69 فیصد کی شرح تک جا پہنچی جبکہ خالص سپر ایڈ 8.51 فیصد رہا۔ تاہم، افراط زر میں اضافے اور روپے کی قدر میں فرسودگی کے باعث کاروباری و دیگر اخراجات میں 27 فیصد کا اضافہ درج ہوا۔ منافع کی پائیدار سطح کو برقرار رکھنے کے لیے اس اضافے پر موزوں انتظامی کنٹرول کے ذریعے بکڑی نظر رکھی گئی۔

ان پیش رفتوں کے تناظر میں، بینک کے نفع و نقصان کے گوشوارے میں اس سال کے دوران 5.153 بلین روپے کا پائیدار منافع بعد از ٹیکس درج ہوا جو کہ گزشتہ سال سے 1.548 بلین روپے کی قابل ذکر ترقی کا مظہر ہے۔ اس زیر تجزیہ سال کے دوران فی حصص آمدنی بعد از ٹیکس گزشتہ سال کی 1.125 روپے فی حصص کی سطح سے بڑھتے ہوئے 3.314 روپے فی حصص پر پورٹ ہوئی۔

## کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی (پاکرا) نے بینک کی مستحکم پیش بینی کو برقرار رکھتے ہوئے، اسکی درمیانی سے طویل المدت کی ریٹنگ کو اے (A) اور قلیل المدت کی ریٹنگ کو اے (A-1) کی سطح پر مقرر کیا ہے۔

## معاشی جائزہ:

ایک مشکل معاشی منظر نامے، جس میں کڑی مالیاتی پالیسیاں، محدود مالیاتی حالات اور عالمی تجارت کی نمو میں سست رفتار ترقی شامل ہیں، سے نبرد آزما معیشت چلک کے مظاہرے اور اپنی جاڈبیت کو برقرار رکھے ہوئے ہے۔ مشرق وسطیٰ میں وقوع پذیر تناز سے جھڑپائی و سیاسی خدشات میں اضافہ ہوا اور اجناس کی منڈیوں میں غیر یقینی کے آغاز کا باعث بنا جس سے کووڈ 19ء کی عالمگیر وبا کے جاری اثرات، ریشین فیڈریشن کے یوکرین پر قبضے اور بڑھتے عالمی افراط زر جیسے پہلے سے موجود مسائل میں مزید اضافہ ہوا۔ عالمی مالیاتی فنڈ (آئی ایم ایف) نے عالمی افراط زر میں بتدریج کمی کا تخمینہ لگاتے ہوئے اس کی شرح میں سال 2022ء کے 8.7 فیصد کی سطح سے کمی کی توقع کرتے ہوئے سال 2023ء تک 6.9 فیصد تک آنے کی امید کا اظہار کیا ہے اور اس کے ساتھ ساتھ عالمی نمو میں سال 2022ء کی 3.5 فیصد کی شرح کی نسبت سال 2023ء میں اس کی شرح 3 فیصد تک آنے کی توقع ظاہر کی ہے۔

پاکستان کے معاشی منظر نامے کی حد تک، مالی سال 2023ء میں نمایاں خدشات درپیش رہے جن میں مسلسل بڑھتے افراط زر، آسمان کو چھوتی تیل کی قیمتیں، کرنسی کی قدر میں نمایاں فرسودگی، سیاسی غیر یقینی، پالیسی ریٹس کے اضافوں اور خاطر خواہ بجٹ خسارے جیسے عوامل شامل ہیں۔ تاہم، سال 2023ء کے گزشتہ 5 مہینوں کے دوران، پاکستان اسٹاک ایکسچینج انڈیکس میں شاندار کارکردگی دیکھی گئی جو کہ بہتر ہوتی معاشی حالت اور اس رواں مالی سال میں مثبت پیش بینی کا اشارہ ہے۔ مالی سال 2023ء کے لیے آئی ایم ایف نے نمو کا تخمینہ سال 2022ء کی 6.0 فیصد کی شرح کی نسبت منفی 0.5 فیصد پر توقع کیا ہے۔

ان خدشات کے باوجود، حقیقی انٹرسٹ ریٹ میں مثبت روش برقرار رہی اور فیچ (FITCH) ریٹنگ نے پاکستان کی طویل المدت فارن کرنسی اشورڈ ڈیفالٹ ریٹنگ (آئی ڈی آر) (Long Term Foreign Currency Issuer Default Rating) کو اس سال کے دوران مستحکم کرتے ہوئے منفی ٹریپل سی (CCC-) سے بہتری کے ساتھ ٹریپل سی (CCC) پر مقرر کر دیا۔ آئی ایم ایف کے پاکستان کے لیے اسٹینڈ بائی اریٹنگ پروجرام کے پہلے جائزے کی کامیاب تکمیل کی بدولت مالیاتی ان فلووز میں حائل رکاوٹوں کے خاتمے سے اسٹیٹ بینک آف پاکستان کے غیر ملکی کرنسی کے ذخائر میں قدرے بہتری نظر آئی ہے۔



## ممبران کے لیے ڈائریکٹرز کی رپورٹ

ایم سی بی اسلامک بینک لمیٹڈ (بینک) کے بورڈ آف ڈائریکٹرز (بورڈ) کے نمائندوں کی حیثیت سے، ہم انتہائی مسرت کے ساتھ 31 دسمبر 2023 کو اختتام پذیر سال کی سالانہ رپورٹ آپ کے سامنے پیش کر رہے ہیں۔

ملین روپے

نمو	2022	2023	مالیاتی اسٹیٹمنٹس کی حیثیت (پوزیشن)
33%	154,001	204,460	ڈیپازٹس
34%	199,040	267,000	کل اثاثہ جات
82%	72,669	132,544	سرمایہ کاری - خالص
-1%	90,302	89,347	اسلامی فنانسنگ - خالص
35%	16,347	22,036	حصص یافتگان کی ایکویٹی (سرمایہ) بشمول تخمینہ نو
نمو	2022	2023	نفع و نقصان کا اکاؤنٹ
102%	9,390	18,921	آپریٹنگ (کاروباری) آمدنی
276%	6,046	7,649	آپریٹنگ (کاروباری) و دیگر اخراجات
4.99 گنا	(141)	(704)	پردیشن قرضہ جات اور سرمایہ کاری کے لیے اخراجات
3.3 گنا	3,203	10,568	نفع قبل از ٹیکس
3.33 گنا	1,548	5,153	نفع بعد از ٹیکس
2.95 گنا	1.125	3.314	بنیادی / تحلیل شدہ نفع فی شیئر (حصص) روپے

### کارکردگی کا جائزہ:

سال 2023ء کے دوران، پاکستان کی بینکاری کی صنعت نے بڑھتے افراتفر، ماحولیاتی تبدیلی سے متعلقہ اخراجات، معاشی جمود اور سیاسی غیر یقینی جیسے سنگین خدشات سے دوچار ہونے کے باوجود، قابل قدر چلک اور شاندار کارکردگی کا مظاہرہ کیا ہے۔

اس ضمن میں ہمارے بینک نے مسلسل نمو کے حصول پر مرکوز اسٹریٹجک فریم ورک پر عمل پیرا ہوتے ہوئے معاشی اور کاروباری منظر نامے کو لاحق پیچیدگیوں کا پیش قدمی سے انصرام کیا ہے۔

اس میں کم لاگت کے ڈیپازٹ کے حصول، سرمایہ کاری کے بروقت مواقع اور قرض فراہم کرنے کے دانشمندانہ طریقہ کار کی تعمیل اور فروغ جیسے عوامل شامل ہیں۔ ایک موثر انتظامی ڈھانچے، خدشات کے تدارک کے مضبوط نظام اور کڑی انضباطی تعمیلات کی بنیاد پر بینک نے الحمد للہ، 31 دسمبر 2023ء کو اختتام پذیر سال کے دوران 10.57 بلین روپے کا منافع قبل از ٹیکس حاصل کیا ہے۔

31 دسمبر 2023ء بینک کے ڈیپازٹس 204 بلین روپے تک بڑھ گئے جو کہ 31 دسمبر 2022ء کی 154 بلین روپے کی سطح سے 33 فیصد کی قابل رشک نمو کا مظہر ہے۔ بینک کے کرنٹ اکاؤنٹ اور سیونگ اکاؤنٹ (کاسا) کی ترکیب 74 فیصد کی توانا شرح پر درج ہوئی جس میں غیر پیداواری ڈیپازٹس کی کل ڈیپازٹس کی ترکیب میں شرح 31 فیصد رہی۔

# Banking Ease with **Islamic Principles**



**No Minimum**  
Balance Requirement



**Unlimited Deposits**  
& Withdrawals



**Free**  
Online Banking



# FINANCIAL SUMMARY

	2023	2022	2021	2020	2019	2018	2017	2016
	Rupees in thousands							
<b>FINANCIAL DATA</b>								
<b>STATEMENT OF FINANCIAL POSITION</b>								
Total assets - net	266,999,705	199,039,573	161,267,393	141,170,886	105,017,261	94,894,435	51,745,997	28,564,193
Cash and balances with treasury banks	19,529,055	13,906,238	11,309,285	9,872,197	10,252,547	6,990,369	3,390,753	1,509,804
Balances with other banks	2,748,279	1,238,320	3,696,073	4,996,602	8,822,985	1,422,701	2,703,251	2,750,998
Due from financial institutions	2,500,000	6,170,000	1,650,000	828,790	5,851,664	4,675,000	1,400,000	-
Investments - net	132,544,302	72,668,657	33,475,816	27,617,997	16,309,800	12,713,954	9,186,213	5,769,675
Islamic financing and related assets - net	89,347,415	90,301,709	96,308,562	84,896,191	51,309,967	62,907,204	31,472,935	16,172,727
Operating fixed assets and others	20,330,654	14,754,649	14,827,657	12,959,109	12,470,298	6,185,207	3,752,376	2,404,803
Total liabilities - net	244,963,453	182,692,691	150,662,838	130,443,114	94,550,460	84,824,921	42,115,218	18,298,320
Bills payable	2,175,473	3,737,482	1,896,801	2,470,821	973,627	1,303,992	314,210	447,776
Due to financial institutions	25,813,546	14,670,759	16,472,906	20,596,773	4,127,526	7,800,628	7,926,790	2,785,550
Deposits and other accounts	204,460,158	154,001,460	122,747,778	99,253,161	81,853,511	73,307,185	32,690,808	14,279,436
Other liabilities	12,514,276	10,282,990	9,545,353	8,122,359	7,595,796	2,413,116	1,183,410	744,934
Net assets	22,036,252	16,346,882	10,604,555	10,727,772	10,466,801	10,069,514	9,630,779	10,265,873
Share capital	15,550,000	15,550,000	11,550,000	11,550,000	11,550,000	11,200,000	10,000,000	10,000,000
Shareholders' equity	21,101,608	15,946,052	10,356,191	10,254,456	10,044,475	9,937,242	9,832,379	10,094,531
<b>PROFIT AND LOSS ACCOUNT</b>								
Profit / return earned	35,942,266	18,553,458	9,202,716	9,616,051	9,848,819	4,208,875	2,060,927	1,526,778
Profit / return expensed	18,758,603	10,031,975	5,008,845	5,280,989	5,855,061	2,304,950	1,005,671	576,544
Net spread earned	17,183,663	8,521,483	4,193,871	4,335,062	3,993,758	1,903,925	1,055,256	950,234
Fee and commission income	741,288	508,147	408,113	331,002	294,491	162,245	46,325	34,678
Dividend income and gain / (loss) on sale of securities - net	13,451	28,946	71,199	47,703	(34,600)	75,769	352,356	196,172
Income from dealing in foreign currencies	735,118	429,289	113,571	209,888	63,685	148,228	29,846	17,322
Other income	229,820	153,235	200,473	161,322	19,743	13,020	10,483	10,992
Total income	18,920,996	9,389,904	4,393,291	5,099,251	4,337,077	2,303,187	1,494,266	1,209,398
Operating and other expenses	7,649,451	6,046,215	4,815,361	4,690,902	4,503,022	3,087,754	1,845,247	1,189,562
Profit / (loss) before provisions	11,271,545	3,343,689	(422,070)	408,349	(165,945)	(784,567)	(350,981)	19,836
Provision / (reversal of provision)	704,007	141,149	(647,121)	15,270	199,814	895,646	(54)	(94,137)
Profit / (loss) before taxation	10,567,538	3,202,540	225,051	393,079	(365,759)	(1,680,213)	(350,927)	113,973
Taxation	(5,414,203)	(1,654,411)	(124,619)	(184,763)	122,147	584,231	87,930	(34,056)
Profit / (loss) after taxation	5,153,335	1,548,129	100,432	208,316	(243,612)	(1,095,982)	(262,997)	79,917
<b>OTHERS</b>								
Imports	100,716,024	99,280,888	76,051,925	42,267,418	37,916,224	46,289,721	23,416,703	13,259,000
Exports	76,964,260	34,663,644	15,268,921	16,037,417	15,517,775	5,762,144	1,971,928	1,807,700
<b>KEY RATIOS</b>								
Capital adequacy ratio	23.79%	20.41%	12.09%	12.01%	13.82%	13.19%	23.81%	39.74%
Profit / (loss) before tax ratio	29.40%	17.26%	2.45%	4.09%	-3.71%	-39.92%	-17.03%	7.46%
Profit / (loss) after tax ratio	14.34%	8.34%	1.09%	2.17%	-2.47%	-26.04%	-12.76%	5.23%
Income / expense ratio	144.10%	121.29%	108.92%	103.79%	96.54%	73.28%	87.69%	106.82%
Return of average equity (ROE)	27.70%	11.77%	0.97%	2.05%	-2.44%	-11.09%	-2.64%	0.79%
Return of average assets (ROA)	2.31%	0.86%	0.07%	0.17%	-0.24%	-1.49%	-0.65%	0.45%
Return of average earning assets	17.69%	11.62%	7.96%	9.83%	11.55%	6.70%	6.99%	6.79%
Cost of deposit	9.82%	6.53%	3.70%	4.82%	6.28%	3.37%	3.15%	3.34%
Cost of fund	9.18%	6.24%	3.84%	4.88%	6.39%	3.87%	3.60%	3.54%
Gross Financing to Deposit ratio	44.33%	59.02%	78.61%	85.60%	62.73%	85.83%	96.28%	113.27%
Infection ratio	2.16%	1.85%	0.73%	0.89%	0.74%	0.02%	0.00%	0.01%
CASA to Deposit ratio	74.07%	72.47%	74.50%	78.37%	76.86%	86.06%	79.19%	58.67%
Book value per share including revaluation surplus	14.17	10.51	9.18	9.29	9.06	8.99	9.63	10.27
Basic / diluted earnings / (loss) per share after tax - Rupees	3.314	1.125	0.087	0.180	(0.211)	(0.987)	(0.263)	0.080
<b>NON-FINANCIAL DATA</b>								
No. of employees (excluding outsourced)	2,132	2,057	1,855	1,633	1,619	1,493	795	601
No. of financing customers (excluding staff)	6,821	7,318	7,147	5,746	5,351	1,953	179	71
No. of deposit accounts	386,235	334,933	313,446	290,535	281,307	280,977	48,492	31,250

\*Restated

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Islamic PayPak  
NFC Debit Card



Find the  
Contactless Sign



Tap to Pay



## SERVICE QUALITY

We at MCB Islamic Bank are Shariah driven and conduct our activity in a fair, ethical and responsible manner. Our Bank's vision and mission statement revolves around providing quality services and superior value to our customers.

The Bank has a Service Quality Review Committee, chaired by the President & CEO along with senior management of the Bank to monthly review branch network, phone banking and complaint management and the Banks service performance. The committee offers supervision, direction and leadership to address improve service delivery.

Fair Treatment of Customer (FTC) is also core function of Service Quality. Through FTC, we ensure that our customers enjoy a great degree of trust and confidence while dealing e with MCB Islamic Bank. Our struggle is to recognise as a fair, honest and ethical Shari'ah Compliant Financial Institution and to nurture a culture of practicing fair treatment towards our customers to enable them to improve their financial knowledge and skills to make the right financial decisions.

Service Quality is responsible for capturing customer experience through various service techniques and improve bank's processes/policies in conjunction with industry norms and SBP requirements. By amassing and analysing all this information, we attempt to periodically improve our customer services which was done by revamping our Service Quality manual based on RATER model. This comprehensive approach aims to enhance SQ through strategic initiatives, ensuring our well rounded understanding and commitment to exceptional service delivery.

A dedicated specialized Complaint Management Unit is in place to resolve grievances of our valued consumers. All our customers have the option of registering their complaints and providing their feedback at any of our branches across the country, via 24/7 phone banking centre, website, letter/fax and email. Moreover the newly added complaint lodgement/feedback channels are Social Media, Internet Banking and Mobile App. We focus heavily on staff training and emphasize the importance of recording complaints through all available mediums in the Bank, mainly (but not limited to) ATM screens, website & through awareness SMS and emails; along with brochures available in our branches.

Complaint management process at the Bank is kept as transparent as possible through registration, acknowledgement, and interim response where applicable, resolution and root cause analysis of recurring complaints. Our Bank has a complaint escalation Mechanism as well whereby all complaints are escalated to the senior management if not resolved within the stipulated timeline. Further, 14,635 complaints were received by the Bank in 2023 and total 14,672 complaints were resolved as of 31 December 2023 and the average time taken to resolve those complaints was 6 working days.



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Account Opening**



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Profit Payout**





## OUTSOURCING ARRANGEMENTS

To meet new & complex challenges like innovation in technology, increasing competition, economies of scale and improvement in quality of service to its customers, MCB Islamic Bank has outsourced following activities/functions.

- **SWIFT Connectivity from EastNets**  
(GWCP-Gateway Connectivity Pack with DR)
- Statement Rendition & Dispatch of Customers Intimation Letters  
(Printing, Stuffing, Distribution of Account Statements, Customer Intimation Letters {Dormancy & CNIC expiry} & Other Correspondence)
- **Staff Hiring**  
(Tea Boys/Office boys/Business Development Services)
- **Guarding/Monitoring/Patrolling Services**  
(Provision of Security Guards/Electronic Monitoring with response for all & Patrolling Services for Guard less Branches)
- **IT Support & Services**  
(Hardware/Software Support for Branches & Regional Offices)
- **Co-Managed SOC L2,L3/CERT**  
(L2/L3 Security Operation Centre/Cyber Emergency Response Threat)
- **RAAST Services**  
(Instant Payment System for Electronic Payments to Facilitate and Promote Digital Payments)
- **MCB Counter Project**  
(MCB Islamic Bank's Customers Facilitation through MCB Bank's Counters)

Material Outsourcing Arrangement - MCB Islamic Bank Ltd						
Sr. No.	Nature of Services		Name of Service Provider	Country of 3rd Party Service Provider	Estimated Cost	
	System/Process/ Activity Name	System Description			One-Time	Annual Recurring (2023)
1	<b>SWIFT Connectivity through EastNet</b> (GWCP-Gateway Connectivity Pack with DR)	SAG, HSM, SNL & VPN	EastNets FZ-LLC	UAE - Dubai	N/A	USD 13,262.50
2	<b>Statement Rendition &amp; Dispatch of Customers Intimation Letters</b> (CNIC Expiry & Dormancy etc)	N/A	TCS Private Limited	Pakistan	N/A	PKR 10,768,873.00
			Leopards Courier Services (Pvt) Ltd	Pakistan	N/A	PKR 0.00
3	<b>Co-Managed SOC L2,L3/CERT</b> (L2/L3 Security Operation Centre/Cyber Emergency Response Threat)	N/A	Ebryx Pvt Ltd	Pakistan	PKR 1,622,500.00	PKR 4,146,000.00
4	<b>RAAST Services</b> (Instant Payment System for Electronic Payments to Facilitate and Promote Digital Payments)	N/A	Paysys Labs Pvt Ltd	Pakistan	PKR 4,357,280.00	PKR 12,994,604.00
5	<b>MCB Counter Project</b> MCB Islamic Bank's Customers Facilitation through MCB Bank's Counters.	N/A	MCB Bank Ltd.	Pakistan	N/A	PKR 256,800.00

# Banking Simplified Wherever You Are



Debit Card Management



Raast Services



Funds Transfer



Bill Payments & Donations



Service Requests & Activation



Account Statement & Certificate



Complaints & Suggestions



# GREEN BANKING INITIATIVES

As its Green Banking Strategy, MCB Islamic Bank aims to:

- Meet its responsibilities for the protection of the environment and adapt to environmentally and socially responsible banking practices that promote Green Banking Culture across the organization. In this regard, Bank wide communication for sensitizing the staff is regularly disseminated.
- Setup its branches and offices in such a way that their operations use minimum energy and other resources and have minimum impact on the environment. Solar power solution is partially applied at 2 selected locations in Lahore and initially 5 branches have been fully converted to Renewable Energy Source (Solar).
- Contribute to the economic system by conscious efforts to avoid Environmental and Social Impacts via environmentally and socially responsible financing. The Bank understands the importance of considering the inherent environmental and social risks of a customer's business before establishing relationship. A relationship is regularly reviewed for a reasonable assurance of ongoing compliance with applicable environmental and social requirements as well as management of emerging risks.
- Focus on capacity building of staff to develop a better sense of Green Banking, Environmental and Social Risks. Green Banking training to 2067 participants has been imparted during the year 2023.

# Niswaan

## Saving Account

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# REMUNERATION POLICY

MCB Islamic Bank believes in implementing fair human resource and compensation strategies to support and enhance its strategic objectives, aligned with organizational compulsions and aspirations.

The Bank's Remuneration Policy is designed to foster a risk-aligned compensation culture transparently, ensuring talent acquisition and retention, while meeting economic viability in line with stakeholder expectations. Applicable to all staff, this policy strengthens compensation practices, aligning with SBP's 'Revised Guidelines on Remuneration Practices of Banking Companies - 2017' and international best practices. The framework emphasizes objectivity and transparency, promoting a culture of pay-for-performance to enhance motivation, engagement, and retention. It includes provisions for identifying Material Risk Takers (MRT) and Material Risk Controllers (MRC), performance assessment through balanced scorecards, and a structured compensation and deferral mechanism.

The Board of Directors holds the authority to approve the Remuneration Policy. For this purpose, the Human Resource and Remuneration Committee (HRRC) is formed to recommend the policy's structure, including remuneration setting, composition, and related matters to the Board. At the management level, the HR function oversees the overall remuneration policy.

Staff compensation comprises fixed and variable components. Fixed remuneration, including Basic Salary, allowances, perks, and benefits, is guaranteed and determined by factors like qualifications, experience, position criticality, organizational needs, functional title, and market benchmarks. Variable remuneration is linked with performance factors such as Bank strategy, business growth, financial targets, profitability, annual performance ratings, and cost minimization. It is linked to individual performance and includes components like Performance Bonus, commissions, incentives, and allowances.

The bank designates certain functions and positions as MRTs and MRCs. MRT functions encompass roles such as President/CEO, Key Executives, direct reports to the President/CEO, and specific senior functional positions.

MRC functions in the bank are responsible for identifying and mitigating risks. They operate with appropriate autonomy and authority, performing tasks independently with a clear line of responsibility and no influence from the functions they review. To maintain independence, the performance appraisal of MRC staff is conducted independently of the business or risk-taking MRT functions under review.

Variable salary differentiation is based on individual Performance rating, Categories (MRT/MRC/etc.), and Grade hierarchy. These factors ensure that variable pay serves as a meaningful indicator of performance and the employee's role.

Balanced Score Cards are established for MRTs & MRCs to conduct objective and transparent performance evaluations. These include Goals, Key Performance Indicators (KPIs), and financial & non-financial targets. Progress against KPIs is reviewed between the President and direct reports. Merit-based increases in fixed salary use a matrix formula, and variable compensation is derived from individual performance scores based on actual achievements against KPIs, goals, and targets.

As part of the remuneration mechanism, a portion of variable pay will be mandatorily deferred for two and three years for MRC and MRT, respectively. This ensures alignment between employee and stakeholder interests, reinforcing the link between long-term sustainable performance and individual compensation.



# SHARI'AH BOARD REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2023



## بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الْحَمْدُ لِلَّهِ رَبِّ الْعَالَمِينَ وَالصَّلَاةُ وَالسَّلَامُ عَلَى حَاتِمِ الْأَنْبِيَاءِ وَالْمُرْسَلِينَ وَعَلَى آلِهِ وَصَحْبِهِ أَجْمَعِينَ أَمَا بَعْدُ

The Shari'ah Board hereby present its annual report on the affairs of MCB Islamic Bank Ltd.

The Shari'ah Board (SB) of MCB Islamic Bank Ltd. (the Bank) was constituted in September, 2015. Currently Shari'ah Board comprises of respected Prof. Mufti Munib-ur-Rehman as a Chairman Shari'ah Board, Mufti Syed Sabir Hussain as a Resident Shari'ah Board Member (RSBM) and Mufti Nadeem Iqbal as a Member Shari'ah Board. All Shari'ah Board Members remain available throughout the year and number of meetings were held through audio and video conferencing. In addition to that, four formal meetings of the Shari'ah Board were held during the year 2023 on the following dates to review various matters which apart from other matters, include new products and services, product modifications, transactions, structures, processes and Shari'ah issues, referred to them:

■ First Shari'ah Board Meeting	–	Mar 20, 2023
■ Second Shari'ah Board Meeting	–	Jun 19, 2023
■ Third Shari'ah Board Meeting	–	Sep 06, 2023
■ Fourth Shari'ah Board Meeting	–	Dec 19, 2023

The important thing, which creates differences between the governance of Islamic and conventional banking institutions, is the Shari'ah Board, it plays an additional role in governance of institutions. Furthermore, Shari'ah Compliance mechanism ensures the implementation of Shari'ah Board instructions and guidelines not only in products and services but also in overall environment of the Islamic bank which could have a positive impact on performance of it. All decisions, rulings, instructions & guidelines and fatawá of the SB are binding on the Bank.

In order to assist the SB to supervise all these matters throughout the year, the Shari'ah Compliance Department (SCD), apart from the SB meetings, closely coordinated with SB. Shari'ah Compliance is an ongoing process carried out throughout the year. This resulted in the continuous involvement of SB on Shari'ah affairs of the Bank as well as enabled them to approve, by way of circulation, different matters in a timely manner.

1. While the Board of Directors and Executive Management are solely responsible to ensure that the operations of the Bank are conducted in a manner that comply with Shari'ah principles at all times, we are required to submit a report on the overall Shari'ah compliance environment of the Bank. During the year 2023, Shari'ah Board – Board of Directors' Meeting held on the following dates::

■ First Shari'ah Board	–	Board of Directors' Meeting	–	April 26, 2023
■ Second Shari'ah Board	–	Board of Directors' Meeting	–	December 19, 2023

2. To form our opinion as expressed in this report, the Shari'ah Compliance Department (SCD) of the Bank carried out reviews of each type of transactions on sample basis, product, process flow/ modus operandi and concepts under the supervision of RSBM/Head Shari'ah Compliance. SCD kept Shari'ah board informed regarding Shari'ah compliance review activities of branches and back offices of the Bank. A list of branches for Shari'ah compliance review was approved by the Shari'ah Board. In this regard, 128 branches have been reviewed for Shari'ah compliance and compliance has been observed regarding non-branch entities as per Shari'ah Compliance Program approved by SB. In order to enhance the level of knowledge on Islamic Banking and Finance of Bank's staff, Shari'ah trainings were made mandatory for entire staff of the Bank with the coordination of Learning & Development Department (L&D – HRG). Furthermore, RSBM/Head-SCD and SCD's staff made surprise visits to 19 branches at South and North regions to ensure regulatory and Shari'ah compliance. Subsequently, report presented to Board of Directors and Shari'ah Board.

3. Islamic Banks are fundamentally very different from their traditional counterparts out of a variety of angles. The basic rule for Islamic bank is adherence to Shari'ah, and in case of divergence from it, raises the probability of Shari'ah Non-Compliance that is very important besides observance of banking regulations. So, to maintain and increase the confidence of customers, Shari'ah compliance plays a vital role in this regard. So far, to ensure the Shari'ah compliance five (5) Instructions & Guidelines and Seven (7) Fatāwá by the Shari'ah Board of the Bank are in vogue without any changes. Instructions & Guidelines and Fatāwá issued by the Shari'ah Board are being implemented in the Bank in true letter and spirit.

4. SCD with the coordination of management and under the supervision of RSBM/Head Shari'ah Compliance has reviewed various Product documents. The SCD conducted review of 128 branches plus made surprise visits of 19 benches and subsequently issued reports to relevant branches. Additionally, SCD conducted Shari'ah compliance review of back offices to ensure that the Bank's operations are in line with Shari'ah principles. SB has reviewed and approved 46 modus operandi out of which 25 for Corporate Banking, 15 for Commercial Banking, 06 for SME Banking. As far as modes are concerned, , 09 pertain to Diminishing Musharakah, 18 for Finished Goods Murabahah & Murabahah, 1 for Ijārah, 1 for Istisnāh, 1 for , Musharakah Running Finance and 1 for Currency Salam in the year 2023.
5. SCD has also facilitated Islamic Banking training sessions for the front and back offices staff of the Bank in order to comply with regulatory instructions. L&D not only arranged class room sessions but also arranged virtual session through different available modes. Online Islamic Banking training modules were also available at Learning Management Systems (LMS) for the easy access of Islamic Banking knowledge to staff. L&D found determined to adhere with the regulatory requirement on training of staff on Islamic Banking & Finance. Therefore, number of session were arranged for the capacity enhancement of staff with the facilitation of SCD. A combination of both Classroom & Virtual sessions were adopted to fulfill the need of outreach branches for Islamic Banking trainings.  
Moreover L&D-HRG has taken initiatives to establish an effective and comprehensive Islamic Banking training mechanism in compliance with IBD Circular No. 02 of 2018, Dated: Jun 29, 2018, "Enhanced Training & Capacity Building Measures for Islamic Banking Institutions (IBIs)" issued by Islamic Banking Department, State Bank of Pakistan, for the Bank's front and back offices staff at all levels. SCD's staff facilitated as internal trainers on the Shari'ah related training initiatives during the year. Furthermore, alongside regulatory requirements of executive management Shari'ah trainings, L&D and SCD have jointly developed Islamic Banking & Finance Module and AAOIFI Shari'ah Standards Module for capacity building of Executive Management.
6. SCD has taken all necessary required actions in order to comply with the SBP-IBD Circular No. 01 of 2021, Dated: June 14, 2021, Shari'ah Non-Compliance Risk Management (SNCRM). SCD has ensured that SNCRM should be an essential element of Bank's overall Risk Management Framework. SCD shall report all Shari'ah Non-Compliance events and transactions to the Risk Management & Portfolio Review Committee of the Board & Shari'ah Non-Compliance Risk Management Committee as well as to the Shari'ah Board on a quarterly basis. As far as monitoring of SNCRM is concerned, a Management Committee with the title of Shari'ah Non-Compliance Risk Management Committee has been formed under Chair of President/CEO and representation from all Groups. This committee is responsible for close monitoring of Shari'ah Non-Compliance Risk at the operational / management level. Regular meetings of all committees are being conducted and SCD reports all Shari'ah Non-Compliance events and transactions to the said committees.
7. Shari'ah Board praises and encourages the continuous, comprehensive & profound efforts and commitment of the Bank's Board of Directors and the Management regarding implementation of all Fatāwā and instructions & guidelines issued by the Shari'ah Board.

## RECOMMENDATIONS

Based on the observations made through Shari'ah review reports and Shari'ah Compliance checks, it is recommended that:

- i. In the future, there shall be more Shari'ah Training in compliance with regulatory requirements. Furthermore, Shari'ah Board strongly recommends classroom Shari'ah training sessions for all staff members for better understanding of concepts of Islamic Banking. The arrangement of purpose built training locations should be ensured so that participants could get more & more benefits.
- ii. More focus is needed on practical aspects and document execution of products of Treasury, Corporate, Commercial & SME and Trade Operations of the Bank. It is also strongly recommended to ensure mandatory Product & Shari'ah trainings of the back office.
- iii. Arrange general public awareness programs like, Seminars, Workshops and Question & Answer Sessions from the Bank's platform for building up the true image of Islamic Banking & Finance as well as creating awareness / removing misconception about Islamic banking.
- iv. Shari'ah Board recommends the participation of representatives of all groups of Bank including Shari'ah Board in national & international conferences which will be beneficial for the Bank's brand image and capacity enhancement of the Bank's staff.



- v. Shari'ah Board suggests the offering of Shari'ah advisory services to non-banking financial institution to contribute in Islamization of whole economy in line with the verdict of Federal Shari'ah Court dated 28th of April, 2022 on its Judgement on Riba.
- vi. It is also suggested that Bank may offer its services to Government entities to Islamize their operations.
- vii. Continuity of Shari'ah trainings of the Bank's higher management.
- viii. Continue with Microfinance activities and the Bank should encourage the Islamic Microfinance due to its requirement in the country. Through Islamic Microfinance, Islamic Banking Industry can penetrate at grass-root level to facilitate micro level traders. It will increase the level of awareness of Islamic banking at micro level.
- ix. As far as internal environment of the Bank is concerned, all staff members of front and back offices are strongly recommended to follow the proper dress code strictly, which should be in line with the Bank Dress code policy, cultural norms, and reflect due modesty as required by the dictates of Shari'ah. It is recommended to take disciplinary action in case of violation of Dress Code Policy.
- x. It is suggested to consider transitioning the significant customer portfolio to Takāful, which adheres the Islamic principles.
- xi. It is strictly instructed to address remaining unresolved issues related to Mushārahakah Running Finance, particularly with government entities. Additionally, the consideration of profit distribution arrangements, particularly in cases of placement with other banks, is encouraged for resolution.
- xii. Collect the outstanding charities with different customers or obtain formal Shari'ah Board approval in case of exemption and deferral as per approved charity policy of the bank.

## CONCLUSION

Shari'ah Board has reviewed & advised corrective measures on SBP Inspection Report. The External & Internal Shari'ah Audit & Shari'ah Compliance Inspection reports and is of the view that:

- i. The Bank has complied with Shari'ah rules and principles in the light of Fatāwá and Instructions and Guidelines issued by Shari'ah Board.
- ii. The Bank has complied with SBP Inspection report in true letter and spirit.
- iii. The Bank has complied with directives, regulations, instructions and guidelines related to Shari'ah compliance issued by SBP in accordance with the rulings of SBP's Shari'ah Advisory Committee.
- iv. The Bank has a comprehensive mechanism in place to ensure Shari'ah Compliance in their overall operations.
- v. As far as Charity fund is concerned, separate liability account (non-chequing) is opened in separate General Ledgers for each type of Charity Fund Collection:
  - a. Charity due to late payment,
  - b. Charity against other Non-Shari'ah compliant income
  - c. Dividend purification amount.

Funds cumulated in above mentioned each type of "Charity Collection Fund Account" is maintained in Shari'ah Compliant remunerative account at the discretion of Shari'ah Board/Resident Shari'ah Board Member.

Charity Fund is utilized for charitable, social welfare, religious, educational or any other purposes approved by Charity Committee / Shari'ah Board.

In the year 2023 the addition in the amount of Charity was PKR 26.619 million from different heads which was instructed to transfer to the Charity account.

Additions in Charity account during the year	Rupees in Thousands
Received from customers against late payment	25,353
Dividend purification amount	451
Charity against other Non-Shari'ah compliant income	14
Profit on charity saving account	801
<b>Total additions in Charity account during the year</b>	<b>26,619</b>

The Bank has disbursed the Charity amount to Shari'ah approved charitable organizations as per Bank's charity policy and SBP's guidelines. Details of Charity account are available in the note # 19.2.1 Shari'ah Board appreciates the maintenance of a strong Shari'ah compliance environment by SCD. Shari'ah Board would like to praise Shari'ah Compliance Department/RSBM for efforts made by SCD during the year.

- vi. The Bank has complied with the SBP instructions on profit and loss distribution and pool management.
- vii. While the Bank is actively pursuing training of its human resources about various aspects of Islamic Banking & Finance through training sessions/seminars. Recently, a new program has been introduced named as "New Hires Orientation & Induction Certification Program" for new hires to equip them with various concepts of Islamic Banking. However further improvement is required to enhance the level of awareness of Islamic Banking & Finance of the staff, management and the BOD through enhanced training mechanism for each level. Top management and the BOD have made sincere efforts and appreciate the importance of Shari'ah compliance in overall operations of the Bank.
- viii. The Shari'ah Board has been provided adequate resources enabling it to discharge its duties effectively.

Shari'ah Board praises and acknowledged the efforts of Shari'ah Compliance Department/RSBM of the Bank that besides Shari'ah Compliance environment of the bank in regulatory inspection there was no instance regarding Non-compliance of regulatory requirements as far as Shari'ah Governance Framework is concerned.

Shari'ah Board would like to take this opportunity to offer praise to Almighty Allah and seek his guidance and Tauwfeeq, and to express its wishes for further progress, development and prosperity of Islamic Banking, under the sincere efforts of senior management, and Islamic Banking industry in Pakistan as a whole.



**Mufti Syed Sabir Hussain**  
 Resident Shari'ah Board Member



**Professor Mufti Munib-ur-Rehman**  
 Chairman Shari'ah Board



**Mufti Nadeem Iqbal**  
 Member Shari'ah Board

**Date: February 15, 2024**



عام طور پر مذکورہ بالا تمام مدات میں جمع کی گئی رقم اپنے اپنے "شریعہ کمپلائنس فنڈ اکاؤنٹ" میں شریعہ بورڈ / ریزولوشن شریعہ بورڈ ممبر کی صوابدید پر جمع کی جاتی ہیں، چیریٹی فنڈ، چیریٹی کمیٹی / شریعہ بورڈ کے منظور شدہ کسی خیراتی، معاشرتی بہبود، مذہبی یا تعلیمی مقاصد کے لئے استعمال ہوتا ہے۔

سال 2023ء میں چیریٹی فنڈ کی مختلف مدات میں جمع کی گئی رقم میں کل اضافہ 26.619 ملین رہا، جس کو چیریٹی اکاؤنٹ میں منتقل کرنے کی ہدایت کی گئی۔

روپے (000) میں	اس سال چیریٹی فنڈ میں اضافہ
25,353	صارف کی طرف سے ادائیگی میں تاخیر کی وجہ سے
451	منافع (ڈیویڈنڈ، Dividend) میں سے غیر شرعی منافع منہا کرنے کی وجہ سے
14	باطل معاملات کی وجہ سے
801	چیریٹی سیونگ اکاؤنٹ پر منافع
26,619	اس سال چیریٹی فنڈ میں کل اضافہ

- ز۔ بینک نے چیریٹی کی رقم شریعہ سے منظور شدہ خیراتی اداروں کو ایم سی بی اسلامک بینک کی چیریٹی پالیسی اور اسٹیٹ بینک کی ہدایات و لائحہ عمل کے مطابق فراہم کی ہے۔ چیریٹی اکاؤنٹ کی تفصیلات نوٹ نمبر 19.2.1 میں دستیاب ہیں۔ شریعہ بورڈ بینک کے شریعہ کمپلائنس ڈیپارٹمنٹ کی طرف سے ایک مضبوط شریعہ کمپلائنس ماحول کو برقرار رکھنے کے عمل کو سراہتا ہے۔ شریعہ بورڈ سال 2023ء کے دوران شریعہ کمپلائنس ڈیپارٹمنٹ / RSBM کی طرف سے کی گئی کوششوں کی تعریف کرتا ہے۔
- ح۔ ایم سی بی اسلامک بینک کے نفع و نقصان کی تقسیم اور پول کی انتظام کاری اسٹیٹ بینک آف پاکستان کی ہدایات کے مطابق ہے۔
- ط۔ اگرچہ بینک فعال طریقے سے اپنے افراد کار کو اسلامی بینکاری اور مالیاتی نظام کے بارے میں تربیت دے رہا ہے۔ اور اس سلسلے میں ایک نیا تربیتی پروگرام "نیو ہائر اور اینڈنٹیشن سرفٹویئر پروگرام" بھی متعارف کرایا گیا ہے، تاہم افراد کار اعلیٰ سطحی انتظامیہ اور بورڈ آف ڈائریکٹرز میں آگہی پیدا کرنے کی غرض سے اسلامی بینکاری کی تربیت میں مزید اضافے کی ضرورت ہے۔ انتظامیہ اور بورڈ آف ڈائریکٹرز نے اخلاص پر مبنی کوششوں کی ہیں اور انہوں نے ایم سی بی اسلامک بینک میں شریعہ کمپلائنس کی اہمیت کو سراہا ہے۔
- ی۔ شریعہ بورڈ کو اپنی ذمہ داریوں سے عہدہ برآہونے کے لئے خاطر خواہ وسائل فراہم کئے گئے ہیں۔
- ک۔ شریعہ بورڈ، ایم سی بی اسلامی بینک لمیٹڈ کے شریعہ کمپلائنس ڈیپارٹمنٹ / ریزولوشن شریعہ بورڈ ممبر کی کاوشوں کا اعتراف کرتے ہوئے اس قابل ذکر امر کی تعریف کرتا ہے کہ شریعہ کمپلائنس ڈیپارٹمنٹ / ریزولوشن شریعہ بورڈ ممبر نے بینک کے شریعہ کمپلائنس ماحول کو برقرار رکھتے ہوئے شریعہ گورننس فریم ورک کی تعمیل کو یقینی بنایا۔

## وَاللّٰهُ سُبْحٰنَهُ وَتَعَالٰى اَعْلَمُ



مفتی ندیم اقبال  
شریعیہ بورڈ ممبر



پروفیسر مفتی منیب الرحمن  
چیریٹین شریعیہ بورڈ



مفتی سید صابر حسین  
ریزیولوشن شریعیہ بورڈ ممبر

ھ۔ شریعہ بورڈ سفارش کرتا ہے کہ فیڈرل شریعت کورٹ 28 اپر 2022ء کا سوڈ کے متعلق فیصلے کو سامنے رکھتے ہوئے ایم سی بی اسلامک بینک دیگر مالیاتی اداروں کو شرعی معاملات میں رہنمائی فراہم کرنے کے لئے شریعہ ایڈوائزی کا شعبہ قائم کرے تاکہ بینکوں کے علاوہ دیگر اداروں کو بھی شرعی اصولوں کے مطابق رہنمائی فراہم کی جاسکے۔

و۔ مطابق ہوں۔ شریعہ بورڈ یہ بھی سفارش کرتا ہے کہ حکومتی اداروں کو بھی شریعہ ایڈوائزی خدمات فراہم کی جائیں تاکہ ان کے معاملات بھی شرعی اصولوں کے مطابق ہوں۔

ز۔ ایم سی بی اسلامک بینک کے اعلیٰ منتظمین کی بھی شریعہ ٹریننگز کی بھرپور سفارش کی جاتی ہے۔

ح۔ مزید برآں مائیکروفنانس سرگرمیوں کو جاری رکھنے کی سفارش کی جاتی ہے۔ ایم سی بی اسلامک بینک کو ملک میں مائیکروفنانس کی ضرورت کے سبب اسلامی مائیکروفنانس کی حوصلہ افزائی کرنی چاہئے۔ اسلامی مائیکروفنانس کے ذریعے، اسلامی بینکاری کی صنعت کم سرمایہ کے ساتھ کام کرنے والے تاجروں کی سہولت کے لئے ابتدائی درجہ پر کام کر سکتی ہے۔ اس سے اسلامی بینکاری کی عام تاجروں اور لوگوں میں مقبولیت میں اضافہ ہوگا۔

ط۔ جہاں تک بینک کے داخلی ماحول کا تعلق ہے، تو فرنٹ اور بیک آفسز کے تمام عملے کو ڈریس کوڈ کی سختی سے پیروی کرنے کی بھرپور تاکید کی جاتی ہے۔  
ی۔ اسٹاف کالہاس ایم سی بی اسلامک بینک ڈریس کوڈ پالیسی، ثقافتی اصولوں اور شرعی تقاضوں کے مطابق شرم و حیا کی عکاسی کرتا ہو۔ اس کی خلاف ورزی کی صورت میں تادیبی کارروائی کی سفارش بھی کی جاتی ہے۔

ک۔ یہ تجویز دی جاتی ہے کہ زیادہ سے زیادہ کسٹمر پورٹ فولیو کو ٹرانزیکشن میں منتقل کیا جائے، جو کہ اسلامی اصولوں کے مطابق ہے۔

ل۔ تاکید کے ساتھ یہ ہدایت کی جاتی ہے کہ رنگ مشارکہ سے متعلق جتنے بھی تاخیر شدہ مسائل ہیں، بالخصوص حکومتی اداروں کے ساتھ، ان کو جلد از جلد حل کیا جائے۔ علاوہ ازیں دوسرے بینکوں کے ساتھ فنڈ پلیسیمینٹ کے تحت کئے جانے والے مشارکہ یا مضاربہ کے منافع کی تقسیم کے حوالے سے مسائل کو حل کرنے کی تاکید کی جاتی ہے۔

م۔ تاخیر سے ادائیگی کی وجہ سے عائد چیریٹی فنڈ کو وصول کیا جائے یا اس میں مستثنیٰ (exempt) اور مؤخر (deferrer) کی درخواست پر بینک کی چیریٹی پالیسی کے مطابق شریعہ بورڈ سے منظوری لی جائے۔

### خلاصہ کلام:

شریعت بورڈ نے ایس بی پی معائنہ رپورٹ، بیرونی اور داخلی شریعت آڈٹ اور شریعت کمپلائنس کی رپورٹس کو دیکھنے کے بعد اصلاحی اقدامات کے لئے ہدایات دیں، لہذا شریعت بورڈ کے مطابق:

- الف۔ ایم سی بی اسلامک بینک نے شریعت بورڈ کے جاری کردہ فتاویٰ جات اور ہدایات و لائحہ عمل کے مطابق شرعی اصول و ضوابط کو پورا کیا ہے۔
- ب۔ ایم سی بی اسلامک بینک نے حقیقی معنوں میں اصل روح کو مدنظر رکھتے ہوئے ایس بی پی انسیکیشن رپورٹ پر عملدرآمد کیا ہے۔
- ج۔ ایم سی بی اسلامک بینک، اسٹیٹ بینک آف پاکستان کے احکامات، قوانین و ہدایات اور لائحہ عمل (جو اسٹیٹ بینک آف پاکستان کے شریعت ایڈوائزی کمیٹی کے احکام کے مطابق ہیں) سے ہم آہنگ ہے۔
- د۔ بینک کے پاس اپنے مجموعی آپریشنز میں شریعت کمپلائنس کو یقینی بنانے کے لیے ایک جامع طریقہ کار موجود ہے۔
- ھ۔ جہاں تک چیریٹی فنڈ کا تعلق ہے، ہر طرح کے چیریٹی فنڈ جمع کرنے کے لئے علیحدہ نان چیکنگ، لائسنسڈ اکاؤنٹ کھولے جاتے ہیں۔
  - i. ادائیگی میں تاخیر کی وجہ سے چیریٹی،
  - ii. باطل معاملات کی وجہ سے چیریٹی،
  - iii. منافع (ڈیویڈنڈ، Dividend) میں سے غیر شرعی منافع منہا کرنے کی وجہ سے چیریٹی۔



اسٹیٹ بینک آف پاکستان کے اسلامی بینکاری ڈیپارٹمنٹ کی جانب سے جاری کردہ سرکلر (نمبر 20182 بتاریخ 29 جون 2018) پر عملدرآمد کو یقینی بنانے کے لئے بینک کی جانب سے مؤثر اور جامع اقدامات کئے گئے۔ لہذا ایک مؤثر اور جامع پروگرام L&D-HRG کی طرف سے ترتیب دیا گیا، جس کے تحت بینک کے ہر درجہ کے فرنٹ اور بیک آفس اسٹاف کو اسلامی بینکاری کی ٹریننگ دی گئی۔ شریعہ کمپلائنس ڈیپارٹمنٹ کے اسٹاف ممبرز نے شریعہ ٹریننگز کے لئے پورا سال اپنی خدمات پیش کیں۔ مزید برآں، ایگزیکٹو مینجمنٹ کی شریعہ ٹریننگ کی ریگولیٹری ضروریات کے ساتھ ساتھ، شریعہ کمپلائنس ڈیپارٹمنٹ اور L&D نے ایگزیکٹو مینجمنٹ کی مہارت کو مزید بڑھانے کی غرض سے اسلامی بینکاری اور شرعی معیارات، اکاؤنٹنگ اینڈ آڈٹنگ آرگنائزیشن برائے اسلامی مالیاتی ادارے AAOIFI کے کورسز تیار کئے، جنہیں شروع کر دیا گیا ہے۔

- (6) شریعہ کمپلائنس ڈیپارٹمنٹ نے اسٹیٹ بینک آف پاکستان کے اسلامی بینکاری ڈیپارٹمنٹ کی جانب سے جاری کردہ سرکلر (نمبر 1 2021، تاریخ 14 جون 2021)، شریعہ نان کمپلائنس رسک مینجمنٹ SNCRM کی تعمیل کے لیے تمام ضروری اقدام کئے ہیں۔ ڈیپارٹمنٹ نے یقینی بنایا ہے کہ SNCRM بینک کے مجموعی رسک مینجمنٹ فریم ورک کا ایک لازمی عنصر ہونا چاہیے۔ مزید برآں ڈیپارٹمنٹ تمام شرعی عدم تعمیل کے معاملات اور لین دین کی رپورٹ بورڈ کی رسک مینجمنٹ اور پورٹ فولیو ریویو کمیٹی اور شریعہ نان کمپلائنس رسک مینجمنٹ کمیٹی کے ساتھ ساتھ شریعہ بورڈ کو سہ ماہی بنیادوں پر کرے گا۔ جہاں تک SNCRM کی نگرانی کا تعلق ہے، اس کے ساتھ ایک انتظامی کمیٹی شریعہ نان کمپلائنس رسک مینجمنٹ کمیٹی کے عنوان سے پریزیڈنٹ/سی ای او کی سربراہی میں تشکیل دی گئی ہے جس میں تمام گروپس کی نمائندگی موجود ہے۔ یہ کمیٹی آپریشنل/انتظامی سطح پر شرعی عدم تعمیل کے رسک کی کڑی نگرانی کے لیے ذمہ دار ہے۔ تمام کمیٹیوں کی باقاعدہ میٹنگز کا انعقاد کیا جا رہا ہے اور شریعہ کمپلائنس ڈیپارٹمنٹ تمام شرعی عدم تعمیل کے معاملات اور لین دین کی رپورٹ مذکورہ کمیٹیوں کو دیتا ہے۔
- (7) شریعہ بورڈ اپنی جاری کردہ ہدایات و لائحہ عمل پر عملدرآمد کے اعتبار سے بینک کے منتظمین کی مسلسل اور جامع کوششوں کی تعریف اور حوصلہ افزائی کرتا ہے۔

### سفارشات:

- شریعی بورڈ شرعی اعتبار سے کئے گئے جائزوں کی جانچ پڑتال کے بعد درج ذیل سفارشات پیش کرتا ہے:
- الف۔ مستقبل میں، ریگولیٹری تقاضوں کی تعمیل میں مزید شریعہ ٹریننگز ہونی چاہئیں۔ مزید برآں شریعہ بورڈ کلاس روم شریعہ ٹریننگز سیشنز کی بھرپور سفارش کرتا ہے۔ تربیتی مقصد کے تحت بنائے گئے مقامات کا انتظام بہتر سے بہتر بنایا جائے تاکہ شرکاء ایک علمی اور تربیتی ماحول میں زیادہ سے زیادہ فائدہ حاصل کر سکیں۔
- ب۔ کارپوریٹ، کمرشل، ٹریڈ، ایس ایم ایسینکاری کی پروڈکٹس اور شریعہ کی ٹریننگز پر زیادہ توجہ دینے کی ضرورت ہے، لہذا بھرپور سفارش کی جاتی ہے کہ عملے کی شرعی اصولوں کے تناظر میں پروڈکٹ کی تربیت کو یقینی بنایا جائے۔
- ج۔ اسلامی بینکاری اور مالیات کی اصل روح کے مطابق تشبیہ اور عام لوگوں کو آگاہی دینے کے ساتھ ساتھ اسلامی بینکاری کے بارے میں حقیقی شعور پیدا کرنے اور غلط فہمیوں کو دور کرنے کے لئے، ایم سی بی اسلامک بینک کے پلیٹ فارم سے سیمینارز، ورکشاپس اور سوال و جواب کی نشست کا اہتمام کرنے کی سفارش کی جاتی ہے۔

- د۔ شریعہ بورڈ قومی اور بین الاقوامی کانفرنسز میں نہ صرف شریعہ بورڈ کے ممبران کی بلکہ دیگر شعبوں کے نمائندگان کی شرکت کی سفارش کرتا ہے، یہ بینک کے برانڈ امیج اور بینک کے عملے کی صلاحیت میں اضافے کے لیے فائدہ مند ثابت ہوگا۔

(2) رپورٹ میں ظاہر کردہ امور کے مطابق اپنی رائے دیتے ہوئے عرض یہ ہے کہ ایم سی بی اسلامک بینک کے شریعہ کمپلائنس ڈیپارٹمنٹ نے ریزیڈنٹ شریعہ بورڈ ممبر/ہیڈ شریعہ کمپلائنس ڈیپارٹمنٹ کی زیر نگرانی تمام قسم کے مالی معاملات، ان کے جملہ مراحل، پروڈکٹس، اور اختیار کئے گئے نظریات کا نمونے کی بنیاد پر جائزہ لیا ہے۔ شریعہ کمپلائنس ڈیپارٹمنٹ نے شریعہ بورڈ کو بینک کے فرنٹ اور بیک آفسز کی شرعی تعمیل کا جائزہ لینے کے معاملات سے آگاہ رکھا۔ شرعی تعمیل کے جائزے کے لیے شریعہ بورڈ نے براہِ نچر کی فہرست کو منظور کیا۔ اس سلسلے میں 128 برانچوں کا شرعی معائنہ کیا گیا ہے اور جہاں تک بیک آفسز کے شرعی تعمیل کے جائزے کا تعلق ہے، تو اس کے لیے شریعہ بورڈ کی منظور شدہ فہرست کی تعمیل کو یقینی بنایا گیا ہے۔ ہیومن ریسورس گروپ کے لرننگ اینڈ ڈیولپمنٹ ڈیپارٹمنٹ (L&D – HRG) کے تعاون سے فرنٹ اور بیک آفسز کے عملے کے آرکان کی اسلامی بینکاری، مالیاتی معلومات اور مہارت کو بڑھانے کی غرض سے بینک کے تمام عملے کے لیے شرعی تربیت کو لازمی قرار دیا گیا۔ مزید RSBM/Head-شریعی کمپلائنس ڈیپارٹمنٹ نے ریگولیٹری اور شرعی تقاضوں کی تعمیل کو یقینی بنانے کے لیے جنوبی اور شمالی ریجن کی 19 شاخوں کا جانک دورہ کیا۔ اور اس کی باقاعدہ رپورٹ شریعہ بورڈ اور بورڈ آف ڈائریکٹرز کو پیش کی گئی۔

(3) اسلامک بنکس بنیادی طور پر مختلف جتنوں سے روایتی بنکوں سے جدا ہیں، ان کا بنیادی اصول شریعت پر کاربند ہونا ہے۔ اگر وہ شریعت پر کاربند نہیں ہوتے تو غیر شرعی معاملات کا احتمال بڑھ جاتا ہے۔ چنانچہ گاہک کے اعتبار کو بحال رکھنے کے لئے مضبوط و مستحکم بنیادوں پر شریعہ کمپلائنس کی موجودگی ضروری ہے۔ اسی چیز کو مد نظر رکھتے ہوئے ایم سی بی اسلامک بینک کے شریعہ بورڈ کی جاری کردہ پانچ ہدایات و لائحہ عمل اور سات فتاویٰ جات بھی موجود ہیں۔ ایم سی بی اسلامک بینک میں شریعہ بورڈ کی جاری کردہ تمام ہدایات و لائحہ عمل اور فتاویٰ جات پر عملدرآمد کو ان کی اصل روح کے مطابق یقینی بنایا گیا ہے۔

(4) بینک کے منتظمین کے تعاون سے شریعہ کمپلائنس ڈیپارٹمنٹ نے ریزیڈنٹ شریعہ بورڈ ممبر/ہیڈ شریعہ کمپلائنس ڈیپارٹمنٹ کی زیر نگرانی 2023ء میں تمام پراڈکٹس کی دستاویزات کا جائزہ لیا۔ شریعہ کمپلائنس ڈیپارٹمنٹ نے شریعہ کو یقینی بنانے کے لئے مختلف براہِ نچر اور بیک آفسز کا معائنہ کیا تاکہ بینک کے معاملات کو شریعہ کے اصولوں کے مطابق بنایا جائے۔ شریعہ بورڈ نے 46 فائنانسنگ کے لائحہ عمل کی دستاویزات، جن میں سے 25 کارپوریٹ ب، 15 کمرشل، اور 6 ایس ایم ای بینکاری کے لائحہ عمل کا جائزہ لیا اور ان کی منظوری دی۔ جہاں تک پراڈکٹس کا تعلق ہے، تو شریعہ بورڈ نے 09 شرکت متناقصہ 18 تیار شدہ مال پر مراہجہ اور مراہجہ للامر بالشرعہ 0 اجارہ، 1 استصناع 01 مشارکہ رنگ فائننس اور 0 کرنسی سلم کی پروڈکٹس کی اس سال منظوری دی۔

(5) شریعہ کمپلائنس ڈیپارٹمنٹ نے اسٹیٹ بینک آف پاکستان کے اسلامی بینکاری ڈیپارٹمنٹ کی جانب سے جاری کردہ ہدایات پر عملدرآمد کو یقینی بنانے کے لئے بینک کے فرنٹ اور بیک آفس اسٹاف کے لئے اسلامی بینکاری کی ٹریننگ کے کئی پروگرامز منعقد کئے۔ L&D نے اسٹاف کی اسلامی بینکاری اور مالیاتی نظام کی معلومات تک آسان رسائی کے لئے کلاس روم سیشنز کا انعقاد کیا، اس کے ساتھ ساتھ لرننگ مینیجمنٹ سسٹم (LMS) کے تحت آن لائن اسلامک بینکنگ ٹریننگ ماڈیولز بھی اپ لوڈ کیے۔ L&D نے اپنے اسٹاف کی اسلامی بینکاری میں تربیت کا عزم مصمم کیا ہوا ہے، لہذا اس سال بھی L&D نے شریعہ کمپلائنس ڈیپارٹمنٹ کے تعاون سے عملے کی استعداد کار میں اضافے کے لیے تمام ریجنز میں سیشنز منعقد کئے۔ شریعہ ٹریننگ سیشنز کلاس روم اور وچونکل سیشنز دونوں کا مجموعہ تھے جس کی وجہ سے جغرافیائی رکاوٹوں سے نکل کر اسٹاف کے لئے سیکھنے کے بہترین مواقع میسر ہوئے۔



## شریعت بورڈ رپورٹ (مالی سال اختتام پذیر ۳۱ دسمبر ۲۰۲۳ء)

### بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

اَلْحَمْدُ لِلّٰهِ رَبِّ الْعَالَمِیْنَ وَالصَّلَاةُ وَالسَّلَامُ عَلٰی حَائِمِ الْاَنْبِیَاءِ وَالْمُرْسَلِیْنَ وَعَلٰی اٰلِهِ وَصَحْبِهِ اَجْمَعِیْنَ اَمَّا بَعْدُ

شریعت بورڈ ایم سی بی اسلامک بینک لمیٹڈ کے امور سے متعلق اپنی سالانہ رپورٹ پیش کرتا ہے۔ ایم سی بی اسلامک بینک کا شریعت بورڈ ستمبر 2015ء کو تشکیل پایا، موجودہ شریعت بورڈ پروفیسر مفتی منیب الرحمن چیئرمین شریعت بورڈ، مفتی سید صابر حسین ریزیڈنٹ شریعت بورڈ ممبر اور مفتی ندیم اقبال، ممبر شریعت بورڈ پر مشتمل ہے۔ 2023ء میں پورا سال شریعت بورڈ کی خدمات ادارے کو حاصل رہیں، بینک کے معاملات کے حوالے سے شریعت بورڈ نے ٹیلی فون اور ویڈیو کانفرنس کالز کے ذریعے بھی کئی غیر رسمی ملاقاتیں کیں۔ علاوہ ازیں 2023ء میں شریعت بورڈ کے 4 رسمی اجلاس درج ذیل تاریخوں میں منعقد ہوئے، جس میں دیگر امور کے علاوہ نئی پراڈکٹس اور خدمات کے ساتھ ساتھ موجودہ پراڈکٹس اور خدمات میں ترامیم کا شرعی جائزہ لیا گیا۔

- شریعت بورڈ کا پہلا اجلاس، 20 مارچ 2023ء
- شریعت بورڈ کا دوسرا اجلاس، 19 جون 2023ء
- شریعت بورڈ کا تیسرا اجلاس، 06 ستمبر 2023ء
- شریعت بورڈ کا چوتھا اجلاس، 19 دسمبر 2023ء

شریعت بورڈ ایک ایسا بنیادی میکانزم ہے جو اسلامی اور روایتی بنکوں کی گورنس میں امتیاز قائم کرتا ہے، علاوہ ازیں شریعت کپیلائنس میکانزم اس چیز کو یقینی بناتا ہے کہ بینک کے معاملات شریعت بورڈ کے فتاویٰ جات اور ہدایات کے مطابق ہوں۔ اسلامی بینک میں معاملات شریعت کے مطابق ہونے سے اس کی کارکردگی پر مثبت اثرات مرتب ہوتے ہیں۔ لہذا کسی بھی اسلامی بینک کے لئے لازم ہے کہ وہ شریعت بورڈ کے فراہم کردہ تمام فتاویٰ جات اور ہدایات پر سختی کے ساتھ کاربند ہو۔ مندرجہ بالا شریعت بورڈ کی مجالس کے علاوہ سال بھر تمام امور کی نگرانی میں شریعت کپیلائنس ڈیپارٹمنٹ نے اس کے ساتھ ہم آہنگی کو یقینی بنایا، مزید برآں شریعت کپیلائنس کو پورے سال مد نظر رکھا جاتا ہے، جس کے نتیجے میں شریعت بورڈ کی بینک کے شرعی امور میں مستقل شمولیت اور موافقتی طریقہ کار کو بروئے کار لاتے ہوئے بینک کے مختلف النوع معاملات کی بروقت منظوری کو یقینی بنایا گیا۔

(1) چونکہ بورڈ آف ڈائریکٹرز اور ایگزیکٹو منسٹرین اس امر کے ذمہ دار ہیں کہ ایم سی بی اسلامک بینک کے جملہ معاملات شریعت کے اصولوں کے عین مطابق ہوں، لہذا ہم (شریعت بورڈ) ایم سی بی اسلامک بینک کے شریعت کپیلائنس کی مجموعی صورت حال کے بارے میں ایک رپورٹ جمع کرانے کے پابند ہیں۔ 2023ء میں شریعت بورڈ کے بورڈ آف ڈائریکٹرز کے ساتھ رسمی اجلاس درج ذیل تاریخوں میں منعقد ہوئے:

- شریعت بورڈ - بورڈ آف ڈائریکٹرز کا پہلا اجلاس، 26 اپریل 2023ء
- شریعت بورڈ - بورڈ آف ڈائریکٹرز کا دوسرا اجلاس، 19 دسمبر 2023ء

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## NOTICE OF 10<sup>TH</sup> ANNUAL GENERAL MEETING OF MCB ISLAMIC BANK LIMITED

Notice is hereby given that the 10th Annual General Meeting of MCB Islamic Bank Limited (the 'Bank') shall be held on Tuesday, March 26, 2024 at 2:00 PM at 14-A Jail Road, Lahore and through Video Conferencing Facility to transact the following businesses:

### ORDINARY BUSINESS:

- To confirm the minutes of the 9th Annual General Meeting held on March 27, 2023.
- To receive, consider and adopt the Annual Audited Financial Statements of the Bank for the year ended December 31, 2023 together with Directors' and Auditors' Reports thereon and Chairman's Review Report.
- To appoint auditors of the Bank and to fix their remuneration. The Audit Committee has suggested the re-appointment of M/s. A.F. Ferguson & Company, Chartered Accountants, as auditors of the Bank. The Board on the suggestion of the Audit Committee has recommended to the shareholders the re-appointment of M/s. A.F. Ferguson & Company, Chartered Accountants as auditors of the Bank.

By Order of the Board



**Ms. Maimoona Cheema**  
Company Secretary

**Date: March 04, 2024**  
Lahore

### NOTES:

- Members whose names appear in the register of members on March 26, 2024 shall be entitled to attend, speak and vote at the meeting.
- A member is entitled to appoint another member as his/her proxy to attend, speak and vote instead of him/her at the meeting. Corporate entities can appoint a person who is not a member in terms of Section 138 of the Companies Act, 2017.
- The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity, its official stamp should be affixed on the instrument.
- The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, shall be deposited, with the Company Secretary, MCB Islamic Bank Limited, 59, T-Block, DHA Phase II, Lahore not less than 48 hours before the time of holding the meeting.
- If a member appoints more than one proxy, and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.
- The Bank has placed its audited financial statements for the year ended 31 December, 2023 along with directors' report and other relevant material on its website: [www.mcbislamicbank.com](http://www.mcbislamicbank.com)



## STATEMENT ON INTERNAL CONTROLS - YEAR 2023

The Management of MCB Islamic Bank (the “Bank”) under the guidance of the Board of Directors, acknowledges its responsibility for establishing and maintaining an adequate and effective Internal Controls System with the main objectives of ensuring effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

The Internal Control System is a set of processes designed to identify, evaluate and mitigate the risk of failures and to help achieve overall business objectives of the Bank. All significant policies and procedural manuals are in place, which are reviewed, revised and improved to keep them current with latest activities and challenges. As a part of effective Internal Control System, the Board has established a formalized organizational structure within the Bank that provides clear demarcation of reporting and responsibility for ensuring proper assignment of authorities, segregations of duties and accountability towards the Bank. Defined authority limits have been established for each level within the Bank to approve acquisition and disposal of assets, approval of credit limits, writing-off items as well as approving expenses.

The Internal Control System evolves continuously and hence its evaluation is an ongoing process. This statement on internal controls is based on the management’s assessment towards various aspects of the same. The said system of the Bank is designed to minimize and manage risks rather than eliminate the risk of failure to achieve the desired objectives; hence it can only provide reasonable assurance and not absolute assurance against material misstatement or loss.

Implementing State Bank of Pakistan (the “SBP”) Guidelines on Internal Control has been the Bank’s top priority, with concerted efforts made by every Group to improve the control environment at grassroot level by regularly reviewing and streamlining procedures, as well as imparting training. . The Bank has completed all stages of Internal Controls over Financial Reporting (ICFR) roadmap. External Auditor’s Long Form Reports (LFR) on the assessment of Bank ICFR for the years 2017, 2018 and 2019 have been submitted to SBP. For the year 2020 and onward, SBP has granted the Bank exemption from the requirement of ICFR assessment by External Auditors. We have followed the said SBP guidelines for management of significant risks and will continue further improvements.

Board’s Audit Committee (BAC) has the authority and is empowered by the Board of Directors to review the adequacy and effectiveness of the Internal Controls System implemented by the Bank. Further, all significant and material finding of the Internal and external auditors as well as observations of the regulators are addressed on priority by the management and their status periodically reported to the BAC.

The BAC is supported by the Audit & RAR Group, independent from management, which forms an integral part of the governance processes. The Audit & RAR Group provides reasonable assurance through systematic and disciplined approach along with value-added recommendations on the adequacy and effectiveness of the Internal Controls System, and compliance with internal policies, procedures and applicable regulatory laws and regulations. Periodic updates on its activities and significant issues are submitted by the Audit & RAR Group to the BAC.

Back Office Governance and Special Projects Group (BOG & SPG) is entrusted with the responsibility to maintain the internal control documentation of significant areas, covering financial, operational, and compliance risks along with their mitigating controls, in coordination with all stakeholders. Business continuity planning is also being carried out by Back Office Governance and Special Projects Group (BOG & SPG) in coordination with all stakeholders to ensure smooth business operations without disruption.

Concerted efforts are made by every Group to improve the control environment at grassroots level by regularly reviewing and streamlining procedures to prevent and rectify control lapses as well as imparting training for improvement at various levels. Compliance & Control Group (CCG) of the Bank through its specialized teams and centralized automated solutions, also oversees adherence to the regulatory requirements, with specific emphasis on Anti-Money Laundering (AML) / Combating Financing to Terrorism (CFT)/ Countering Proliferation Financing (CPF). Compliance and Control Group conducts on-site and off-site reviews of various entities and also facilitates training sessions on Anti-Money Laundering (AML), Combating Financing to Terrorism (CFT) & Countering Proliferation Financing (CPF) for staff through various tools. Further CCG has implemented various dimensions of Compliance Risk Management Guidelines issued by the regulator including automated system to manage to Compliance Risk of the Bank. In addition, "Compliance Committee of Management" oversees the handling of Compliance Risk of the Bank and facilitate in implementing policies, processes and procedures to manage this risk. Furthermore, based on the observations and weakness identified by the Internal and External Auditors, CCG and Shari'ah Compliance teams, remediation of the control deficiencies are brought about by the management.

Bank's Risk Management function also plays its role in ongoing strengthening of the Bank's Internal Controls System, through operational risk data collection and conducting Risk and Control Self-Assessment exercise on bank wide basis and cyber security controls. The Bank has adopted top down approach for Risk Assessment. Further, the bank has also adopted the integrated Framework on Internal Controls issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO) for implementation in light of the SBP's Internal Control Guidelines. Risk Management Function is also actively engaged in creating risk awareness through staff training sessions in the areas of Operational Risk and Fraud Risk.

Based upon the results derived through ongoing testing of financial reporting controls and internal audits carried out during the year, the management considers that the Bank's existing Internal Control System is adequate and has been effectively implemented and monitored. The management will continue enhancing its coverage and compliance with the SBP Guidelines on Internal Control and further strengthening its control environment on an ongoing basis.

Based on the above, the Board of Directors has duly endorsed management's evaluation of internal controls including ICFR in the Directors report.



**Muhammad Saeed Raja**  
Group Head - Back Office Governance and  
Special Projects



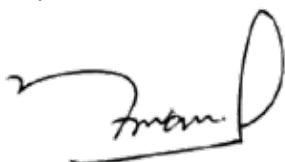
**Salman Naseer**  
Acting Group Head - Risk Management



**Syed Iftikhar Hussain Rizvi**  
Group Head - Finance / CFO



**Muhammad Tariq Gondal**  
Group Head - Compliance & Controls



**Muhammad Imran Siddique**  
Group Head - Audit & RAR

**Date: January 26, 2024**

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## REPORT OF THE BOARD AUDIT COMMITTEE

The Board Audit Committee comprises of experienced and qualified directors. The directors have diversified experience of banking and industry. The Chairman of Board Audit Committee is an independent director.

The Head of Internal Audit has direct access to the Board Audit Committee. The Board Audit Committee ensures staffing of the internal audit function with personnel of sufficient internal audit acumen, and that the function is equipped with the necessary resources and authority to execute their responsibilities independently and objectively.

Board Audit Committee remained actively engaged in the review of the Bank's financial statements as well as audit activities in accordance with the requirements of Code of Corporate Governance and that of Charter of the Board Audit Committee, duly approved by the Board of Directors. Board Audit Committee held four meetings, during the year 2023. Significant agenda items of the meetings were:

- Review of the Bank's periodic financial statements, including disclosure of related party transactions prior to their approval by the Board of Directors (BOD).
- Review of status of compliance against observations highlighted by internal and external auditors, including regular updates on the rectification actions taken by the management in response to the audit findings.
- Review of significant issues highlighted by internal auditors during audits / reviews of branches and other functions of the Bank.
- Review of the Bank's Internal Audit Charter.
- Review, approval and oversight of Annual Audit Plan and budget along with resource requirements of Audit & RAR Group.
- Performance appraisal of Head of Internal Audit & RAR.
- Review of Management Letter issued by External Auditors along with management response.
- Recommendation of scope and appointment of external auditors, including finalization of audit and consultancy fee.
- Review of Statement on Internal Controls, prior to endorsement by the BOD.

Lahore  
Date: February 03, 2024

**Chairman Board Audit Committee**  
MCB Islamic Bank Limited



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# STATEMENT OF COMPLIANCE

## with Listed Companies (Code of Corporate Governance) Regulations, 2019 MCB Islamic Bank Limited For The Year Ended December 31, 2023

This statement is being presented in accordance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("Regulations") issued by the Securities and Exchange Commission of Pakistan (the "Commission"), as required under Regulation No. G-I of the Prudential Regulations for Corporate / Commercial Banking issued by the State Bank of Pakistan (SBP).

MCB Islamic Bank Limited ("the Bank") has complied with the requirements of the Regulations in the following manner:

- The total number of directors are 8 as per the following:

<b>A</b>	Male	7
<b>B</b>	Female	1

- The composition of the Board is as follows:

Sr. No.	Category	Name of Directors
A	Independent Directors*	Mr. Jawaid Iqbal Ms. Seema Aziz
B	Non-Executive Directors	Mr. Raza Mansha Mr. Ahmed Ebrahim Hasham Mr. Ibrahim Shamsi Mr. Omair Safdar Mr. Hammad Khalid
C	Executive Director (President & CEO)	Mr. Zargham Khan Durrani
D	Female Director	Ms. Seema Aziz

\* The Board has appointed two independent directors and the fraction one-third number was not rounded up to one as the two independent directors had requisite competencies, skills, knowledge and experience to fulfil their obligations as per the requirements of the applicable laws and regulations and hence, appointment of third independent director was not warranted.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Bank.
- 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.
- 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 significant policies along with their date of approval or updating has been maintained by the Bank.
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the "Act") and the Regulations.
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.



8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
9. The following Board Members have attained Directors' Training Program till date:
- Mr. Omair Safdar (Non-Executive Director)
  - Mr. Ahmed Ebrahim Hasham (Non-Executive Director)
  - Ms. Seema Aziz (Independent Director)
  - Mr. Jawaid Iqbal (Independent Director)
  - Mr. Hammad Khalid (Non-Executive Director)
- The following directors are exempted from the Director's Training Program on the basis of their education and experience:
- Mr. Raza Mansha (Chairman)
  - Mr. Ibrahim Shamsi (Non-executive Director)
10. The Board has approved appointment of the Chief Financial Officer, the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations.
11. The CFO and the President & Chief Executive Officer ("CEO") duly endorsed the financial statements before approval of the Board.
12. The Board has formed following Committees comprising of members given below:

<b>A Board Audit Committee</b>	
Mr. Jawaid Iqbal	Chairman
Ms. Seema Aziz	Member
Mr. Omair Safdar	Member
Mr. Ibrahim Shamsi	Member
Mr. Hammad Khalid	Member
<b>B Human Resource &amp; Remuneration Committee</b>	
Mr. Jawaid Iqbal	Chairman
Ms. Seema Aziz	Member
Mr. Raza Mansha	Member
Mr. Omair Safdar	Member
<b>C Business Strategy &amp; Service Quality Review Committee</b>	
Mr. Ahmed Ebrahim Hasham	Chairman
Mr. Omair Safdar	Member
Mr. Hammad Khalid	Member
Mr. Zargham Khan Durrani	Member
<b>D Risk Management &amp; Portfolio Review Committee</b>	
Mr. Omair Safdar	Chairman
Mr. Ibrahim Shamsi	Member
Mr. Ahmed Ebrahim Hasham	Member
Mr. Jawaid Iqbal	Member
Mr. Zargham Khan Durrani	Member

E Board Information Technology Committee	
Mr. Ibrahim Shamsi	Chairman
Mr. Jawaid Iqbal	Member
Mr. Hammad Khalid	Member
Mr. Zargham Khan Durrani	Member
F Board Evaluation Committee	
Ms. Seema Aziz	Chairman
Mr. Hammad Khalid	Member

13. The Terms of Reference (“TORs”) of the aforesaid Committees have been formed, documented and advised to the respective committee for compliance.
14. The number of meetings of the below committees held during the year were as per the following table:

Name of Committee	No. of Meetings
Board Audit Committee	Four
Human Resource & Remuneration Committee	Three
Business Strategy & Service Quality Review Committee	Five
Risk Management & Portfolio Review Committee	Four
Board IT Committee	Two
Board Evaluation Committee	One

15. The Board has set up an effective Internal Audit function which is considered suitably qualified and experienced for the purpose and is 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 (“ICAP”) and registered with Audit Oversight Board of Pakistan, that they and all of their partners are in compliance with International Federation of Accountants (“IFAC”) guidelines on code of ethics as adopted by the ICAP 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 President & CEO, CFO, 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, the 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 the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



**Zargham Khan Durrani**  
President / CEO  
MCB Islamic Bank Limited

February 03, 2024



**Raza Mansha**  
Chairman  
MCB Islamic Bank Limited

February 03, 2024

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A.F. FERGUSON &amp; CO.

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MCB Islamic 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 MCB Islamic Bank Limited (the Bank) for the year ended December 31, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended December 31, 2023.

**A. F. Ferguson & Co.**

Chartered Accountants

Lahore

Date: March 4, 2024

UDIN: CR2023100923INDEbaXP

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
308-Upper Mall, Shahrah-e-Quaid-e-Azam, P.O. Box 39, Lahore-54000, Pakistan.  
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## INDEPENDENT AUDITOR'S REPORT

**To the members of MCB Islamic Bank Limited  
Report on the Audit of the Financial Statements**

### OPINION

We have audited the annexed financial statements of MCB Islamic Bank Limited (the Bank), which comprise the statement of financial position as at December 31, 2023, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, along with the unaudited certified returns received from the branches except for 25 branches which have been audited by us and notes to the 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 statement of financial position, profit and loss account, the statement of comprehensive income, the statement of changes in equity and 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 Ordinance and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

### INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's reports thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

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## RESPONSIBILITIES OF MANAGEMENT AND THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Banking 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

Board of directors are responsible for overseeing the Bank's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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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.

## 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 statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
  - c. investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the bank which have come to our notice have been within the powers of the Bank; and
  - d. zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.
2. We confirm that for the purpose of our audit we have covered more than sixty percent of the total Islamic financing and related assets of the Bank

The engagement partner on the audit resulting in this independent auditor's report is **Hammad Ali Ahmad**.

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

Lahore

Date: March 4, 2024

UDIN: AR202310092W0ltznH4A

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# FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	Note	2023	2022
<b>Rupees in thousands</b>			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	19,529,055	13,906,238
Balances with other banks	7	2,748,279	1,238,320
Due from financial institutions	8	2,500,000	6,170,000
Investments - net	9	132,544,302	72,668,657
Islamic financing and related assets - net	10	89,347,415	90,301,709
Fixed assets	11	5,783,193	4,936,840
Intangible assets	12	532,846	576,754
Deferred tax assets	13	-	12,527
Other assets	14	14,014,615	9,228,528
		266,999,705	199,039,573
<b>LIABILITIES</b>			
Bills payable	16	2,175,473	3,737,482
Due to financial institutions	17	25,813,546	14,670,759
Deposits and other accounts	18	204,460,158	154,001,460
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debts		-	-
Deferred tax liabilities	13	445,291	-
Other liabilities	19	12,068,985	10,282,990
		244,963,453	182,692,691
<b>NET ASSETS</b>		<b>22,036,252</b>	<b>16,346,882</b>
<b>REPRESENTED BY</b>			
Share capital	20	15,550,000	15,550,000
Reserves	21	1,428,486	397,819
Surplus on revaluation of assets	22	934,644	400,830
Accumulated profit / (loss)		4,123,122	(1,767)
		22,036,252	16,346,882
<b>CONTINGENCIES AND COMMITMENTS</b>	23		

The annexed notes 1 to 45 form an integral part of these financial statements.



**SYED IFTIKHAR HUSSAIN RIZVI**  
Chief Financial Officer



**ZARGHAM KHAN DURRANI**  
President / Chief Executive



**JAWAID IQBAL**  
Director



**HAMMAD KHALID**  
Director








**RAZA MANSHA**  
Director

## PROFIT AND LOSS ACCOUNT

### FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
Rupees in thousands			
Profit / return earned	24	35,942,266	18,553,458
Profit / return expensed	25	18,758,603	10,031,975
Net Profit / return		17,183,663	8,521,483
<b>OTHER INCOME</b>			
Fee and commission income	26	741,288	508,147
Dividend income		13,451	28,946
Foreign exchange income		735,118	429,289
Gain / (Loss) on securities - net	27	17,656	(251,196)
Other income	28	229,820	153,235
Total other income		1,737,333	868,421
Total income		18,920,996	9,389,904
<b>OTHER EXPENSES</b>			
Operating expenses	29	7,390,269	5,967,749
Workers welfare fund		217,510	75,303
Other charges	30	41,672	3,163
Total other expenses		7,649,451	6,046,215
Profit before provisions		11,271,545	3,343,689
Provisions and write offs - net	31	704,007	141,149
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		10,567,538	3,202,540
Taxation	32	5,414,203	1,654,411
<b>PROFIT AFTER TAXATION</b>		5,153,335	1,548,129
<b>Rupees</b>			
<b>Basic and diluted earnings per share - After Tax</b>	33	3,314	1,125

The annexed notes 1 to 45 form an integral part of these financial statements.

				
SYED IFTIKHAR HUSSAIN RIZVI Chief Financial Officer	ZARGHAM KHAN DURRANI President / Chief Executive	JAWAID IQBAL Director	HAMMAD KHALID Director	RAZA MANSHA Director



## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
	Rupees in thousands	
Profit after taxation for the year	5,153,335	1,548,129
<b>Other comprehensive income / (loss)</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Movement in surplus / (deficit) on revaluation of investments - net of tax	548,019	(22,621)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>		
Movement in (deficit) / surplus on revaluation of fixed assets - net of tax	(11,984)	216,819
<b>Total comprehensive income</b>	<b>5,689,370</b>	<b>1,742,327</b>

The annexed notes 1 to 45 form an integral part of these financial statements.



**SYED IFTIKHAR HUSSAIN RIZVI**  
Chief Financial Officer



**ZARGHAM KHAN DURRANI**  
President / Chief Executive



**JAWAID IQBAL**  
Director



**HAMMAD KHALID**  
Director








**RAZA MANSHA**  
Director

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

	Share Capital	Statutory Reserve	Surplus / (deficit) on revaluation of		Accumulated (Loss) / Profit	Total
			Investments	Fixed Assets		
<b>Rupees in thousands</b>						
<b>Balance as at January 01, 2022</b>	11,550,000	88,193	(57,307)	305,671	(1,282,002)	10,604,555
Profit after taxation for the year ended December 31, 2022	-	-	-	-	1,548,129	1,548,129
Other comprehensive (loss) / income - net of tax	-	-	(22,621)	216,819	-	194,198
	-	-	(22,621)	216,819	1,548,129	1,742,327
Transfer to statutory reserve	-	309,626	-	-	(309,626)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit in respect of disposals - net of tax	-	-	-	(40,340)	40,340	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit in respect of incremental depreciation - net of tax	-	-	-	(1,392)	1,392	-
<b>Transactions with owners, recorded directly in equity</b>	-	-	-	-	-	-
Issue of share capital	4,000,000	-	-	-	-	4,000,000
<b>Balance as at December 31, 2022</b>	15,550,000	397,819	(79,928)	480,758	(1,767)	16,346,882
Profit after taxation for the year ended December 31, 2023	-	-	-	-	5,153,335	5,153,335
Other comprehensive income / (loss) - net of tax	-	-	548,019	(11,984)	-	536,035
	-	-	548,019	(11,984)	5,153,335	5,689,370
Transfer to statutory reserve	-	1,030,667	-	-	(1,030,667)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit in respect of incremental depreciation - net of tax	-	-	-	(2,221)	2,221	-
<b>Balance as at December 31, 2023</b>	15,550,000	1,428,486	468,091	466,553	4,123,122	22,036,252

The annexed notes 1 to 45 form an integral part of these financial statements.






				
SYED IFTIKHAR HUSSAIN RIZVI Chief Financial Officer	ZARGHAM KHAN DURRANI President / Chief Executive	JAWAID IQBAL Director	HAMMAD KHALID Director	RAZA MANSHA Director

## CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
Rupees in thousands			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		10,567,538	3,202,540
Less: Dividend income		13,451	28,946
		10,554,087	3,173,594
<b>Adjustments</b>			
Depreciation on fixed assets	11.2	466,176	390,678
Depreciation on right-of-use assets	11.3	527,299	474,221
Depreciation on ijarah assets under IFAS 2	10.3.1	552,153	671,010
Amortisation	12.1	187,463	175,556
Unwinding of lease liability against right-of-use assets	25	309,332	299,859
Provisions and write offs - net	31	704,077	141,149
Unrealized loss / (gain) on forward foreign exchange contracts - net		27,819	(62,483)
Gain on sale of fixed assets - net	28	(1,112)	(26,285)
Gain on termination of lease liability against right-of-use asset	28	(6,319)	(3,833)
Gain on conversion of Ijarah agreements	28	(21,391)	(18,878)
Unrealised gain on revaluation of held-for-trading securities	27	(4,181)	-
(Gain) / loss on sale of securities - net	27	(13,475)	251,196
		2,727,841	2,292,190
		13,281,928	5,465,784
<b>(Increase) / decrease in operating assets</b>			
Due from financial institutions		3,670,000	(4,520,000)
Islamic financing and related assets		(280,545)	4,951,378
Other assets (excluding advance taxation)		(4,641,887)	(832,616)
		(1,252,432)	(401,238)
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		(1,562,009)	1,840,681
Due to financial institutions		11,142,787	(1,757,115)
Deposits and other accounts		50,458,698	31,253,682
Other liabilities (excluding current taxation)		1,048,406	287,008
		61,087,882	31,624,256
		73,117,378	36,688,802
Income tax paid		(5,060,151)	(163,000)
<b>Net cash generated from operating activities</b>		68,057,227	36,525,802
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in held-for-trading securities		(1,996,619)	-
Net investments in available-for-sale securities		(37,778,770)	(23,691,633)
Net investments in held-to-maturity securities		(19,024,550)	(15,536,489)
Dividend received		13,451	28,946
Investments in fixed assets		(1,234,271)	(495,263)
Proceeds from sale of fixed assets		1,766	205,551
Investments in intangible assets		(143,555)	(172,543)
<b>Net cash used in investing activities</b>		(60,162,548)	(39,661,431)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		-	4,000,000
Payment of lease liability against right-of-use asset		(761,903)	(680,139)
<b>Net cash (used in) / generated from financing activities</b>		(761,903)	3,319,861
<b>Increase in cash and cash equivalents during the year</b>		7,132,776	184,232
Cash and cash equivalents at the beginning of the year		15,144,558	14,960,326
<b>Cash and cash equivalents at the end of the year</b>	34	22,277,334	15,144,558

The annexed notes 1 to 45 form an integral part of these financial statements.

				
<b>SYED IFTIKHAR HUSSAIN RIZVI</b> Chief Financial Officer	<b>ZARGHAM KHAN DURRANI</b> President / Chief Executive	<b>JAWAID IQBAL</b> Director	<b>HAMMAD KHALID</b> Director	<b>RAZA MANSHA</b> Director



## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

#### 1 STATUS AND NATURE OF BUSINESS

- 1.1 MCB Islamic Bank Limited (the Bank) was incorporated in Pakistan as an unlisted public limited company on May 15, 2014 under the Companies Ordinance, 1984 (repealed after the enactment of the Companies Act, 2017) to carry out the business of an Islamic Commercial Bank in accordance and in conformity with the principles of Islamic Shari'ah and in accordance with regulations and guidelines of the State Bank of Pakistan. The Securities and Exchange Commission of Pakistan granted "Certificate of Commencement of Business" to the Bank on January 30, 2015. The Bank is a wholly owned subsidiary of MCB Bank Limited (MCB).
- 1.2 The State Bank of Pakistan (SBP) granted a "Certificate of Commencement of Banking Business" to the Bank on September 14, 2015 under Section 27 of the Banking Companies Ordinance, 1962. The Bank formally commenced operations as a Scheduled Islamic Commercial Bank with effect from October 15, 2015 upon receiving notification in this regard from SBP under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, micro finance, investment and retail banking activities.
- 1.3 The Bank is operating through 226 branches including two sub branches in Pakistan as at December 31, 2023 (December 31, 2022: 198 branches including one sub branch in Pakistan). The Registered Office of the Bank is situated at 59 Block T, Phase II, DHA, Lahore Cantt and Principal Office is situated at 14-A Main Jail Road, Gulberg, Lahore.
- 1.4 Based on the financial statements of the Bank for the period ended March 31, 2023, Pakistan Credit Rating Agency (PACRA) has maintained the Bank's medium to long-term rating as "A" and the short-term rating as 'A-1' with stable outlook.

#### 2 BASIS OF PRESENTATION

- 2.1 The Bank provides Islamic financing and related assets mainly through Shari'ah compliant financing products mainly through Murabaha, Istisna, Salam, Ijarah, Diminishing Musharaka and Running Musharaka. The Bank also provides refinance facilities under various refinance schemes of the State Bank of Pakistan including Islamic Export Refinance Scheme.
- 2.2 The purchases and sales arising under these arrangements are not reflected in these 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 Islamic financing is recognised in accordance with the principles of Islamic Shari'ah and in accordance with regulations and guidelines of the State Bank of Pakistan. However, income, if any, received which does not comply with the principles of Islamic Shari'ah is recognised as charity payable if so directed by the Shari'ah Board of the Bank.
- 2.3 These financial statements have been prepared in accordance with the format as prescribed by the State Bank of Pakistan through BPRD Circular No. 02 dated January 25, 2018.

#### 3 STATEMENT OF COMPLIANCE

- 3.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:
- International Financial Reporting Standards (IFRSs) 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 and Exchange Commission of Pakistan (SECP).

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

The State Bank of Pakistan has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits', through BPRD Circular No. 04 dated February 25, 2015 and International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular No. 10 dated August 26, 2002.

The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS 7 'Financial Instruments: Disclosures' on banks through S.R.O 411(1) / 2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

**3.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year**

There are certain other new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2023. These are considered either to not be relevant or not to have any significant impact on the Bank's financial statements.

**3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

The following other standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2024:

	<b>Effective date (annual periods beginning on or after)</b>
IFRS 9 - Financial instruments	January 1, 2024
Amendment to IFRS 16 – Leases on sale and leaseback	January 1, 2024
Amendment to IAS 1 – Non-current liabilities with covenants	January 1, 2024
Amendments to IAS 21 - Lack of Exchangeability	January 1, 2025

**IFRS 9 Financial Instruments**

IFRS 9, Financial Instruments: Classification and Measurement, addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL approach has an impact on all assets of the Bank which are exposed to credit risk.

As directed by SBP via BPRD Circular Letter No. 7 of 2023, IFRS 9 Financial Instruments is effective for periods beginning on or after January 01, 2024 for banks having asset base of more than Rs. 500 billion as at December 31, 2022. Furthermore, final instructions on IFRS 9 (Application Instructions), for ensuring smooth and consistent implementation of the standard across banks, have already been issued by SBP via BPRD Circular No. 3 of 2022 dated July 05, 2022.

During 2023, the management of the Bank has performed an impact assessment of IFRS 9 taking into account the SBP's IFRS 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank at the time of finalizing the impact for initial application of IFRS 9. In addition, the Bank will implement changes in classification of certain financial instruments. These changes and impacts are discussed below:

An overview of the IFRS 9 requirements that are expected to have significant impact are discussed below along with the additional requirements introduced by the SBP:

**Governance, ownership and responsibilities**

The Bank has adopted a governance framework requiring the Risk, Finance, Operations and IT functions to effectively work together to ensure input from all business lines. IFRS 9 requires robust credit risk models that can predict Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

### Classification and measurement

The classification and measurement of financial assets will base on the business model within which they are held and their contractual cash flow characteristics. Financial assets that do not meet the solely payments of principal and interest (SPPI) criteria are measured at fair value through profit or loss ('FVTPL') regardless of the business model in which they are held. The Bank's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL')

The business model reflects how groups of financial assets are managed to achieve a particular business objective. Financial assets can only be held at amortised cost if the instruments are held in order to collect the contractual cash flows ('hold to collect'), and where those contractual cash flows are solely payments of principal and interest (SPPI). Assets may be sold out of 'hold to collect' portfolios where there is an increase in credit risk. Disposals for other reasons are permitted but such sales should be insignificant in value or infrequent in nature.

Debt instruments where the business model objectives are achieved by collecting the contractual cash flows and by selling the assets ('hold to collect and sell') and that have SPPI cash flows are held at FVOCI, with unrealised gains or losses deferred in reserves until the asset is derecognised.

The classification of equity instruments is generally measured at FVTPL unless the Bank, at initial recognition, irrevocably designates as FVOCI but both unrealized and realised gains or losses are recognised in reserves and no amounts other than dividends received are recognised in the income statement. All other financial assets will mandatorily be held at FVTPL. Financial assets may be designated at FVTPL only if doing so eliminates or reduces an accounting mismatch.

The Bank has analyzed the impact of initial application of IFRS 9 on its financial assets as follows:

#### Equity Securities

The Bank expects to continue measuring at Fair value all financial assets currently held at Fair value.

Equity shares currently held as Available-for-Sale (AFS) with gains and losses recorded in OCI, the Bank will apply the option to present Fair Value changes in OCI, and, therefore, the application of IFRS 9 will not have a significant impact on adoption. However, in accordance with IFRS 9 requirements, Fair Value gain or losses recognized in OCI will not be recycled to profit and loss account on derecognition of these securities. Expected credit losses are not recognised for equity instruments designated at FVOCI.

Unquoted equity securities are required to be measure at Fair Value under IFRS 9, however, SBP has allowed relaxation to the banks till December 31, 2023 to carry these investments under the current PR regime.

#### Sukuks and Islamic financing and related assets

Sukuks currently classified as AFS and those passes SPPI test, are expected to be measured at Fair Value through OCI under IFRS 9 as the Bank's business model is to hold the assets to collect contractual cash flows, but also to sell those investment. Sukuks currently classified as HTM and those passes SPPI test are expected to be measured at amortized costs under IFRS 9 as the business model is to hold the assets to collect contractual cash flows.

#### Impairment of financial assets not held at FVTPL

The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments), lease receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for Expected Credit Losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk (SICR), an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are categorized in 'stage 1'; financial assets that are considered to have experienced a SICR are categorized in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are categorized in 'stage 3'.

Credit losses are the expected cash shortfalls from what is contractually due over the expected life of the financial instrument, discounted at the original effective interest rate. The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date.



Based on the requirement of IFRS 9 and SBP's IFRS 9 application instructions, the Bank has performed an ECL assessment taking into account the key elements such as assessment of SICR, Probability of Default, Loss Given Default and Exposure at Default. These elements are described below:

- PD : The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.

- LGD : It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Bank expects to receive, including any form of collateral.

- EAD : the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

For calculating ECL, the Bank shall classify its financial assets under three following categories:

a) Stage 1: Performing Assets: Financial assets where there has not been a SICR since initial recognition, the Bank shall recognize an allowance based on the 12-month ECL.

b) Stage 2: Under-Performing Assets: Financial assets where there has been a SICR since initial recognition, but they are not credit impaired, the Bank shall recognize an allowance for the lifetime ECL for all exposures categorized in this stage based on the actual maturity profile.

c) Stage 3: Non-Performing Assets: Financial assets which have objective evidence of impairment at the reporting date. The Bank shall recognize ECL on these financial assets using the higher off approach, which means that lifetime ECL computed under IFRS 9 is compared with regulatory provision required as per Prudential regulations.

As required by the Application Instructions, financial assets may be reclassified out of stage 3 if they meet the requirements of Prudential Regulations (PR) issued by SBP. Financial assets in stage 2 may be reclassified to stage 1 if the conditions that led to a SICR no longer apply. An exposure cannot be upgraded from Stage 3 to 1 directly and should be upgraded to Stage 2 initially.

#### Significant Increase in Credit Risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or interest payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

Based on the level of increase in credit risk, the Bank shall calculate 12 month ECL for assets which did not have a SICR i.e., Stage 1 or a lifetime expected loss for the life of the asset (for assets which demonstrated a SICR) i.e., Stage 2.

At every reporting date, the Bank shall assess whether there has been a SICR since the initial recognition of the asset. If there is a SICR, the asset must be assigned to the appropriate stage of credit impairment (Stage 2 or 3).

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilized, Stage 1 and stage 2 provisions would be made as per IFRS 9 ECL and stage 3 provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRs' requirements.

#### Presentation and disclosure

IFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of Bank's disclosure about its financial instruments particularly in the year of adoption of the IFRS 9.

The State Bank of Pakistan is yet to issue a revised format for financial statements of the banks for the accounting periods starting from January 1, 2024, which shall include the presentation and disclosures of adoption of IFRS 9 as applicable in Pakistan.

**Impact of adoption of IFRS 9**

The Bank will adopt IFRS 9 in its entirety effective January 1, 2024 with modified retrospective approach for restatement. As permitted by IFRS-9, the Bank will not be restating comparatives on initial application. The cumulative impact of initial application will be recorded as an adjustment to equity at the beginning of the accounting period.

The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2024 may not be accurately estimated because it will be dependent on the financial instruments that the Bank would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Bank has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2023.

**Impact on Equity of the Bank**

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity at January 1, 2024 is reduction in equity of approximately Rs.113.657 million, representing corresponding impact of:

- An decrease of approximately Rs.113.657 million net of tax related to impairment requirements.

The Bank continues to refine its expected credit loss model and embed its operational processes which may change the actual impact on adoption.

**Impact on regulatory capital**

The banks are allowed to include provisions for stage 1 and stage 2 in Tier 2 capital up to a limit of 1.25% of total credit risk-weighted assets. In order to mitigate the impact of ECL provisioning on capital, a transitional arrangement is allowed to the banks to absorb the impact on regulatory capital. Accordingly, banks, which choose to apply transitional arrangement, may implement this arrangement in accordance with SBP's Guideline for absorption of ECL for CAR Purposes as mentioned in Annexure C of BPRD Circular No 3 of 2022.

The estimated impact of initial adoption of IFRS 9 on the Bank's capital ratios, without accounting for the allowed transitional arrangement, is as follows:

	As per adopted IFRS 9	As per current ARS
Common Equity Tier 1 Capital Adequacy ratio	22.08%	22.20%
Tier 1 Capital Adequacy Ratio	22.08%	22.20%
Total Capital Adequacy Ratio	23.79%	23.79%
CET1 available to meet buffers (as a percentage of risk weighted assets)	14.58%	14.70%

These financial statements have been prepared in accordance with the existing prudential regime to the extent of the Bank's domestic operations, whereas the requirements of this standard are incorporated for overseas jurisdictions where IFRS 9 has been adopted.

Including the above, there are other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2024 but are considered not to be relevant or do not to have any significant impact on the Bank's financial statements and are therefore not detailed in these financial statements.

#### 4 BASIS OF MEASUREMENT

- 4.1 These financial statements have been prepared under the historical cost convention, except that certain classes of fixed assets are stated at revalued amounts and certain investments, foreign currency balances and commitments in respect of certain foreign exchange contracts have been marked to market and carried at fair value in accordance with the requirements of the SBP. In addition, obligations in respect of lease liabilities are carried at present value and right-of-use assets which are initially measured at an amount equal to the corresponding lease liability and depreciated over the respective lease terms.

##### Measurement of fair values

The Bank has an established control framework with respect to the measurement of fair values. The management regularly reviews significant observable and unobservable inputs and valuation adjustments. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques. The valuation of financial assets and financial liabilities are categorized and disclosed in note 38.

- 4.2 These financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

#### 5 MATERIAL ACCOUNTING POLICY INFORMATION

##### 5.1 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The material accounting estimated areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in the application of accounting policies are as follows:

##### a) Classification of investments

In classifying investments, the Bank follows the guidance provided in SBP circulars:

- Investments classified as 'held for trading', are securities which are acquired with an intention to trade by taking advantage of short term market / profit rate movements and are to be sold within 90 days of acquisition.
- Investments classified as 'held to maturity' are non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investment to maturity.
- The investments which are not classified as 'held for trading' or 'held to maturity' are classified as 'available for sale'.

##### b) Provision / Impairment against Investments

Provision for diminution in the value of Sukuk certificates is made as per the Prudential Regulations issued by the SBP. The Bank determines that 'available for sale' equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, the impairment may be appropriate when there is an evidence of deterioration in the financial health of the investee and sector performance, changes in technology and operational / financial cash flows. Impairment loss in respect of other investments classified as 'available for sale' and investments classified as 'held to maturity' is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments.

##### c) Provision against Islamic financing and related assets

The Bank reviews its Islamic financing and related assets portfolio to assess amount of non-performing Islamic financing and related assets and determine provision required there against on regular basis. While assessing this requirement various factors including the delinquency in the account, financial position of the customer and the requirements of the Prudential Regulations are considered.

The amount of general provision is determined in accordance with the relevant regulations and management's judgment as explained in note 5.6.2.



**d) Taxation**

In making the estimates for income taxes currently payable by the Bank, the management considers the current income tax laws. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

**e) Depreciation, amortization and revaluation of fixed assets**

In making estimates of the depreciation / amortization method, the management uses the method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the changed pattern. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Further, the Bank estimates the revalued amount of land and buildings on a regular basis. The estimates are based on valuations carried out by independent professional valuers under the market conditions.

**f) Lease term**

The Bank applies judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Bank is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

**5.2 Business acquisition**

Business acquisition from Group companies are recognized at carrying values.

**5.3 Cash and cash equivalents**

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks in current (net of overdrawn Nostro balances) and deposit accounts.

**5.4 Funds due to / from financial institutions****Bai Mu'ajjal**

In Bai Mu'ajjal, the Bank sells sukuk on deferred basis to other financial institutions. The deferred price is agreed at the time of sale and such proceeds are received at the end of the deferral period. Bai Mu'ajjal with the Federal Government is classified as investment.

**Musharaka / Mudaraba / Wakala**

In Musharaka / Mudaraba / Wakala, the Bank invests in the Shariah compliant business pools of the financial institutions at the agreed profit and loss sharing ratio / fees.

**Musharaka from the SBP under Islamic Export Refinance Scheme (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 profit sharing ratio 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.

## 5.5 Investments

The Bank classifies its investments (recognition and subsequent measurement) as follows:

### a) Held for trading

These are securities, which are either acquired for generating profit from short-term fluctuations in market prices, rate of return movements, dealers margin or are securities included in a portfolio in which a recent pattern of short-term profit taking exists.

### b) Available for sale

These are investments, that do not fall under the 'held for trading' or 'held to maturity' categories.

### c) Held to maturity

These are securities with fixed or determinable payments and fixed maturity in respect of which the Bank has the positive intent and ability to hold to maturity. Bai-Mu'ajjal receivables from Government of Pakistan are stated at cost. Investments classified as 'held to maturity' are carried at amortized cost less accumulated impairment losses, if any.

#### 5.5.1 Regular way contracts

All purchases and sales of investments that require delivery within the timeframe established by regulation or market convention are recognized at the trade date. Trade date is the date on which the Bank commits to purchase or sell the investment.

#### 5.5.2 Initial recognition and measurement

Investments other than those categorised as 'held for trading' are initially recognised at fair value which includes transaction costs associated with the investments. Investments classified as 'held for trading' are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

#### 5.5.3 Subsequent measurement

##### a) Held for trading

These are measured at subsequent reporting dates at fair value. Gains and losses on remeasurement are included in the net profit and loss for the year.

##### b) Available for sale

In accordance with the requirements specified by the SBP, quoted securities (other than those classified as 'held to maturity'), are subsequently re-measured to market value. Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investment in other unquoted securities are valued at cost less impairment losses, if any.

Surplus / deficit arising on revaluation of quoted securities which are classified as 'available for sale', is included in the Statement of Other Comprehensive Income. On derecognition or impairment of available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for period.

##### c) Held to maturity

These are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amount.

#### 5.5.4 Provision / impairment

Provision for diminution in the value of Sukuk certificates is made as per the applicable International Financial Reporting Standards and the directives issued by the SBP from time to time. In case of impairment of equity quoted securities classified as available for sale securities, the cumulative gain or loss that has been recognised directly in surplus / (deficit) on revaluation of securities on the statement of financial position is transferred to the profit and loss account. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account till the time the investments are sold or disposed off.

#### 5.6 Islamic financing and related assets

5.6.1 These are financial products offered by the Bank and are stated net of specific and general provision against non performing Islamic financing and related assets, if any. A brief description of the products are given below:

##### Murabaha

In Murabaha transactions, the Bank purchases the goods through its agent or client and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction.

Under Murabaha financing, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha finance'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financing are recorded at the deferred sale price. Goods purchased but remained unsold at the statement of financial position date are recorded as inventories. Deferred income on Murabaha financing is adjusted against Murabaha receivable.

The Bank values its inventories at the lower of cost and net realizable value. The net realizable 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 the agent of the Bank for subsequent sale.

##### 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 is paid back to the Bank.

##### Salam

In Salam financing, the Bank pays full in advance to its customer for buying specified goods / commodities to be delivered to the Bank within an agreed time. The goods are then sold and the amount financed is received back by the Bank along with profit.

##### Ijarah

In Ijarah financing, the Bank provides the asset on pre-agreed rentals for specific tenors to the customers. Ijarah assets are stated at cost less depreciation and are disclosed as part of 'Islamic financing and related assets'.

The rental 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.

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'.

The significant Ijarah contracts entered into by the Bank are with respect to vehicles, plant and machinery and equipment and are for periods ranging from 1 to 7 years.

##### Diminishing Musharaka

In Diminishing Musharaka based financing, the Bank enters into Musharaka based on Shirkat-ul-Milk for financing and agreed share of fixed assets (example: house, land, plant, machinery or vehicle) with its customers and enters into period profit payment agreement for the utilization of the Bank's Musharaka share by the customer.



#### Running Musharaka

In Running Musharaka based financing, the Bank enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in the customer's operating business where the funds can be withdrawn or refunded during the Musharaka period.

#### 5.6.2 Provision

##### Specific provision

The Bank determines provisions against Islamic financing and related assets on a prudent basis in accordance with the requirements of the Prudential Regulations issued by the SBP.

##### General provision

In accordance with Prudential Regulations issued by the SBP, general provision against consumer financing and house financing are maintained at varying percentages based on the non-performing loan ratio present in the portfolio.

In addition to the above mentioned requirements, the Bank has also maintained a general provision in respect of financing against potential losses as may be present in the portfolio. This provision is based on management's best estimate and is approved by the Board of Directors of the Bank.

The net provisions made / reversed during the year is charged to the profit and loss account and accumulated provision is netted off against Islamic financing and related assets. Islamic financing and related assets are written off when there are no realistic prospects of recovery.

#### 5.7 Fixed and Intangible assets

##### 5.7.1 Fixed assets

##### 5.7.1.1 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. These are transferred to specific assets as and when assets become available for use.

##### 5.7.1.2 Property and equipment

Property and equipment, other than land are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amount.

Subsequent costs are included in the asset's carrying amount or are recognized 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 are charged to the profit and loss account.

Depreciation on all fixed assets is charged using the straight line method in accordance with the rates specified in note 11.2 to these financial statements and after taking into account residual value, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off.

Surplus on revaluation of land and buildings is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of land and buildings (net of deferred taxation) is transferred directly to unappropriated profit.

Gains / losses on sale of property and equipment are credited / charged to the profit and loss account, except the related surplus on revaluation of land and buildings (net of deferred taxation) which is transferred directly to unappropriated profit.

**5.7.2 Intangible assets****5.7.2.1 Advance against purchase of software**

Advance against purchase of software is stated at cost less accumulated impairment losses, if any. These are transferred to computer software as and when the related asset is received.

**5.7.2.2 Computer software**

Computer software are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible assets are amortized over its estimated recoverable useful lives over which economic benefits are expected to flow to the Bank. The useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

**5.7.3 Impairment**

The carrying amount of assets are reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. Recoverable amount is the greater of fair value and value in use. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

**5.8 IFRS 16 - Lease liability and right-of-use assets**

The liability in respect of Ijarah (leases) of Musta'jir (lessee) are initially measured at the present value of the remaining Ijarah payments, discounted using the Banks's incremental borrowing rate. The Bank (being an Islamic bank) may acquire funds, if required, from other financial institution(s) under Shari'ah compliant modes. The Ijarah liability is subsequently measured at amortised cost using the effective borrowing rate and charged to profit and loss account. The carrying amount is remeasured / adjusted if there are changes in the future cash flows or the lease term.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the Ijarah liability, adjusted for, as applicable, any Ujarah (lease) payments made at or before the commencement date. On subsequent measurement, right-of-use assets are stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of the Ijarah liability.

Right-of-use assets are depreciated on a straight line basis over the Ijarah term as this method closely reflects the expected pattern of consumption of future economic benefits and charged to profit and loss account. Carrying amount of the Ijarah liability is derecognised upon termination of the Ijarah contract with corresponding adjustment to right-of-use asset. Gain or loss on termination of Ijarah contract is recognised in the profit and loss account. The right-of-use assets are presented within note 11 and are subject to impairment in line with the Bank's policy as described in note 5.7.3.

The Bank has elected not to recognize a right-of-use asset and the corresponding Ijarah liability for short-term Ijarahs with terms of 12 months or less and Ijarahs of low-value assets. Payments associated with these Ijarah are recognized as an expense in the profit or loss account on a straight-line basis.

However, accounting for Ijarah of Muj'ir (lessors) remains the same as required under IFAS 02 i.e. Muj'ir continue to present assets subject to Ijarah according to the nature of the asset, distinguished from the assets in own use.

**5.9 Deposits**

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba. Deposits are recorded at the proceeds received. The cost of deposits is recognized as an expense in the period in which this is incurred.

Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Mudaraba basis are classified as 'Savings deposits' or 'Fixed deposits'. No profit or loss is passed 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 saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

Profits realized 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. 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 upto a maximum of 60% of their profit as Incentive profits (Hiba).

Profits are distributed from the pool such that the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of Investments.

Asset pools may be created at the Bank's discretion and the Bank may add, amend, and transfer an asset to any other pool in the interests of the deposit holders.

#### 5.10 Pool Management

The Bank operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudaraba, Musharaka and Wakala modes.

Under the general deposits pool, the Bank accepts funds on Mudaraba basis from depositors (Rabb-ul-Maal) where the Bank acts as Manager (Mudarib) and invests the funds in the Shari'ah Compliant modes of financings, investments and placements. When utilising investing funds, the Bank prioritizes the funds received from depositors over the funds generated from own sources.

Specific pools may be operated for funds acquired / accepted from the SBP and other banks for Islamic Export Refinance to Bank's customers and liquidity management respectively under the Musharaka / Mudaraba modes. The Bank also maintains an Equity Pool which consists of Bank's equity and funds accepted on Qard (non-remunerative current deposit account) basis.

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, if any. The directly related costs comprise of depreciation on Ijarah assets, takaful premium, documentation charges etc. No general or administrative expense is charged to pool. 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 Musharaka 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 Hiba to the depositors of General Pool, keeping in view the prescribed guidelines of Pool Management provided by the SBP and with the approval of the Bank's Shariah Board. 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 deposits and funds accepted under the above mentioned pools are provided to diversified sectors and avenues of the economy / business as mentioned in the notes and are also invested in Government of Pakistan backed Ijarah Sukuks. Staff financings are exclusively financed from the equity pool.

The risk characteristic of each pool mainly depends on the assets and liability profile of each pool.

#### 5.11 Taxation

##### Current and prior year

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credits and rebates. The charge for current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year and are disclosed separately.

##### Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The Bank records deferred tax assets / liabilities using the tax rates, enacted or substantively enacted by the balance sheet date expected to be applicable at the time of its reversal. Deferred tax assets are reviewed at each reporting date and are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The Bank also recognises deferred tax asset / liability on deficit / surplus on revaluation of securities and deferred tax liability on surplus on revaluation of fixed assets which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS) 12 'Income Taxes'.

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.



**5.12 Staff retirement benefits****Defined contribution plan**

The Bank operates a recognised contributory provident fund scheme for all its permanent employees. Equal monthly contributions are made both by the Bank and its permanent employees, to the Fund at the rate of 8.33% of the basic salaries of employees. However, an employee has an option to increase his/her contribution upto 15% but the Bank will still contribute 8.33% of the employee's basic salary. The Bank has no further payment obligation once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

**5.13 Acceptances, guarantees and letters of credit**

Acceptances comprise of undertakings by the Bank to pay bills of exchange drawn on customers. Acceptances are recognized as financial liability in the statement of financial position with a contractual right of reimbursement from the customer as a financial asset.

The Bank issues guarantees and letters of credit. These are disclosed in the statement of financial position as part of contingencies and commitments.

**5.14 Provisions and contingent assets and liabilities**

Provisions are recognized when the Bank has a legal or constructive obligation as a result of past events and 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 balance sheet date and are adjusted to reflect the current best estimates.

Contingent assets are not recognised, and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are disclosed unless the probability of an outflow of resources embodying economic benefit is remote.

**5.15 Foreign currencies****5.15.1 Transactions and balance**

Transactions in foreign currencies (other than the results of operations of foreign operations) are translated to Rupees at the foreign exchange rates ruling on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the balance sheet date. Foreign bills purchased and forward foreign exchange contracts (unilateral wa'ad) other than those relating to foreign currency deposits are valued at the rates applicable to their respective maturities. Translational gains / losses and any change in fair value of forward exchanges contracts are credited / charged to profit and loss account.

**5.15.2 Commitments**

Commitments for outstanding forward foreign exchange contracts are disclosed in these financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the date of the statement of financial position.

Translation gains and losses are included in the profit and loss account.

**5.16 Revenue recognition**

- Profit on investments in Sukuks is recognised on accrual basis. Where Sukuks (excluding those classified as held for trading) are purchased at a premium or discount, such premiums / discounts are amortised through the profit or loss account using the effective yield method.
- Profit from Musharaka placements with financial institutions is recognised on accrual basis.
- Profit from Bai-Mu'ajjal is recognised on accrual basis.
- Profit from Murabaha financing is accounted for on culmination of the Murabaha transaction. Profit on Murabaha is recognised on time proportion basis. Profit on Murabaha transactions for the period from the date of disbursement to the date of culmination of Murabaha is recognised immediately on the later date.

- Rental income from Ijarah financing is recognised on an accrual basis. Depreciation on Ijarah asset is charged to income (net of with rental income) over the period of Ijarah using the straight line method.
- Profit on Diminishing Musharaka is recognised on an accrual basis.
- Profit on Running Musharaka financing is booked on an accrual basis and is subject to adjustment (if any) upon declaration of profit by Musharaka partners.
- Profit on Istisna financing is recognised on accrual basis.
- Profit on Salam financing is recognised on accrual basis.
- The Bank earns fee and commission income from certain non-funded banking services. The related fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. The Bank recognises fees earned on transaction-based arrangements at a point in time when the Bank has fully provided the service to the customer. Where the contract requires services to be provided over time, the income is recognised on a systematic basis over the life of the related service. Unearned fees and commissions are included under Other liabilities.
- Dividend income is recognised when the Bank's right to receive dividend is established.
- Gain or loss on sale of investments is recognised in the profit and loss account in the year to which it arises.
- Gain or loss on disposal of fixed assets, intangible assets, ijarah assets and musharaka assets is taken to the profit and loss account in the period in which they arise.
- Profit suspended in compliance with the Prudential Regulations issued by the SBP is recognized on receipt basis. Profit on rescheduled / restructured financing and investments is recognised as permitted by the SBP.

#### 5.17 Assets acquired in satisfaction of claims

The Bank occasionally acquires assets in settlement of certain financings. These are stated at lower of the carrying value or current fair value of such assets.

#### 5.18 Financial instruments

##### 5.18.1 Financial assets and financial liabilities

Financial instruments carried on the statement of financial position includes cash and balances with treasury banks, balances with other banks, due from financial institutions, investments, Islamic financing and related assets (excluding inventories), other assets (excluding balances related to tax), bills payables, due to financial institutions, deposits and other liabilities (excluding balances related to tax). The particular recognition methods adopted for significant financial assets and liabilities are disclosed in the individual policy statements associated with these assets and liabilities.

##### 5.18.2 Offsetting

Financial assets and financial liabilities are off set and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Bank intends either to settle on a net basis, or to realize the assets and settle the liabilities, simultaneously.

#### 5.19 Dividend distribution and appropriation

Dividend declared and other appropriations (other than appropriations required by law) approved subsequent to the balance sheet date are considered as non-adjusting events and are not recorded in the financial statements. However, a separate disclosure of the fact is made in the financial statements.

## 5.20 Earnings per share

The Bank presents basic and diluted Earnings Per Share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

## 5.21 Segment reporting

A segment is a distinguishable component of the Bank that is subject to risks and rewards that are different from those of other segments. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Bank's functional and management reporting structure. The Bank's operations have been broken into following different business segments:

### 5.21.1 Business segments

#### - Retail

It includes commercial and SME financing, deposits, trade business and other banking services.

#### - Corporate

It includes financing to large and medium sized public and private sector entities, investment banking, corporate advisory, cash management, trade finance, guarantees and transaction with financial institutions.

#### - Consumer

It includes financing and other banking services to individual customers other than those classified under Micro Finance.

#### - Microfinance

It represents financing operations to low income individuals including agriculture sector financing.

#### - Treasury operations

It includes inter-bank placements / acceptances, capital market operations and foreign exchange transactions and reserves management.

#### - Head office

It includes functions which cannot be classified in any of the above segments.

### 5.21.2 Geographical segments

The Bank operates only in Pakistan.



	Note	2023	2022
<b>Rupees in thousands</b>			
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
- local currency		3,482,849	3,698,486
- foreign currencies		619,773	644,364
		4,102,622	4,342,850
With the State Bank of Pakistan (SBP) in			
- local currency current account	6.1	13,897,890	8,762,753
- foreign currency current accounts			
cash reserve account	6.2	401,933	297,530
special cash reserve account	6.3	479,163	334,438
USD clearing account		48,095	103,577
		929,191	735,545
With National Bank of Pakistan in			
- local currency current accounts		599,329	64,400
Prize bonds	6.4	23	690
		19,529,055	13,906,238

**6.1** The local currency current account is maintained with SBP under the Cash Reserve Requirement of section 22 of Banking Companies Ordinance, 1962. This section requires banking companies to maintain a local currency cash reserve in the current account opened with the SBP at a sum not less than such percentage of its time and demand liabilities in Pakistan as prescribed by the SBP from time to time.

**6.2** As per BSD Circular No. 15 dated June 21, 2008, cash reserve of 5% is required to be maintained with the SBP on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits). This account is non-remunerative in nature.

**6.3** Special Cash Reserve of 6% is required to be maintained with the SBP on FE-25 deposits as specified in BSD Circular No. 15 dated June 21, 2008. This account is non-remunerative in nature.

**6.4** These represent the national prize bonds received from customers for onward surrendering to SBP. The Bank, as a matter of Shari'ah principle, does not deal in prize bonds.

	Note	2023	2022
<b>Rupees in thousands</b>			
<b>7 BALANCES WITH OTHER BANKS</b>			
In Pakistan			
- deposit account	7.1	1,845	2,107
Outside Pakistan			
- current account		2,746,434	1,236,213
		2,748,279	1,238,320

**7.1** This represents saving accounts carrying profit at expected rates ranging from 6.01% to 12.00% per annum (2022: 3.60% to 12.00% per annum).

	Note	2023	2022
<b>Rupees in thousands</b>			
<b>8 DUE FROM FINANCIAL INSTITUTIONS</b>			
<b>Unsecured</b>			
Musharaka arrangements	8.1	2,500,000	6,170,000
		2,500,000	6,170,000

**8.1** This represents Musharaka placements with various financial institutions carrying average profit rate of 22.15% per annum (2022: 16.05% per annum) and having maturity till January 04, 2024.

	2023	2022
<b>Rupees in thousands</b>		
<b>8.2 Particulars of due from financial institutions</b>		
- Local currency	2,500,000	6,170,000
- Foreign currencies	-	-
	2,500,000	6,170,000

## 9 INVESTMENTS

## 9.1 Investments by type:

	2023			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
<b>Rupees in thousands</b>				
<b>Held-for-trading securities</b>				
Federal Government securities	1,996,619	-	4,181	2,000,800
	1,996,619	-	4,181	2,000,800
<b>Available-for-sale securities</b>				
Federal Government securities	92,638,747	-	924,435	93,563,182
Shares	-	-	-	-
Non Government securities	770,000	-	(6,610)	763,390
	93,408,747	-	917,825	94,326,572
<b>Held-to-maturity securities</b>				
Federal Government securities	36,216,930	-	-	36,216,930
	36,216,930	-	-	36,216,930
<b>Total Investments</b>	<b>131,622,296</b>	<b>-</b>	<b>922,006</b>	<b>132,544,302</b>

	2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
<b>Rupees in thousands</b>				
<b>Held-for-trading securities</b>				
Federal Government securities	-	-	-	-
	-	-	-	-
<b>Available-for-sale securities</b>				
Federal Government securities	54,789,150	-	(142,464)	54,646,686
Shares	57,352	-	2,239	59,591
Non Government securities	770,000	-	-	770,000
	55,616,502	-	(140,225)	55,476,277
<b>Held-to-maturity securities</b>				
Federal Government securities	-	-	-	-
Non Government securities	17,192,380	-	-	17,192,380
	17,192,380	-	-	17,192,380
<b>Total Investments</b>	<b>72,808,882</b>	<b>-</b>	<b>(140,225)</b>	<b>72,668,657</b>

**9.2 Investments by segments:**

	2023			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in thousands				
<b>Federal Government securities</b>				
Government of Pakistan (GOP) Ijarah Sukuks	130,852,296	-	928,616	131,780,912
<b>Shares</b>				
Listed companies	-	-	-	-
<b>Non Government securities</b>				
Listed	-	-	-	-
Unlisted	770,000	-	(6,610)	763,390
<b>Total Investments</b>	<b>131,622,296</b>	<b>-</b>	<b>922,006</b>	<b>132,544,302</b>

	2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in thousands				
<b>Federal Government securities</b>				
Government of Pakistan (GOP) Ijarah Sukuks	71,981,530	-	(142,464)	71,839,066
<b>Shares</b>				
Listed companies	57,352	-	2,239	59,591
<b>Non Government securities</b>				
Unlisted	770,000	-	-	770,000
<b>Total Investments</b>	<b>72,808,882</b>	<b>-</b>	<b>(140,225)</b>	<b>72,668,657</b>

9.2.1 There were no investment given as collateral as at December 31, 2023 (2022: Nil).

**9.3 Provision for diminution in value of investments**

	2023	2022
	Rupees in thousands	
<b>On Available for sale securities</b>		
Opening balance	-	262,194
Charge for the year	-	-
Reversal on disposals	-	(262,194)
Closing balance	-	-

**9.4 Quality of Available-for-sale securities**

Details regarding quality of Available-for-sale (AFS) securities are as follows:

	2023	2022
	Cost Rupees in thousands	
<b>Federal Government Securities - Government guaranteed</b>		
Government of Pakistan (GOP) Ijarah Sukuks	92,638,747	54,789,150
<b>Shares</b>		
Listed		
Fertilizer	-	57,352
		57,352
<b>Non Government Securities</b>		
Unlisted		
AAA (2022:AA+)	420,000	420,000
AA+ (2022: AA+)	250,000	250,000
A (2022: A)	100,000	100,000
	770,000	770,000
	93,408,747	55,616,502



9.5 Particulars relating to Held-to-Maturity securities are as follows:

	Note	2023	2022	Cost
		Rupees in thousands		
<b>Federal Government Securities - Government guaranteed</b>		36,216,930	17,192,380	
Government of Pakistan (GOP) Ijarah Sukuks		36,216,930	17,192,380	

9.5.2 The market value of securities classified as held-to-maturity as at December 31, 2023 amounted to Rs.36,748 million (December 31, 2022: Rs. 17,113 million).

10 ISLAMIC FINANCING AND RELATED ASSETS - NET

	Note	Performing		Non performing		Total	
		2023	2022	2023	2022	2023	2022
Rupees in thousands							
Murabaha	10.1	12,202,918	10,019,296	46,550	1,283	12,249,468	10,020,579
Musawamah		-	-	-	-	-	-
Isitna	10.2	4,613,657	3,669,842	177,761	-	4,791,418	3,669,842
Salam		38,042	-	-	-	38,042	-
Ijarah	10.3	1,804,112	1,764,790	973	1,676	1,805,085	1,766,466
Running Musharaka	10.4	45,626,287	44,824,547	-	-	45,626,287	44,824,547
Diminishing Musharaka	10.5	22,491,209	27,436,009	1,732,524	1,675,832	24,223,733	29,111,841
Staff finance	10.6	1,901,583	1,493,537	-	-	1,901,583	1,493,537
<b>Islamic financing and related assets - gross</b>		<b>88,677,808</b>	<b>89,208,021</b>	<b>1,957,808</b>	<b>1,678,791</b>	<b>90,635,616</b>	<b>90,886,812</b>
Less: Provision against non-performing Islamic financing and related assets							
- Specific		-	-	(745,250)	(175,194)	(745,250)	(175,194)
- General		(542,951)	(409,909)	-	-	(542,951)	(409,909)
	10.9	(542,951)	(409,909)	(745,250)	(175,194)	(1,288,201)	(585,103)
<b>Islamic financing and related assets - net of provisions</b>		<b>88,134,857</b>	<b>88,798,112</b>	<b>1,212,558</b>	<b>1,503,597</b>	<b>89,347,415</b>	<b>90,301,709</b>

10.1 Murabaha

	Note	2023	2022	Rupees in thousands
- Murabaha financing	10.1.1	5,567,599	5,847,916	
- Murabaha inventory		6,534,969	3,970,864	
- Advances against Murabaha financing		76,900	131,357	
- Murabaha financing under Islamic export refinance scheme (IERS)	10.1.5	-	-	
- Advances against Murabaha financing under IERS		70,000	70,000	
- Murabaha inventory under SBP's Islamic Refinance Scheme for Payment of Wages and Salaries (IRSPWS)		-	452	
		12,249,468	10,020,579	

10.1.1 Murabaha receivable - gross

Less: Deferred Murabaha income	10.1.2	6,217,953	6,311,946
Murabaha financing	10.1.4	650,354	464,030
		5,567,599	5,847,916

	Note	2023	2022
<b>Rupees in thousands</b>			
<b>10.1.2</b>	<b>Movement in Murabaha receivable during the year:</b>		
	Opening balance	6,311,946	8,031,953
	Sales during the year	30,439,863	34,088,826
	Adjusted during the year	(30,533,856)	(35,808,833)
	Closing balance	6,217,953	6,311,946
<b>10.1.3</b>	<b>Murabaha sale price during the year</b>	30,439,863	34,088,826
	Murabaha purchase price during the year	(27,809,106)	(32,159,349)
		2,630,757	1,929,477
<b>10.1.4</b>	<b>Deferred Murabaha income</b>		
	Opening balance	464,030	419,161
	Arising during the year	2,630,757	1,929,477
	Recognised during the year	(2,444,433)	(1,884,608)
	Closing balance	650,354	464,030
<b>10.2</b>	<b>Istisna</b>		
	- Istisna financing	1,620,373	586,545
	- Istisna inventory	545,663	211,744
	- Advances against Istisna financing	2,474,159	2,616,591
	- Istisna financing under IERS	39,284	27,790
	- Advances against Istisna financing under IERS	111,939	227,172
	- Advances against Istisna financing under SBP's IRSPWS	-	-
		4,791,418	3,669,842
<b>10.3</b>	<b>Ijarah financing and related assets</b>		
	- Net book value of assets in Ijarah under IFAS 2	10.3.1	1,744,035
	- Advances against Ijarah		61,050
			1,805,085

**10.3.1 Net book value of assets in Ijarah under IFAS 2**

	2023						Book value as at December 31, 2023
	Cost			Depreciation			
	As at January 1, 2023	Additions / (disposal)	As at December 31, 2023	As at January 1, 2023	Charge / (disposal)	As at December 31, 2023	
<b>Rupees in thousands</b>							
Vehicles	2,384,318	915,507	2,633,837	1,046,443	402,850	986,002	1,647,835
		(665,988)			(463,291)		
Equipment and Plant and Machinery	768,781	-	542,904	488,664	149,303	446,705	96,199
		(225,877)			(191,262)		
	3,153,099	915,507	3,176,741	1,535,107	552,153	1,432,707	1,744,034
		(891,865)			(654,553)		

	2022						Book value as at December 31, 2022
	Cost			Depreciation			
	As at January 1, 2022	Additions / (disposal)	As at December 31, 2022	As at January 1, 2022	Charge / (disposal)	As at December 31, 2022	
Rupees in thousands							
Vehicles	2,762,865	578,087 (956,634)	2,384,318	1,297,960	425,664 (677,181)	1,046,443	1,337,875
Equipment and Plant and Machinery	1,104,004	- (335,223)	768,781	543,219	245,346 (299,901)	488,664	280,117
	3,866,869	578,087 (1,291,857)	3,153,099	1,841,179	671,010 (977,082)	1,535,107	1,617,992

### 10.3.2 Future Ijarah payments receivable

	2023			
	Not later than 1 year	Later than 1 year and not later than 5 years	Over Five years	Total
Rupees in thousands				
Ijarah rental receivables	2,609	1,353,323	6,356	1,362,288

	2022			
	Not later than 1 year	Later than 1 year and not later than 5 years	Over Five years	Total
Rupees in thousands				
Ijarah rental receivables	700,190	673,453	-	1,373,643

	2023	2022
	Rupees in thousands	
<b>10.4 Running Musharaka</b>		
- Running Musharaka financing	42,210,287	41,381,547
- Running Musharaka financing under IERS	3,416,000	3,443,000
	45,626,287	44,824,547
<b>10.5 Diminishing Musharaka</b>		
- Diminishing Musharaka financing	23,754,790	26,430,619
- Advances against Diminishing Musharaka financing	347,983	735,542
- Diminishing Musharaka financing under SBP's IRSPWS	-	155,638
- Advances against Diminishing Musharaka under SBP's ILTFF	-	865,702
- Advances against Diminishing Musharaka under SBP's ITERF	120,960	924,340
	24,223,733	29,111,841
<b>10.6 Staff finance</b>		
- Staff vehicle finance under Diminishing Musharaka	474,493	398,393
- Staff housing finance under Diminishing Musharaka	1,427,090	1,095,144
	1,901,583	1,493,537
<b>10.7 Particulars of Islamic financing and related assets - gross</b>		
In local currency	90,635,616	90,886,812
In foreign currency	-	-
	90,635,616	90,886,812



**10.8** Islamic financing and related assets include Rs. 1,957,808 million (2022: Rs. 1,678,791 million) which have been placed under non-performing status as detailed below:

Category of Classification	2023		2022	
	Non-performing Islamic financing and related assets	Provision	Non-performing Islamic financing and related assets	Provision
Rupees in thousands				
<b>Domestic</b>				
Other Assets Especially Mentioned	-	-	31	-
Substandard	222,176	5,482	1,214,219	144,767
Doubtful	157,979	3,193	6,261	3,130
Loss	1,577,653	736,575	458,280	27,297
	1,957,808	745,250	1,678,791	175,194

**10.9** Particulars of provision against Islamic financing and related assets

	2023		2022	
	Specific	General	Specific	General
Rupees in thousands				
Opening balance	175,194	409,909	585,103	124,718
Charge for the year	577,686	149,396	727,082	160,418
Reversals	(6,651)	(16,354)	(23,005)	(105,102)
Amounts written off	571,035	133,042	704,077	55,316
Closing balance	(979)	-	(979)	(4,840)
	745,250	542,951	1,288,201	175,194
				409,909
				585,103
				61,882
				186,600
				508,536
				(105,193)
				403,343
				(4,840)
				409,909
				585,103

**10.10** State Bank of Pakistan vide BSD Circular No. 02 dated January 27, 2009, BSD Circular No. 10 dated October 20, 2009, BSD Circular No. 02 of 2010 dated June 03, 2010 and BSD Circular No. 01 of 2011 dated October 21, 2011 has allowed benefit of Forced Sale Value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial & industrial properties (land and building only) held as collateral against NPLs for five years from the date of classification. Had the benefit not been taken by the Bank, the specific provision against non-performing Islamic financing and related assets would have been higher by Rs. 967.863 million (December 31, 2022: Rs. 555.936 million). The additional benefit on the Bank's profit and loss account arising from availing the FSV benefit - net of tax amounts to Rs. 493.610 million (December 31, 2022: Rs. 283.527 million). However, the additional impact on profitability arising from availing the benefit of forced sales value is not available for payment of cash or stock dividends to shareholders.

**10.11** The Bank has maintained general provision at an amount equal to 1% of the fully secured performing portfolio of consumer auto finance and unsecured performing portfolio of micro financing as required by the Prudential Regulations issued by the SBP. Further, general provision on consumer house finance is maintained as per the criteria defined in relevant Prudential Regulations issued by SBP.

**10.12** In addition, the Bank has also maintained an unencumbered general provision of Rs. 472.4 million (December 31, 2022: Rs. 326.5 million) against financing made in accordance with the prevailing circumstances as mentioned in Note 42.1. This general provision is in addition to the requirements of Prudential Regulations.

**10.13 Particulars of provision against Islamic financing and related assets**

	2023			2022		
	Specific	General	Total	Specific	General	Total
In local currency	745,250	542,951	1,288,201	175,194	409,909	585,103
In foreign currency	-	-	-	-	-	-
	745,250	542,951	1,288,201	175,194	409,909	585,103

**10.14 Particulars of Write Offs**

	Note	2023	2022
		Rupees in thousands	
Against provisions	10.9	979	4,840
Directly charged to Profit and Loss account		-	-
		979	4,840
<b>10.15</b> Write offs of Rs. 500,000 and above			
- Domestic		-	-
- Overseas		-	-
Write Offs of below Rs. 500,000		979	4,840

**11**

**FIXED ASSETS**

Capital work-in-progress	11.1	514,632	252,146
Property and equipment	11.2	3,240,770	2,735,815
Right-of-use assets	11.3	2,027,791	1,948,879
		5,783,193	4,936,840

**11.1**

**Capital work-in-progress**

Civil works		13,028	124,303
Advance to suppliers and contractors		425,650	68,149
Electrical and computer equipment		75,954	59,694
		514,632	252,146

**11.2 Property and equipment**

	2023						
	Freehold land	Building on freehold land	Lease hold Improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Total
Rupees in thousands							
<b>At January 01, 2023</b>							
Cost / revalued amount	868,208	528,436	827,736	225,443	1,891,452	125,818	4,467,093
Accumulated depreciation	-	(538)	(491,698)	(96,476)	(1,081,468)	(61,098)	(1,731,278)
Net book value	868,208	527,898	336,038	128,967	809,984	64,720	2,735,815
<b>Year ended December 2023</b>							
Opening Net Book Value	868,208	527,898	336,038	128,967	809,984	64,720	2,735,815
Additions	-	1,047	413,367	38,940	430,274	88,157	971,785
Movement in surplus on assets revalued during the year							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Cost	-	-	-	(287)	(3,894)	(2,411)	(6,592)
Accumulated depreciation	-	-	-	264	3,746	1,928	5,938
Depreciation charge	-	(12,733)	(163,063)	(24,930)	(244,825)	(20,625)	(466,176)
Closing Net book value	868,208	516,212	586,342	142,954	995,285	131,769	3,240,770
<b>At December 31, 2023</b>							
Cost / revalued amount	868,208	529,485	1,241,102	264,095	2,317,832	211,564	5,432,286
Accumulated depreciation	-	(13,272)	(654,760)	(121,141)	(1,322,548)	(79,795)	(2,191,516)
Net book value	868,208	516,213	586,342	142,954	995,284	131,769	3,240,770
Rate of depreciation (%)		2 to 3	20	10	10 to 25	20	
	2022						
	Freehold land	Building on freehold land	Lease hold Improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Total
Rupees in thousands							
<b>At January 01, 2022</b>							
Cost / revalued amount	833,419	504,507	718,656	196,868	1,741,595	104,928	4,099,973
Accumulated depreciation	-	(23,269)	(367,243)	(74,768)	(868,026)	(55,593)	(1,388,899)
Net book value	833,419	481,238	351,413	122,100	873,569	49,335	2,711,074
<b>Year ended December 2022</b>							
Opening Net book value	833,419	481,238	351,413	122,100	873,569	49,335	2,711,074
Additions	-	8,244	109,080	28,676	156,376	31,550	333,926
Movement in surplus on assets revalued during the year							
Cost	169,789	59,655	-	-	-	-	229,444
Accumulated depreciation	-	31,315	-	-	-	-	31,315
Disposals	(135,000)	(41,355)	-	(2)	(422)	(2,487)	(179,266)
Depreciation charge	-	(11,198)	(124,455)	(21,807)	(219,540)	(13,678)	(390,678)
Closing net book value	868,208	527,899	336,038	128,967	809,983	64,720	2,735,815
<b>At December 31, 2022</b>							
Cost / revalued amount	868,208	528,436	827,736	225,443	1,891,452	125,818	4,467,093
Accumulated depreciation	-	(538)	(491,698)	(96,476)	(1,081,468)	(61,098)	(1,731,278)
Net book value	868,208	527,898	336,038	128,967	809,984	64,720	2,735,815
Rate of depreciation (%)		2 to 3	20	10	10 to 25	20	



- 11.2.1** The land and buildings of the Bank were revalued in December 31, 2022 by independent valuer (Medallion Services Private Limited) on the basis of market value. Surplus against revaluation of fixed assets net of deferred tax as at December 31, 2023 amounts to Rs. 466.553 million (2022: Rs. 480.758 million).

Had the land and buildings not been revalued, the total carrying amounts of revalued properties as at reporting dates would have been as follows:

	2023	2022
Rupees in thousands		
Land	501,293	501,293
Building on freehold land	320,844	328,175

- 11.2.2** The gross carrying amount (cost) of fully depreciated assets that are in use as at reporting dates are as follows:

	2023	2022
Rupees in thousands		
Lease hold Improvements	275,439	220,564
Electrical, office and computer equipment	366,141	281,918
Furniture and fixtures	13,483	11,094
Vehicles	61,701	25,867

- 11.2.3** Carrying amount of temporarily idle property of the Bank is Rs. 46.895 million (2022: Rs. 38.400 million).

- 11.2.4** The information relating to disposal of fixed assets to related parties are as follows:

Description	Cost/ revalued amount	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal	Particulars of buyers
Rupees in thousands						
Laptop	87	86	1	9	As per Bank's policy	Omer Khalid Lashari
Laptop	87	86	1	9	As per Bank's policy	Muhammad Hamid Yasin
	174	172	2	18		

- 11.3** Ijarah of Musta'jir meeting the criteria prescribed by IFRS 16 "Leases" are presented as on-balance sheet item related to buildings and offices of the Bank. Movement in right-of-use assets is as follows:

	2023	2022
Rupees in thousands		
Balance as January 01, 2022	1,948,879	2,130,239
Additions / other adjustments during the year	628,268	311,865
Disposed off during the year	(22,057)	(19,004)
Depreciation charge for the year	(527,299)	(474,221)
Balance as at December 31, 2022	2,027,791	1,948,879
Useful life	5- 10 years	5- 10 years

	Note	2023	2022
<b>Rupees in thousands</b>			
<b>12 INTANGIBLE ASSETS</b>			
Advance against purchase of software		95,510	54,327
Computer software	12.1	437,336	522,427
		532,846	576,754
<b>12.1 Computer software</b>			
<b>At January 01</b>			
Cost		1,247,890	1,090,449
Accumulated amortisation		(725,463)	(549,908)
Net book value		522,427	540,541
<b>Year ended December 2023</b>			
Opening net book value		522,427	540,541
Additions:			
- directly purchased		102,372	157,442
Amortisation charge	29	(187,463)	(175,556)
Other adjustment		-	-
Closing net book value		437,336	522,427
<b>At December 31</b>			
Cost		1,350,263	1,247,890
Accumulated amortisation		(912,927)	(725,463)
Net book value	12.1.1	437,336	522,427
Rate of amortisation		14.29% -33.33%	14.29% -33.33%
Useful life		3 -7 Years	3 -7 Years

**12.1.1** This includes core banking system of the Bank at carrying value of Rs. 43,056 million (2022: Rs. 93,134 million) and having remaining useful life of 1 years (2022: 2 years).

**12.1.2** The gross carrying amount (cost) of fully amortized intangible assets that are still in use as at December 31, 2023 is Rs. 134,939 million (2022: Rs.95,326 million).

## 13 DEFERRED TAX ASSETS / (LIABILITIES) - NET

2023				
	At Jan 01, 2023	Recognised in P&L A/C	Recognised in OCI	At Dec 31, 2023
Rupees in thousands				
<b>Deductible temporary difference</b>				
Tax losses carried forward	-	-	-	-
Minimum tax	-	-	-	-
Provision against Islamic financing and related assets	63,466	(60,780)	-	2,686
Deficit on revaluation of investments	-	-	-	-
Workers Welfare Fund	41,945	112,433	-	154,378
	105,411	51,653	-	157,064
<b>Taxable temporary difference</b>				
Surplus on revaluation of fixed assets	(85,881)	2,135	(11,984)	(95,730)
Surplus on revaluation of investments	60,297	-	(510,031)	(449,734)
Accelerated tax depreciation	(67,300)	10,409	-	(56,891)
	(92,884)	12,544	(522,015)	(602,355)
	12,527	64,197	(522,015)	(445,291)

2022				
	At Jan 01, 2022	Recognised in P&L A/C	Recognised in OCI	At Dec 31, 2022
Rupees in thousands				
<b>Deductible temporary difference</b>				
Tax losses carried forward	594,182	(594,182)	-	-
Minimum tax	480,565	(480,565)	-	-
Provision against Islamic financing and related assets	41,821	21,645	-	63,466
Deficit on revaluation of investments - net	123,417	-	(63,120)	60,297
Workers Welfare Fund	8,675	33,270	-	41,945
	1,248,660	(1,019,832)	(63,120)	165,708
<b>Taxable temporary difference</b>				
Surplus on revaluation of fixed assets	(47,021)	5,080	(43,940)	(85,881)
Surplus on revaluation of investments	(86,778)	-	86,778	-
Accelerated tax depreciation	(107,903)	40,603	-	(67,300)
	(241,702)	45,683	42,838	(153,181)
	1,006,958	(974,149)	(20,282)	12,527

## 14 OTHER ASSETS

	Note	2023	2022
Rupees in thousands			
Profit / return accrued in local currency		9,550,867	5,058,105
Advances, deposits, advance rent and other prepayments		492,007	434,951
Branch adjustment account		211,713	13,099
Receivable against ATM transactions		1,499,978	315,624
Receivable under home remittances		12,874	17,817
Mark to market gain on forward foreign exchange contracts		247,841	103,643
Acceptances	19	1,584,439	3,091,576
Others		414,896	193,713
		14,014,615	9,228,528

## 15 CONTINGENT ASSETS

There were no contingent assets of the Bank as at December 31, 2023 (2022: Nil).



	Note	2023	2022
<b>Rupees in thousands</b>			
<b>16</b>	<b>BILLS PAYABLE</b>		
	In Pakistan	2,175,473	3,737,482
	Outside Pakistan	-	-
		<u>2,175,473</u>	<u>3,737,482</u>
<b>17</b>	<b>DUE TO FINANCIAL INSTITUTIONS</b>		
	In Pakistan	25,813,546	14,670,759
	Outside Pakistan	-	-
		<u>25,813,546</u>	<u>14,670,759</u>
<b>17.1</b>	<b>Particulars of due to financial institutions with respect to currencies</b>		
	In local currency	25,813,546	14,670,759
	In foreign currencies	-	-
		<u>25,813,546</u>	<u>14,670,759</u>
<b>17.2</b>	<b>Details of due to financial institutions - Secured / unsecured</b>		
	<b>Secured</b>		
	<b>With the State Bank of Pakistan</b>		
	Musharaka under Islamic Export Refinance Scheme (IERS)	17.2.1 3,633,293	3,717,962
	Investment under Islamic Long Term Financing Facility (ILTFF)	17.2.2 1,929,943	1,979,296
	Investment under Islamic Temporary Economic Refinance Facility (ITERF) for Plant and Machinery	17.2.3 4,166,204	4,479,240
	Investment under Islamic Refinance Scheme for Payment of Wages and Salaries (IRSPWS)	17.2.4 -	123,251
	Investment under Islamic Refinance Facility for Combating COVID-19 (IRFCC)	-	18,345
	Investment under Islamic Financing Facility for Renewable Energy (IFRE)	17.2.4 319,453	391,519
	<b>Unsecured</b>		
	Musharaka arrangements with financial institutions	17.2.5 15,562,500	3,657,500
	Musharaka arrangements with other institution	17.2.6 202,153	303,646
	Overdrawn nostro accounts	34 -	-
		<u>25,813,546</u>	<u>14,670,759</u>

- 17.2.1** These Musharaka arrangements are on a profit and loss sharing basis maturing between January 14, 2024 to June 27, 2025 (2022: March 01, 2023 to June 28, 2023) and are secured against demand promissory notes executed in favour of the SBP. A limit of Rs. 3,696 million (2022: Rs. 3,884 million) has been allocated to the Bank by SBP under Islamic Export Refinance Scheme.
- 17.2.2** These arrangements are on a profit and loss sharing basis maturing between June 09, 2030 to September 05, 2032 (2022: June 09, 2030 to September 05, 2032).
- 17.2.3** These arrangements are on a profit and loss sharing basis maturing between August 11, 2024 to September 01, 2033 (2022: May 25 2031 to July 20, 2032).
- 17.2.4** These arrangements are on a profit and loss sharing basis maturing between September 30, 2025 to March 16, 2029 (2022: April 21,2023 to June 15, 2032).
- 17.2.5** This represents Musharaka arrangements with banks carrying profit at expected rates ranging from 14% to 22.90% per annum (2022: 9.25% to 16.35% per annum) and having maturity till June 17, 2025.
- 17.2.6** These Musharaka are on profit and loss sharing basis. Under the arrangement, a limit of Rs. 500 million ((2022: Rs. 500 million) has been allocated to the Bank by the Karandaaz.

## 18 DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
<b>Rupees in thousands</b>						
<b>Customers</b>						
Current deposits	53,016,118	3,273,892	56,290,010	39,828,755	2,786,057	42,614,812
Savings deposits	68,322,860	1,473,784	69,796,644	52,776,141	1,684,992	54,461,133
Term deposits	48,983,635	1,859,723	50,843,358	38,119,209	674,520	38,793,729
Others	6,893,851	-	6,893,851	7,377,399	-	7,377,399
	177,216,464	6,607,399	183,823,863	138,101,504	5,145,569	143,247,073
<b>Financial Institutions</b>						
Current deposits	193,668	203	193,871	56,731	163	56,894
Savings deposits	18,265,424	-	18,265,424	7,095,493	-	7,095,493
Term deposits	2,177,000	-	2,177,000	3,602,000	-	3,602,000
	20,636,092	203	20,636,295	10,754,224	163	10,754,387
	197,852,556	6,607,602	204,460,158	148,855,728	5,145,732	154,001,460

	2023	2022
	<b>Rupees in thousands</b>	
<b>18.1</b>	<b>Composition of deposits</b>	
Individuals	59,950,126	55,191,051
Government (Federal and Provincial)	17,208,367	15,105,597
Public Sector Entities	6,368,121	5,273,017
Banking Companies	564	524
Non-Banking Financial Institutions	20,635,731	10,753,863
Private Sector	100,297,249	67,677,408
	<u>204,460,158</u>	<u>154,001,460</u>

**18.2** This includes deposits eligible to be covered under takaful arrangements amounting to Rs. 104,961.642 million (2022: Rs. 86,858.547 million).

	Note	2023	2022
		<b>Rupees in thousands</b>	
<b>19</b>	<b>OTHER LIABILITIES</b>		
Profit / return payable in local currency	19.1	3,114,456	2,109,258
Profit / return payable in foreign currencies		16,600	1,948
Accrued expenses		1,213,379	741,479
Current taxation (provision less payments)		943,847	525,598
Unearned income		94,572	85,967
Acceptances	14	1,584,439	3,091,576
Advance receipt against Islamic financing and related assets		45,040	22,926
Charity fund balance	19.2	23,238	12,119
Security deposits against Ijarah financing		906,994	748,306
Withholding tax, Federal Excise Duty and other payable		72,423	42,762
Mark to market loss on forward foreign exchange contracts		205,318	33,301
Lease liability against right-of-use asset	19.3	2,636,096	2,488,775
Others		1,212,583	378,975
		<u>12,068,985</u>	<u>10,282,990</u>

**19.1** It includes Rs. 167,819 million (2022: Rs. 102,952 million) in respect of profit / return accrued on Musharaka with SBP under Islamic Export Refinance Scheme and Rs 42.131 million (2022: Rs 41.951 million) in respect of return accrued on acceptances from the SBP under various Islamic Refinance Schemes.

	Note	2023	2022
		<b>Rupees in thousands</b>	
<b>19.2</b>	<b>Reconciliation of charity fund balance</b>		
Opening balance		12,119	8,823
Additions during the year			
- Received from customers against late payment		25,353	20,120
- Dividend purification amount		451	351
- Charity against other Non-Shariah compliant income		14	-
- Profit on charity saving account		801	325
		26,619	20,796
Charity paid during the year	19.2.1		
- Welfare		7,200	8,500
- Health		7,300	8,000
- Education		1,000	1,000
		15,500	17,500
Closing balance		<u>23,238</u>	<u>12,119</u>



	2023	2022
	<b>Rupees in thousands</b>	
<b>19.2.1 Charity was paid to the following institutions:</b>		
Aziz Jehan Begum Trust for the Blind	1,000	1,500
Family Welfare Society	1,000	1,000
Indus Hospital	1,500	3,000
Infaq Memorial Trust	1,000	-
Mind Organization	300	500
Saleem Memorial Trust Hospital	4,000	3,000
Saylani Welfare Trust	4,500	2,500
The Citizens Foundation	1,000	-
The Lahore Hospital Welfare Society	500	500
Akhuwat Foundation	700	3,000
Prime Minister's Flood Relief Fund	-	1,000
Pakistan Society for the Rehabilitation of the Disabled	-	500
Baluchistan's Flood Relief and Rehabilitation Fund	-	1,000
	<b>15,500</b>	<b>17,500</b>

**19.2.2** Charity was not paid to any staff of the Bank or to any individual / organisation in which a Director or his spouse had any interest at any time during the year.

**19.3** Ijarah of Musta'jir meeting the criteria prescribed by IFRS 16 "Leases" are presented as on-balance sheet item. Movement in lease liability against right-of-use assets is as follows:

	2023	2022
	<b>Rupees in thousands</b>	
Balance as January 01,	2,488,775	2,580,026
Addition during the year	628,268	311,866
Disposed off during the year	(28,376)	(22,837)
Unwinding of lease liability against right-of-use assets	309,332	299,859
Payment of lease liability against right-of-use asset	(761,903)	(680,139)
Balance as at December 31,	<b>2,636,096</b>	<b>2,488,775</b>

## 20 SHARE CAPITAL

### 20.1 Authorised capital

2023	2022		2023	2022
			<b>Rupees in thousands</b>	
<b>2,000,000,000</b>	<b>2,000,000,000</b>	Ordinary shares of Rs. 10/- each	<b>20,000,000</b>	<b>20,000,000</b>

### 20.2 Issued, subscribed and paid up capital

2023	2022		2023	2022
			<b>Rupees in thousands</b>	
		Fully paid in cash		
<b>1,555,000,000</b>	<b>1,155,000,000</b>	Balance at beginning of the year	<b>15,550,000</b>	<b>11,550,000</b>
<b>-</b>	<b>400,000,000</b>	Issued during the year	<b>-</b>	<b>4,000,000</b>
<b>1,555,000,000</b>	<b>1,555,000,000</b>	Balance at end of the year	<b>15,550,000</b>	<b>15,550,000</b>

**20.3** The Bank's shares are 100 % (2022: 100%) held by MCB Bank Limited (MCB) - the parent company and its nominee Directors.

2023	2022
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Rupees in thousands

**21 RESERVES**

Statutory reserves	1,428,486	397,819
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**21.1** Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962.

Note	2023	2022
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Rupees in thousands

**22 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX**

Surplus / (deficit) arising on revaluation of:

- Fixed assets	22.1	562,283	566,639
- Available for sale securities	22.2	917,825	(140,225)
		1,480,108	426,414

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

- Fixed assets	22.1	(95,730)	(85,881)
- Available for sale securities	22.2	(449,734)	60,297
		(545,464)	(25,584)
		934,644	400,830

**22.1 Surplus on revaluation of fixed assets - net of tax**

Surplus on revaluation of fixed assets as January 01		566,639	352,692
Recognised during the year		-	260,759
Realised on disposal during the year - net of deferred tax		-	(40,340)
Related deferred tax liability on surplus realised on disposals		-	(4,029)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(2,221)	(1,392)
Related deferred tax liability on incremental depreciation charged during the year		(2,135)	(1,051)
Surplus on revaluation of fixed assets as at December 31		562,283	566,639
Less: Related deferred tax liability on:			
revaluation as at January 01		85,881	47,021
opening liability remeasurement		11,984	4,823
recognised during the year		-	39,117
surplus realised on disposal during the year		-	(4,029)
incremental depreciation charged during the year		(2,135)	(1,051)
		(95,730)	(85,881)
		466,553	480,758

**22.2 Surplus / (deficit) on revaluation of available for sale securities - net of tax**

Available for sale securities			
Listed shares		-	2,239
Sukuks		917,825	(142,464)
		917,825	(140,225)
Related deferred tax (liability) / asset		(449,734)	60,297
		468,091	(79,928)

	Note	2023	2022
<b>23</b>	<b>CONTINGENCIES AND COMMITMENTS</b>	<b>Rupees in thousands</b>	
		51,908,493	40,951,720
		<u>16,337,475</u>	<u>13,078,059</u>
		<u>34,480,690</u>	<u>26,770,503</u>
		<u>1,090,328</u>	<u>1,103,158</u>
		<u>51,908,493</u>	<u>40,951,720</u>
<b>23.1</b>	<b>Guarantees:</b>		
	Performance guarantees	6,930,799	5,756,990
	Other guarantees	9,406,676	7,321,069
		<u>16,337,475</u>	<u>13,078,059</u>
<b>23.2</b>	<b>Commitments:</b>		
	Documentary credits and short-term trade-related transactions		
	Letters of credit	14,814,708	18,200,336
	Commitments in respect of:		
	Forward foreign exchange contracts	17,780,265	7,431,256
	Commitments for acquisition of:		
	Intangible assets	390,605	101,555
	Fixed assets	366,865	115,778
	Other commitments	1,128,247	921,578
		<u>34,480,690</u>	<u>26,770,503</u>
<b>23.2.1</b>	<b>Commitments in respect of forward foreign exchange contracts</b>		
	Purchase	10,514,065	4,707,222
	Sale	7,266,200	2,724,034
		<u>17,780,265</u>	<u>7,431,256</u>
<b>23.2.2</b>	<b>Other Commitments</b>		
	Commitments to extend financing	1,128,247	921,578
<b>23.2.2.1</b>	These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.		
<b>23.2.2.2</b>	Other than those stated above, the Bank makes commitment(s) to extend credit in the normal course of business including related parties but these being revocable commitments do not attract any penalty or expense if the facility is unilaterally withdrawn.		
		<u>1,090,328</u>	<u>1,103,158</u>
<b>23.3</b>	<b>Other contingent liabilities</b>	<b>Rupees in thousands</b>	
<b>23.3.1</b>	Claims against the Bank not acknowledged as debt	1,090,328	1,103,158



This includes claim by third parties against the Bank, amounting to Rs. 1,025.820 million (December 31, 2022: Rs. 1,025.820 million) which is being contested in the Court of law. The suit has been disposed off by the Court vide Order dated May 10, 2019 wherein the status quo has been ordered to be maintained with respect to bank guarantee and the matter has been referred to arbitration with the consent of the parties. However the Bank has not received any official notice to attend the arbitration proceedings till date.

In addition to the above, this includes claim by different parties against the bank amounting to Rs. 65.0 million (December 31, 2022: Rs. 77.338 million) which is pending before the court. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these financial statements.

- 23.3.2** The Punjab Revenue Authority has issued an order under The Punjab Sales Tax on Services Act, 2012, resulting in an arbitrary aggregate demand of Rs. 240.54 million (2022: Nil). The Bank's appeals before the Commissioner Inland Revenue Appeals are pending adjudication. The management is confident that the aforementioned demand will be nullified by the appellate authorities. As a result, no provision has been recognized against this demand.

	Note	2023	2022
		<b>Rupees in thousands</b>	
<b>24</b>	<b>PROFIT / RETURN EARNED</b>		
	Financings	15,786,964	12,067,833
	Investments in		
	- Available-for-sale securities	14,290,267	5,401,070
	- Held-to-maturity securities	5,221,798	753,029
	- Held-for-trading securities	3,399	-
		19,515,464	6,154,099
	Musharaka arrangements with financial institutions	604,304	174,399
	Deposits with financial institutions	35,534	157,127
		35,942,266	18,553,458
<b>25</b>	<b>PROFIT / RETURN EXPENSED</b>		
	Deposits and other accounts	16,555,193	8,521,934
	Musharaka and other arrangements with the State Bank of Pakistan	804,749	372,633
	Musharaka arrangements with other financial institutions	1,046,327	807,122
	Musharaka arrangements with other institutions	40,790	30,427
	Unwinding of lease liability against right-of-use assets	25.1	309,332
	Deferred bonus	2,212	-
		18,758,603	10,031,975

- 25.1** Ijarah of Musta'jir meeting the criteria prescribed by IFRS 16 "Leases" are presented as on-balance sheet item.



29

**OPERATING EXPENSES**

	Note	2023	2022
<b>Rupees in thousands</b>			
<b>Total compensation expense</b>	29.1	3,449,298	2,677,993
<b>Property expense</b>			
Rent and taxes		53,662	39,749
Takaful expenses		38,041	35,149
Utilities cost		271,121	219,489
Security (including guards)		408,558	306,464
Repair and maintenance (including janitorial charges)		225,518	172,683
Depreciation on right-of-use assets	29.4	527,299	474,221
Depreciation		316,597	255,811
		1,840,796	1,503,566
<b>Information technology expenses</b>			
Software maintenance		335,513	258,786
Hardware maintenance		73,763	100,488
Takaful expenses		2,620	2,103
Depreciation		128,954	121,189
Amortisation	12.1	187,463	175,556
Network charges		154,102	147,383
		882,415	805,505
<b>Other operating expenses</b>			
Directors' fees and allowances	37.2	8,076	3,750
Remuneration to Shariah Board		13,312	11,645
Legal and professional charges		42,385	47,736
Takaful expenses		147,675	117,355
Fee and subscription		3,391	5,313
Outsourced services costs	35.1	176,700	132,644
Travelling and conveyance		174,584	130,899
Repair and maintenance of vehicles		8,532	3,427
NIFT clearing charges		31,814	27,886
Brokerage, commission and bank charges		53,485	50,652
Depreciation		20,625	13,678
Training and development		15,089	11,875
Postage and courier charges		41,341	43,998
Communication		89,194	35,885
Stationery and printing		146,750	98,043
Marketing, advertisement and publicity		33,535	104,360
Auditors' remuneration	29.3	13,478	12,114
Entertainment		76,792	62,249
Others		121,002	67,176
		1,217,760	980,685
		7,390,269	5,967,749

Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 31,904 million (2022: Rs. 26,685 million). Out of this cost, Rs. 28,166 million (2022: Rs. 23,682 million) pertains to companies incorporated in Pakistan and Rs. 3,738 million (2022: Rs. 3,003 million) pertains to companies incorporated outside Pakistan. This includes payments other than outsourced services costs, which are disclosed above. Outsourcing shall have the same meaning as specified in Annexure-I of BPRD Circular No. 06 of 2017.



	Note	2023	2022
<b>29.1 Total compensation expense</b>		<b>Rupees in thousands</b>	
Managerial Remuneration			
i) Fixed		1,292,081	1,053,801
ii) Variable			
a) Cash awards		633	703
b) Accrual for staff bonus		498,733	324,000
Contribution to defined contribution plan		76,171	63,090
Rent and house maintenance		507,982	416,842
Utilities		112,200	92,419
Medical		38,020	35,268
Conveyance and fuel		449,950	279,179
Special allowances		351,061	305,459
Leave encashment		-	1,979
Sales commission		23,099	38,489
Staff takaful		95,309	60,814
Sign-on Bonus	29.2	3,065	5,720
Others		994	230
		3,449,298	2,677,993
<b>29.2</b>	Sign-on bonus has been given to 4 employees during the year.		
<b>29.3 Auditors' remuneration</b>			
Audit fee		2,667	2,370
Fee for interim review		1,047	931
Fee for other statutory certifications		1,917	1,705
Tax services		6,000	4,800
Sales tax on services		582	490
Out-of-pocket expenses		1,265	1,818
		13,478	12,114
<b>29.4</b>	Ijarah of Musta'jir meeting the criteria prescribed by IFRS 16 "Leases" are presented as on-balance sheet item.		
	Note	2023	2022
<b>30 OTHER CHARGES</b>		<b>Rupees in thousands</b>	
Penalties imposed by the State Bank of Pakistan		41,672	3,163
		41,672	3,163
<b>31 PROVISION / (REVERSAL) &amp; WRITE OFFS - NET</b>			
Reversal of provision for diminution in value of investments	9.3	-	(262,194)
Provision against Islamic financing and related assets	10.9	704,077	403,343
Recovery of written off / charged off bad debts		(70)	-
		704,007	141,149
<b>32 TAXATION</b>			
Current		5,328,998	680,262
Prior years		149,402	-
Deferred	13	(64,197)	974,149
		5,414,203	1,654,411
<b>32.1 Relationship between tax expense and accounting profit</b>			
Profit before taxation		10,567,538	3,202,540
Tax at the applicable rate		39%	39%
Tax on profit		4,121,340	1,248,991
Effect of:			
- permanent differences		91,910	172,081
- rate difference		(5,318)	(60,173)
- super tax @ 10% (2022:10%)		1,056,754	320,254
- others		149,517	(26,742)
		1,292,863	405,420
Tax charge for the year		5,414,203	1,654,411

	2023	2022
	Rupees in thousands	
<b>33 BASIC AND DILUTED EARNING PER SHARE</b>		
Profit after taxation	5,153,335	1,548,129
	Number of shares - in thousands	
Weighted average number of ordinary shares	1,555,000	1,376,370
	Rupees	
Basic / diluted earning per share - after tax	3.314	1.125

33.1 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue at the reporting dates.

	Note	2023	2022
		Rupees in thousands	
<b>34 CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks	6	19,529,055	13,906,238
Balances with other banks	7	2,748,279	1,238,320
Overdrawn nostro accounts	17.2	-	-
		22,277,334	15,144,558

	2023	2022
	Numbers	
<b>35 STAFF STRENGTH</b>		
Permanent	1,794	1,679
On Bank contract	338	378
Bank's own staff strength at end of the year	2,132	2,057

35.1 In addition to the above, 300 (2022: 271) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services. All of these employees were working with the Bank domestically in current and prior year.

**36 DEFINED CONTRIBUTION PLAN**

The Bank operates an approved contributory provident fund for 1,374 (2022: 1,165) employees. Equal monthly contributions are made both by the Bank and its permanent employees to the Fund at the rate of 8.33% of the basic salaries of employees. However, an employee has an option to increase his / her contribution upto 15% but the Bank will still contribute 8.33% of the employee's basic salary.

	2023	2022
	Rupees in thousands	
Contribution made by the Bank	76,403	63,296
Contribution made by the employees	78,630	65,814
	155,033	129,110

## 37 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

## 37.1 Total Compensation Expense

Items	2023						Other Material Risk Takers/ Controllers
	Directors		Members Shariah Board	President / CEO*	Key Management Personnel		
	Chairman	Executives (other than CEO)					
Rupees in thousands							
Fees and Allowances etc.	-	-	8,076	-	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	7,900	25,092	76,769	61,238
ii) Variable of which:							
a) Cash bonus / awards	-	-	-	1,282	12,000	34,201	23,638
Contribution to defined contribution plan	-	-	-	232	1,928	5,774	5,056
Rent and house maintenance	-	-	-	1,254	11,291	31,264	27,381
Utilities	-	-	-	279	2,509	6,948	6,085
Medical	-	-	-	-	-	-	124
Conveyance	-	-	-	1,601	-	36,610	29,804
Rental Subsidy (Rent Paid Residence)	-	-	-	-	-	1,104	956
Special Pay	-	-	-	241	-	7,138	5,186
Charge allowance	-	-	-	-	-	403	1,503
Fuel Allowance	-	-	-	523	-	8,264	9,126
Leave Fare Assistance (LFA)	-	-	-	-	4,290	19,839	5,720
Sales Commission	-	-	-	-	-	54	1,019
Dealing Allowance	-	-	-	-	-	-	144
Others	-	-	-	-	-	212	1,678
Total	-	-	8,076	13,312	57,110	228,560	178,658
Number of Persons	1	-	7	3	2	18	27

\*Muhammad Afaq Khan resigned as President & CEO on January 18, 2023 and Mr. Zargham Khan Durrani - (Ex - Group Head Retail Banking at MCB) has taken charge as President & CEO of the Bank effective from February 21, 2023.



Items	2022				Other Material Risk Takers/ Controllers	
	Directors			President / CEO		Key Management Personnel
	Chairman	Executives (other than CEO)	Non-Executives			
	Members Shariah Board	Rupees in thousands				
Fees and Allowances etc.	60	-	3,690	-	-	
Managerial Remuneration						
i) Fixed	-	-	7,323	33,195	63,803	
ii) Variable of which:						
a) Cash bonus / awards	-	-	1,000	9,500	29,465	
-Contribution to defined contribution plan	-	-	206	2,770	5,252	
Rent and house maintenance	-	-	1,115	14,938	28,711	
Utilities	-	-	248	3,320	6,380	
Medical	-	-	-	-	9	
Conveyance	-	-	1,164	-	25,199	
Rental Subsidy (Rent Paid Residence)	-	-	-	-	432	
Special Pay	-	-	241	-	6,933	
Charge allowance	-	-	-	-	1,774	
Fuel Allowance	-	-	348	-	5,018	
Leave Fare Assistance (LFA)	-	-	-	-	11,313	
Sales Commission	-	-	-	-	3,614	
Dealing Allowance	-	-	-	-	144	
Others	-	-	-	6,979	118	
<b>Total</b>	<b>60</b>	<b>-</b>	<b>3,690</b>	<b>70,702</b>	<b>182,083</b>	
<b>Number of Persons</b>	<b>1</b>	<b>-</b>	<b>7</b>	<b>3</b>	<b>2</b>	
					<b>15</b>	
					<b>29</b>	

## 37.2 Remuneration paid to Directors for participation in Board and Committee Meetings

2023										
Sr. No.	Name of Director	Meeting fees and allowances paid								
		For Board Meetings	For Board Committees							Total Amount Paid
			Audit Committee (AC)	HR & RC	RM & PRC	BS & SQRC	BIT	BEC		
Rupees in thousands										
1	Raza Mansha	-	-	-	-	-	-	-	-	-
2	Ahmed Ebrahim Hasham	1,200	-	-	200	400	76	-	-	1,876
3	Omair Safdar	-	-	-	-	-	-	-	-	-
4	Jawaid Iqbal	2,000	400	300	400	-	100	100	-	3,300
5	Seema Aziz	-	-	-	-	-	-	-	-	-
6	Hammad Khalid	-	-	-	-	-	-	-	-	-
7	Ibrahim Shamsi	2,000	300	-	400	-	100	100	-	2,900
8	Usman Hassan	-	-	-	-	-	-	-	-	-
	Total Amount Paid	5,200	700	300	1,000	400	276	200	-	8,076

2022										
Sr. No.	Name of Director	Meeting fees and allowances paid								
		For Board Meetings	For Board Committees							Total Amount Paid
			Audit Committee (AC)	HR & RC	RM & PRC	BS & SQRC	BIT	BEC		
Rupees in thousands										
1	Raza Mansha	30	-	30	-	-	-	-	-	60
2	Ahmed Ebrahim Hasham	820	-	-	130	230	-	-	-	1,180
3	Omair Safdar	30	30	30	30	30	-	-	-	150
4	Jawaid Iqbal	830	130	130	130	-	20	-	-	1,240
5	Seema Aziz	-	-	-	-	-	-	-	-	-
6	Hammad Khalid	10	-	-	-	10	10	-	-	30
7	Ibrahim Shamsi	810	130	-	130	-	20	-	-	1,090
8	Usman Hassan	-	-	-	-	-	-	-	-	-
	Total Amount Paid	2,530	290	190	420	270	50	-	-	3,750

## 37.3 Remuneration paid to Shariah Board Members

Items	2023			2022		
	Chairman	Resident Member	Non-Resident Member(s)	Chairman	Resident Member	Non-Resident Member(s)
	Rupees in thousands					
a. Meeting Fees and Allowances	-	-	-	-	-	-
b. Other Heads						
Basic salary	2,855	2,787	2,258	2,626	2,477	2,220
House rent	-	1,254	-	-	1,115	-
Utilities	-	279	-	-	248	-
Conveyance	-	1,601	-	-	1,164	-
Fuel	-	523	-	-	348	-
Special pay	-	241	-	-	241	-
Bonus	-	1,282	-	-	1,000	-
PF Employer	-	232	-	-	207	-
Total Amount	2,855	8,199	2,258	2,626	6,800	2,220
Total number of persons	1	1	1	1	1	1

37.4 Deferred cash bonus / remuneration for MRT's and MRC's for the year 2022 is Rs. 5,947 million (2021: Rs. 4,947 million) whereas the total payments made during the year amounting to Rs. 5,060 million out of bonus deferred in 2021, 2020 and 2019. The total outstanding balance as at December 31, 2023 amounts to Rs. 10,448 million which pertains to 2020, 2021 and 2022.

37.5 The Chief Executive and three key management personnel have been provided with the Bank's maintained cars.

## 38 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted securities, placements, Islamic financing and related assets, other assets, other liabilities, fixed term deposits and acceptances 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.

The repricing profile with effective rates and maturity are stated in notes 42.2.5 and 42.4.1 respectively.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or re-priced over short term.

38.1 The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the Bank essentially carries its investments in Sukuk and equity securities at fair values. Valuation of investments is carried out as per guidelines specified by the SBP. In case of non-financial assets, the Bank has adopted revaluation model (as per IAS 16) in respect of land and building.

2023				
Fair Value				
Carrying value	Level 1	Level 2	Level 3	Total

Rupees in thousands

**On-balance sheet financial instruments**

**Financial assets measured at fair value**

Investments

Federal Government Securities	131,780,912	-	131,780,912	-	131,780,912
Shares	-	-	-	-	-
Non-Government Securities	763,390	-	763,390	-	763,390
	132,544,302	-	132,544,302	-	132,544,302

**Fair value of non-financial assets**

Operating fixed assets (land and building)	1,384,421	-	1,384,421	-	1,384,421
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**Off-balance sheet**

**financial instruments**

Foreign exchange contracts purchase	10,514,065	-	10,407,558	-	10,407,558
Foreign exchange contracts sale	7,266,200	-	7,116,787	-	7,116,787

2022				
Fair Value				
Carrying value	Level 1	Level 2	Level 3	Total

Rupees in thousands

**On-balance sheet financial instruments**

**Financial assets measured at fair value**

Investments

Federal Government Securities	71,839,066	-	71,839,066	-	71,839,066
Shares	59,591	59,591	-	-	59,591
Non-Government Securities	770,000	-	770,000	-	770,000
	72,668,657	59,591	72,609,066	-	72,668,657

**Fair value of non-financial assets**

Operating fixed assets (land and building)	1,396,106	-	1,396,106	-	1,396,106
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**Off-balance sheet financial instruments**

Foreign exchange contracts purchase	4,707,222	-	4,769,989	-	4,769,989
Foreign exchange contracts sale	2,724,034	-	2,716,459	-	2,716,459

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, 2 and 3 during the year.



- (a) **Financial instruments in level 1**  
Financial instruments included in level 1 comprise of investments in listed ordinary shares.
- (b) **Financial instruments in level 2**  
Financial instruments included in level 2 comprise of Sukuks, forward foreign exchange contracts and operating fixed assets.
- (c) **Financial instruments in level 3**  
Currently, no financial instrument is classified in level 3.

**Valuation techniques and inputs used in determination of fair values**

Item	Valuation techniques and input used
Fully paid-up ordinary shares	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Ijarah Sukuks (GOP Ijarah Sukuks and other Ijarah Sukuks)	Fair values of GoP Ijarah Sukuks and other Ijarah Sukuks are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.
Foreign exchange contracts	The valuation has been determined by mark-to-market currency rates announced by the State Bank of Pakistan.
Operating fixed assets (land and building)	Land and buildings are revalued every three years using professional valuers on the panel of Pakistan Banker's Association. The valuation is based on their assessment of market value of the properties.

**39 SEGMENT INFORMATION****39.1 Segment Details with respect to Business Activities**

	2023								
	Retail	Corporate	Consumer	Micro Finance	Treasury	Head Office	Sub-total	Elimination	Total
<b>Rupees in thousands</b>									
<b>Profit &amp; Loss</b>									
Net Profit / return	(13,975,098)	9,824,796	1,871,160	63,287	19,623,052	(223,534)	17,183,663	-	17,183,663
Inter segment revenue - net	28,908,684	(8,642,474)	(1,518,023)	(60,084)	(19,045,749)	357,646	-	-	-
Other income	624,478	224,769	18,965	2,299	828,273	38,549	1,737,333	-	1,737,333
Total Income	15,558,064	1,407,091	372,102	5,502	1,405,576	172,661	18,920,996	-	18,920,996
Segment direct expenses	(3,721,128)	(195,559)	(257,548)	(1,675)	(33,598)	(3,439,943)	(7,649,451)	-	(7,649,451)
Inter segment expense allocation	(1,341,095)	(11,338)	(33,095)	(760)	(2,096)	1,388,384	-	-	-
Total expenses	(5,062,223)	(206,897)	(290,643)	(2,435)	(35,694)	(2,051,559)	(7,649,451)	-	(7,649,451)
Reversals / (provisions) and write offs - net	163	(567,105)	9,831	(954)	-	(145,942)	(704,007)	-	(704,007)
Profit / (loss) before tax	10,496,004	633,089	91,290	2,113	1,369,882	(2,024,840)	10,567,538	-	10,567,538
<b>Balance Sheet</b>									
Cash and bank balances	4,701,714	-	-	30	17,575,361	229	22,277,334	-	22,277,334
Investments	-	-	-	-	132,544,302	-	132,544,302	-	132,544,302
Net inter segment placements	179,618,749	-	-	-	-	8,274,321	187,893,070	(187,893,070)	-
Due from financial institutions	-	-	-	-	2,500,000	-	2,500,000	-	2,500,000
Financing - performing	11,605,428	66,413,865	7,847,678	366,300	-	1,901,586	88,134,857	-	88,134,857
- non-performing	351,756	805,017	54,280	-	-	1,505	1,212,558	-	1,212,558
Others	3,043,667	3,630,300	536,668	58,105	6,867,242	6,194,672	20,330,654	-	20,330,654
<b>Total Assets</b>	<b>199,321,314</b>	<b>70,849,182</b>	<b>8,438,626</b>	<b>424,435</b>	<b>159,486,905</b>	<b>16,372,313</b>	<b>454,892,775</b>	<b>(187,893,070)</b>	<b>266,999,705</b>
Bills payable	2,175,473	-	-	-	-	-	2,175,473	-	2,175,473
Due to financial institutions	202,166	10,048,880	562,500	-	15,000,000	-	25,813,546	-	25,813,546
Deposits & other accounts	183,135,643	20,818,642	503,837	-	-	2,036	204,460,158	-	204,460,158
Net inter segment acceptances	-	38,036,631	6,560,455	421,655	142,874,329	-	187,893,070	(187,893,070)	-
Others	3,312,028	1,311,940	720,544	667	242,694	6,926,403	12,514,276	-	12,514,276
<b>Total liabilities</b>	<b>188,825,310</b>	<b>70,216,093</b>	<b>8,347,336</b>	<b>422,322</b>	<b>158,117,023</b>	<b>6,928,439</b>	<b>432,856,523</b>	<b>(187,893,070)</b>	<b>244,963,453</b>
Equity	10,496,004	633,089	91,290	2,113	1,369,882	9,443,874	22,036,252	-	22,036,252
<b>Total Equity &amp; liabilities</b>	<b>199,321,314</b>	<b>70,849,182</b>	<b>8,438,626</b>	<b>424,435</b>	<b>159,486,905</b>	<b>16,372,313</b>	<b>454,892,775</b>	<b>-</b>	<b>266,999,705</b>
<b>Contingencies &amp; Commitments</b>	<b>15,422,534</b>	<b>17,942,082</b>	<b>6,141</b>	<b>-</b>	<b>17,780,265</b>	<b>757,471</b>	<b>51,908,493</b>	<b>-</b>	<b>51,908,493</b>

2022									
	Retail	Corporate	Consumer	Micro Finance	Treasury	Head Office	Sub-total	Elimination	Total
<b>Rupees in thousands</b>									
<b>Profit &amp; Loss</b>									
Net Profit / return	(7,270,811)	9,096,481	1,287,278	24,699	5,609,451	(225,615)	8,521,483	-	8,521,483
Inter segment revenue - net	15,109,940	(8,892,538)	(1,020,141)	(18,207)	(5,800,633)	621,579	-	-	-
Other income	343,867	195,973	27,689	593	486,206	(185,907)	868,421	-	868,421
<b>Total Income</b>	<b>8,182,996</b>	<b>399,916</b>	<b>294,826</b>	<b>7,085</b>	<b>295,024</b>	<b>210,057</b>	<b>9,389,904</b>	<b>-</b>	<b>9,389,904</b>
Segment direct expenses	(2,815,131)	(160,300)	(225,897)	(4,895)	(27,488)	(2,812,504)	(6,046,215)	-	(6,046,215)
Inter segment expense allocation	(983,784)	(10,529)	(30,214)	(1,180)	(2,120)	1,027,827	-	-	-
<b>Total expenses</b>	<b>(3,798,915)</b>	<b>(170,829)</b>	<b>(256,111)</b>	<b>(6,075)</b>	<b>(29,608)</b>	<b>(1,784,677)</b>	<b>(6,046,215)</b>	<b>-</b>	<b>(6,046,215)</b>
Reversals / (provisions) and write offs - net	260	(369,011)	(18,084)	(4,569)	-	250,255	(141,149)	-	(141,149)
<b>Profit / (loss) before tax</b>	<b>4,384,341</b>	<b>(139,924)</b>	<b>20,631</b>	<b>(3,559)</b>	<b>265,416</b>	<b>(1,324,365)</b>	<b>3,202,540</b>	<b>-</b>	<b>3,202,540</b>
<b>Balance Sheet</b>									
Cash and bank balances	4,036,572	-	-	-	10,736,618	371,368	15,144,558	-	15,144,558
Investments	-	-	-	-	72,609,066	59,591	72,668,657	-	72,668,657
Net inter segment placements	147,821,651	-	-	-	-	7,841,693	155,663,344	(155,663,344)	-
Due from financial institutions	-	-	-	-	6,170,000	-	6,170,000	-	6,170,000
Financing - performing	11,079,375	66,626,024	9,434,307	167,114	-	1,491,292	88,798,112	-	88,798,112
- non-performing	74,671	1,422,121	4,718	504	-	1,583	1,503,597	-	1,503,597
Others	685,923	5,999,696	496,178	16,370	2,464,764	5,091,718	14,754,649	-	14,754,649
<b>Total Assets</b>	<b>163,698,192</b>	<b>74,047,841</b>	<b>9,935,203</b>	<b>183,988</b>	<b>91,980,448</b>	<b>14,857,245</b>	<b>354,702,917</b>	<b>(155,663,344)</b>	<b>199,039,573</b>
Bills payable	3,737,482	-	-	-	-	-	3,737,482	-	3,737,482
Due to financial institutions	2,267,174	8,746,085	687,500	-	2,970,000	-	14,670,759	-	14,670,759
Deposits & other accounts	150,959,151	2,981,767	-	-	-	60,542	154,001,460	-	154,001,460
Net inter segment acceptances	-	58,165,880	8,520,861	186,878	88,789,725	-	155,663,344	(155,663,344)	-
Others	2,350,044	4,294,033	706,211	669	84,910	2,847,123	10,282,990	-	10,282,990
<b>Total Liabilities</b>	<b>159,313,851</b>	<b>74,187,765</b>	<b>9,914,572</b>	<b>187,547</b>	<b>91,844,635</b>	<b>2,907,665</b>	<b>338,356,035</b>	<b>(155,663,344)</b>	<b>182,692,691</b>
Equity	4,384,341	(139,924)	20,631	(3,559)	135,813	11,949,580	16,346,882	-	16,346,882
<b>Total Equity &amp; liabilities</b>	<b>163,698,192</b>	<b>74,047,841</b>	<b>9,935,203</b>	<b>183,988</b>	<b>91,980,448</b>	<b>14,857,245</b>	<b>354,702,917</b>	<b>-</b>	<b>199,039,573</b>
<b>Contingencies &amp; Commitments</b>	<b>10,712,459</b>	<b>22,469,810</b>	<b>95,862</b>	<b>-</b>	<b>7,456,256</b>	<b>217,333</b>	<b>40,951,720</b>	<b>-</b>	<b>40,951,720</b>

### 39.2 Segment details with respect to geographical locations

The Bank operates in Pakistan only.

### 40 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its parent company, employee benefit plans and its directors and key management personnel and their close family members.

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing.

Contributions to staff retirement benefits are made in accordance with the terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

40.1 The details of transactions with related parties and balances with them are given below:

	2023				2022			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
	Rs. in thousands				Rs. in thousands			
<b>Balances with other banks</b>								
In current accounts	74,939	-	-	-	6,222	-	-	-
	74,939	-	-	-	6,222	-	-	-
<b>Islamic financing and related assets</b>								
Opening balance	-	-	97,953	1,829,326	-	6,376	91,750	2,274,692
Addition during the year	-	15,000	42,950	2,782,798	-	-	47,140	3,687,934
Repaid during the year	-	-	(29,280)	(2,734,566)	-	(1,389)	(37,884)	(4,133,300)
Transfer in / (out) - net	-	-	(9,574)	-	-	(4,987)	(3,053)	-
Closing balance	-	15,000	102,049	1,877,558	-	-	97,953	1,829,326
<b>Fixed assets - Capital work in progress</b>								
Right-of-use asset	131,992	-	-	-	78,129	-	-	-
Advance paid against purchase of property	20,000	-	-	-	20,000	-	-	-
	151,992	-	-	-	98,129	-	-	-
<b>Other assets</b>								
Profit receivable	-	-	4,686	89,597	-	-	3,286	40,380
Prepaid expenses	-	-	6,554	48,138	-	1,880	3,875	33,975
Receivable under scheme of merger	11,282	-	-	-	11,282	-	-	-
Receivable under home remittance	12,875	-	-	-	17,818	-	-	-
Other receivables	-	-	-	-	-	-	-	-
	24,157	-	11,240	137,735	29,100	1,880	7,161	74,355
<b>Due to financial institutions</b>								
Opening balance	-	-	-	-	3,500,000	-	-	-
Addition during the year	78,200,000	-	-	-	118,446,765	-	-	-
Repaid during the year	(69,200,000)	-	-	-	(121,946,765)	-	-	-
Closing balance	9,000,000	-	-	-	-	-	-	-
<b>Deposits</b>								
Opening balance	-	100,227	66,085	995,552	-	526,091	31,609	1,568,472
Addition during the year	-	10,104,304	417,279	43,412,703	-	8,906,263	386,092	30,017,661
Withdrawn during the year	-	(10,083,981)	(406,627)	(39,903,801)	-	(9,325,643)	(345,654)	(30,592,000)
Transfer in / (out) - net	-	83	(11)	(208)	-	(6,484)	(5,962)	1,419
Closing balance	-	120,633	76,726	4,504,246	-	100,227	66,085	995,552
<b>Other liabilities</b>								
Profit payable	14,155	1,482	30	29,716	-	4,110	665	9,001
Accrued expenses	3	-	-	32,316	-	-	-	2,377
Acceptances	18,214	-	-	-	587,036	-	-	-
Unearned Income	-	-	-	1,304	-	-	-	4,053
Lease liability against right-of-use-asset	149,137	-	-	-	94,595	-	-	-
Meeting fee payable to Directors	-	194	-	-	-	3,470	-	-
	181,509	1,676	30	63,336	681,631	7,580	665	15,431
<b>Contingencies and Commitments</b>								
Letter of Credit	-	-	-	594,170	-	-	-	-
Letter of Guarantee	174,196	-	-	1,059,660	70,227	-	-	1,205,784
Forward exchange contract								
Purchase	-	-	-	-	42,996	-	-	-
Sale	-	-	-	-	42,996	-	-	-
<b>Transactions during the year</b>								
<b>Income</b>								
Profit return earned	-	259	5,203	285,504	-	62	5,450	206,278
Commission income	-	-	-	34,313	-	-	-	37,043
Rental income	-	-	-	-	6,324	-	-	-
Other income	-	-	17	-	23,645	4	66	1,654
	-	259	5,220	319,817	29,969	66	5,516	244,975
<b>Expense</b>								
Profit return expensed	292,120	28,823	7,508	156,833	268,752	54,637	3,021	49,799
Rental expense	-	-	-	-	-	-	-	-
Takaful expense	-	-	-	140,324	-	-	-	100,678
Security expense	-	-	-	2,660	-	-	-	32,141
Depreciation on right-of-use asset	49,017	-	-	-	40,456	-	-	-
Unwinding of lease liability against right-of-use asset	14,588	-	-	-	10,804	-	-	-
Rent and Taxes	-	-	-	-	-	-	-	-
Meeting fee to Directors	-	8,076	-	-	-	3,750	-	-
Utility and other operating expense of shared branch	-	-	-	-	9,797	-	-	-
Other expenses	8,875	-	-	178	120	-	-	858
	364,600	36,899	7,508	299,995	329,929	58,387	3,021	183,476
<b>Other transactions during the year</b>								
Meeting fee paid to Directors	-	11,616	-	-	-	650	-	-
Managerial remuneration including bonus paid	-	57,110	241,891	-	-	59,223	205,300	-
Contribution paid to provident fund	-	-	-	154,946	-	-	-	129,130
Re-imbursment under home remittance payments	5,709,744	-	-	-	4,755,069	-	-	-
Proceeds from issue of Share Capital	-	-	-	-	4,000,000	-	-	-
Proceeds from sale of fixed assets	-	-	17	-	200,000	1,872	114	2,571
Purchase of fixed assets	23,000	-	-	-	-	-	-	-
Disbursement made against advance salary	-	-	-	-	-	-	1,400	-
Repayment made against advance salary	-	-	-	-	-	-	2,767	-
Payment made against expenses	72,718	-	-	140,920	53,465	-	-	150,231
Foreign currency purchase	29,468,840	-	-	-	22,043,793	-	-	-
Foreign currency sale	33,534,409	-	-	-	13,146,854	-	-	-
Letter of Credit issued	-	-	-	2,827,512	-	-	-	2,541,661
Letter of Guarantee issued	106,439	-	-	3,568	50,265	-	-	62,240



2023      2022  
 Rupees in thousands

**41 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

**Minimum Capital Requirement (MCR):**

Paid-up capital (net of losses)	19,673,122	15,548,233
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	20,568,762	15,369,298
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	20,568,762	15,369,298
Eligible Tier 2 Capital	1,477,595	810,739
Total Eligible Capital (Tier 1 + Tier 2)	22,046,357	16,180,037
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	67,578,085	63,682,494
Market Risk	4,124,665	3,262,215
Operational Risk	20,957,292	12,320,815
Total	92,660,042	79,265,524
Common Equity Tier 1 Capital Adequacy Ratio	22.20%	19.39%
Tier 1 Capital Adequacy Ratio	22.20%	19.39%
Total Capital Adequacy Ratio	23.79%	20.41%

**Statutory minimum capital requirement and Capital Adequacy Ratio (CAR)**

The capital adequacy ratio of the Bank was subject to the Basel III capital adequacy guidelines stipulated by the State Bank of Pakistan through its BPRD Circular No. 06 of 2013 dated August 15, 2013. These instructions were effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019.

**Phase-in arrangement and full implementation of the minimum capital requirements:**

Ratio	Year End December 31,						
	2013	2014	2015	2016	2017	2018	2019
CET1	5.00%	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%
ADT-1	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Tier 1	6.50%	7.00%	7.50%	7.50%	7.50%	7.50%	7.50%
<b>Total Capital</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>
*CCB	0%	0%	0.25%	0.65%	1.275%	1.90%	2.50%
<b>Total Capital plus CCB</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.25%</b>	<b>10.65%</b>	<b>11.275%</b>	<b>11.90%</b>	<b>12.50%</b>

\* Capital Conservation Buffer (CCB) Consisting of CET1 only

SBP vide its BPRD Circular Letter No. 12 of 2020 dated March 26, 2020 has reduced the Capital Conservation Buffer (CCB) from 2.50% to 1.50%. The Minimum Capital Requirement of the Bank stands at Rs.10 Billion at the respective reporting dates and is in compliance with the required capital adequacy ratio including CCB (11.50% of the risk-weighted assets). Banking operations are categorized as either trading book or banking book and risk-weighted assets are determined according to specified requirements of the State Bank of Pakistan that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures. The total risk-weighted exposures comprise of the credit risk, market risk and operational risk.

The Bank has adopted Standardized Approach to measure Credit risk regulatory capital charge in compliance with Basel-III requirements. The Bank measures and manages Market Risk by using conventional methods i.e. notional amounts, sensitivity and combinations of various limits. Beside conventional methods, the Bank also uses VaR (Value at Risk) technique for market risk assessment of positions assumed by its Treasury and FX Group. In-house based solutions are used for calculating mark to market value of positions and generating VaR (value at risk) and sensitivity numbers. Thresholds for different positions are established to compare the expected losses at a given confidence level and over a specified time horizon. Currently, the Bank is reporting operational risk capital charge under Basic Indicator Approach (BIA).

#### Leverage Ratio (LR):

In order to avoid building-up excessive on and off-balance sheet leverage in the banking system, monitoring of Leverage Ratio is in place as per SBP directives with the following objectives:

- constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy; and
- reinforce the risk based requirements with an easy to understand and a non-risk based measure.

A minimum Tier 1 leverage ratio of 3% has been prescribed both at solo and consolidated level.

	2023	2022
<b>Rupees in thousands</b>		
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	20,568,762	15,369,298
Total Exposures	283,260,917	226,108,533
Leverage Ratio	7.26%	6.80%

#### Liquidity Coverage Ratio (LCR)

The objective of Liquidity Coverage Ratio (LCR) is to ensure short-term resilience of the liquidity risk profile of the bank by ensuring availability of adequate High Quality Liquid Assets to survive a significant stress scenario lasting for 30 calendar days. LCR should be kept above 100% as per SBP guidelines.

	2023	2022
<b>Rupees in thousands</b>		
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	84,205,536	52,914,884
Total Net Cash Outflow	50,600,287	35,308,570
Liquidity Coverage Ratio	166.41%	149.86%

#### Net Stable Funding Ratio (NSFR)

The objective of Net Stable Funding Ratio (NSFR) is to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding on ongoing basis. Banks are required to maintain NSFR of at least 100% as per SBP guidelines.

	2023	2022
<b>Rupees in thousands</b>		
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	175,630,548	129,634,224
Total Required Stable Funding	121,097,477	96,984,488
Net Stable Funding Ratio	145.03%	133.66%

41.1 The full disclosures on the "CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS" as per SBP instructions issued from time to time are available at <https://www.mcbislamicbank.com/investor-relations/financial-reports/financial-reports-2023/>

## 42 RISK MANAGEMENT

Risk is an inherent part of banking business activities. The risk management framework and governance structure at the MCB Islamic Bank Limited helps to mitigate and counter any foreseeable risk in its various lines of business. Risk awareness forms an integral part of strategic and operational activities of risk management. Through its risk management policy the Bank sets the best course of action to counter uncertainty by identifying, prioritizing, mitigating and monitoring risk issues, with the goal of enhancing shareholders' value. Bank's risk management structure is based on the following five guiding principles while conforming to the prescribed Shari'ah guidelines:

- Optimizing risk/return in a controlled manner
- Establishing clear responsibility and accountability
- Establishing independent and properly resourced risk management function.
- Promoting open risk culture
- Adopting international best practices in risk management

Keeping in view dynamics of internal and external environment, the bank regularly reviews and updates policy manuals / frameworks and procedures in accordance with domestic regulatory environment and international standards.

The Bank executes its risk strategy and undertakes controlled risk-taking activities within its risk management framework and Annual Risk Appetite and Strategy document. The Board of Directors and its relevant committee, i.e. the Risk Management & Portfolio Review Committee (RM & PRC), the senior management and its relevant committees, i.e. the Management Finance Committee (MFC), Asset Liability Committee (ALCO), etc., are responsible to ensure formulation and implementation of a comprehensive Risk Management Framework. The framework combines core policies, procedures and process designs with broad oversight and is supported by an efficient monitoring mechanism across the Bank to ensure that risks are kept within an acceptable level.

The Bank ensures that not only the relevant risks are identified but their implications are also considered and the basis provided for managing and measuring the risks. Through Internal Control units, the Bank ensures that effective controls are in place to mitigate each of the identified risks.

Independent from business groups, Chief Risk Officer reports functionally to the Risk Management & Portfolio Review Committee (RM & PRC) and administratively to the President; the RM & PRC convenes regular meetings to evaluate the Bank's risk and portfolio concentrations. The Risk Management Group performs the following critical functions:

- Credit Risk Management (including Credit Risk Review & Control)
- Market Risk Management
- Liquidity Risk Management
- Operational Risk Management
- Cyber Security Risk Management
- Fraud Risk Management

### 42.1 Credit Risk

Credit risk arises from our dealings with individuals, corporate clients, financial institutions, sovereigns etc. The Bank is exposed to credit risk through its financing and investment activities. It stems from the Bank's both, on and off-balance sheet activities. Credit risk makes up the largest part of the Bank's exposure. Purpose of Credit Risk Management function is to identify, measure, manage, monitor and mitigate credit risk. Organizational structure of this function ensures pre and post-facto management of credit risk. While, Credit Review function provides pre-fact evaluation of counterparties, the Credit Risk Control (CRC) performs post-fact evaluation of financing facilities and reviews clients' performance on an ongoing basis.

The Bank has adopted Standardized Approach to measure Credit risk regulatory capital charge in compliance with Basel-III requirements. The approach mainly takes into account the assessment of external credit rating agencies. In line with SBP guidelines on Internal Credit Risk Rating Systems, the Bank has developed rating systems and all its corporate and commercial financing customers are internally rated. The Bank is in the process of continuously improving the system and bringing it in line with the Basel framework requirements.



In order to manage the Bank's credit risk, following policies and procedures are in place:

- Individuals who take or manage risks clearly understand them in order to protect the Bank from avoidable risks;
- Credit facility or material change to the credit facility is allowed subject to credit review;
- Approval and review process is reviewed by RM&PRC and internal audit;

As a part of credit assessment the Bank uses an internal rating framework as well as the ratings assigned by the external credit rating agencies, wherever available.

In compliance to State Bank of Pakistan instructions, the bank has developed an indigenous model to calculate score of an obligor based on trade based money laundering risk during the year. The model covers various risk parameters to assess risk. The bank also has in place a scoring model to capture environmental risk.

Ongoing administration of the credit portfolio is an essential part of the credit process that supports and controls extension and maintenance of credit. The Bank's Credit Risk Control, being an independent function from the business and operations group, is responsible for performing the following activities:

- Credit disbursement authorization;
- Collateral coverage and monitoring;
- Compliance of loan covenants/ terms of approval;
- Maintenance/ custody of collateral and security documentation.

Credit Risk Monitoring is based on a comprehensive reporting framework. Continuous monitoring of the credit portfolio and the risks attached thereto are carried out at different levels including businesses, Audit & Risk Assets Review, Credit Risk Control, Credit Risk Management Division, etc.

To ensure a prudent distribution of asset portfolio, the Bank manages its financing and investment activities within an appropriate limits framework. Per party exposure limit is maintained in accordance with SBP Prudential Regulation R-1.

The Bank creates specific provision against Non- Performing Financings (NPFs) in accordance with the Prudential Regulations and other directives issued by the SBP and charged to the profit and loss account. Provisions are held against identified as well as unidentified losses. Provisions against unidentified losses include general provision against consumer, small entities and micro financings made in accordance with the requirements of the Prudential Regulations issued by SBP on financings.

#### Stress Testing

Credit Risk stress testing is a regular exercise. Bank's all credit exposures including funded and non-funded facilities are subject to stress test. This exercise is conducted on a quarterly basis through assigning shocks to all assets of the Bank and assessing its resulting affect on capital adequacy inline with SBP requirements.

The Bank is regularly conducting assessments of the financing portfolio, with robust post disbursement review mechanism to identify borrowers most likely to be affected in the challenging business and economic environment. Bank is confident that it has more than sufficient risk bearing capacity to with-stand these difficult times.

Particulars of Bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

#### 42.1.1 Due from financial institutions

##### Credit risk by public / private sector

	Gross Placements		Non-performing		Provision held	
	2023	2022	2023	2022	2023	2022
	Rupees in thousands					
Private	2,500,000	6,170,000	-	-	-	-
	2,500,000	6,170,000	-	-	-	-

#### 42.1.2 Investment in debt securities

##### Credit risk by industry sector

	Gross Placements		Non-performing		Provision held	
	2023	2022	2023	2022	2023	2022
Rupees in thousands						
Power (electricity), Gas, Water, Sanitary	-	-	-	-	-	-
Financial including government securities	132,544,302	72,609,066	-	-	-	-
	132,544,302	72,609,066	-	-	-	-
<b>Credit risk by public / private sector</b>						
Public / Government	131,780,912	71,839,066	-	-	-	-
Private	763,390	770,000	-	-	-	-
	132,544,302	72,609,066	-	-	-	-

#### 42.1.3 Islamic financing and related assets

##### Credit risk by industry sector

	Gross Placements		Non-performing		Provision held	
	2023	2022	2023	2022	2023	2022
Rupees in thousands						
Agriculture, Forestry, Hunting and Fishing	1,225,481	1,229,152	307,100	357,100	-	-
Textile	9,258,838	8,698,319	-	-	-	-
Chemical and Pharmaceuticals	1,604,892	2,301,483	-	-	-	-
Cement	3,416,601	4,095,349	-	-	-	-
Sugar	4,630,534	3,096,621	-	-	-	-
Footwear and Leather garments	-	299,932	-	-	-	-
Automobile and transportation equipment	424,411	220,062	-	-	-	-
Electronics and electrical appliances	680,546	563,551	-	-	-	-
Construction	2,271,548	2,322,494	37,024	42,024	-	-
Power (electricity), Gas, Water, Sanitation	1,471,093	2,050,554	-	-	-	-
Wholesale and Retail Trade	1,529,607	2,307,070	46,550	257	94	257
Transport, Storage and Communication	35,152,510	35,301,590	-	-	-	-
Financial	23,746	94,977	-	-	-	-
Insurance	-	2,130	-	-	-	-
Services	3,175,251	3,324,715	-	1,026	-	522
Food, Beverages, Tobacco and personal products	8,207,927	6,606,899	190,752	32,648	-	-
Paper	410	474,294	-	-	-	-
Steel	3,259,655	2,628,421	217,202	217,202	127,708	25,778
Shipbreaking	991,242	991,242	991,242	991,242	582,819	117,644
Oil Refinery	-	-	-	-	-	-
Plastic	1,522,733	794,388	-	-	-	-
Individuals	9,907,524	11,044,599	90,415	37,292	34,629	30,993
Manufacturing	1,093,580	1,785,902	-	-	-	-
Others	787,487	653,068	77,523	-	-	-
	90,635,616	90,886,812	1,957,808	1,678,791	745,250	175,194
<b>Credit risk by public / private sector</b>						
Public / Government	35,418,168	35,627,253	-	-	-	-
Private	55,217,448	55,259,559	1,957,808	1,678,791	745,250	175,194
	90,635,616	90,886,812	1,957,808	1,678,791	745,250	175,194

## 42.1.4 Contingencies and Commitments

## Credit risk by industry sector

	2023	2022
	Rupees in thousands	
Agriculture, Forestry, Hunting and Fishing	211,059	454,095
Textile	2,861,168	3,516,561
Chemical and Pharmaceuticals	3,301,965	2,562,749
Cement	415,738	330,683
Sugar	466,874	478,517
Footwear and Leather garments	-	14,466
Automobile and transportation equipment	1,497,973	206,217
Electronics and electrical appliances	368,730	522,466
Construction	6,559,875	4,909,860
Power (electricity), Gas, Water, Sanitation	481,045	735,485
Wholesale and Retail Trade	7,190,844	3,522,946
Transport, Storage and Communication	78,750	1,545
Financial	492,434	73,760
Glassware	119,127	105,063
Insurance	-	-
Services	2,441,565	2,359,321
Food, Beverages and Tobacco	795,428	2,779,783
Paper	67,164	706,016
Steel	1,989,754	4,138,205
Shipbreaking	19,429	19,429
Oil Refinery	-	45,513
Plastic	1,571,022	1,592,406
Individuals	5,886	93,117
Shipyard	617,627	1,545,108
Manufacturing	313,875	320,251
Others	838,918	1,567,231
	32,706,250	32,600,793
<b>Credit risk by public / private sector</b>		
Public / Government	1,302,798	2,773,102
Private	31,403,452	29,827,691
	32,706,250	32,600,793

## 42.1.5 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. 46,592.736 million (2022: Rs. 52,143.036 million) are as following:

	2023	2022
	Rupees in thousands	
Funded	39,097,850	43,304,548
Non Funded	7,494,886	8,838,488
Total Exposure	46,592,736	52,143,036

The sanctioned limits against these top 10 exposures aggregated to Rs. 58,632 million (2022: Rs. 59,575 million).

## Total funded classified therein

	2023		2022	
	Amount	Provision held	Amount	Provision held
	Rupees in thousands			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	-	-	-	-

**42.1.6 Islamic financing and related assets - Province / Region - wise Disbursement & Utilization**

Province / Region	2023						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Rupees in thousands							
Punjab	384,156,928	382,472,277	1,433,494	61,026	5,076	177,821	7,234
Sindh	125,356,627	3,095,089	122,237,557	-	18,065	5,916	-
KPK including FATA	510,171	51,490	1,755	421,528	-	27,626	7,772
Balochistan	71,473	7,084	5,246	-	57,344	1,799	-
Islamabad	25,741,905	4,279,149	-	4,668	2,240	21,455,848	-
AJK including							
Gilgit-Baltistan	43,282	8,310	-	-	-	9,910	25,062
<b>Total</b>	<b>535,880,386</b>	<b>389,913,399</b>	<b>123,678,052</b>	<b>487,222</b>	<b>82,725</b>	<b>21,678,920</b>	<b>40,068</b>

Province / Region	2022						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Rupees in thousands							
Punjab	390,532,364	387,677,944	2,536,747	19,522	-	295,599	2,552
Sindh	128,299,419	2,513,395	124,405,604	1,785	1,371,903	6,732	-
KPK including FATA	832,573	78,631	3,381	687,373	-	57,156	6,032
Balochistan	111,654	12,934	16,526	-	75,453	2,201	4,540
Islamabad	26,400,938	3,537,146	339	6,422	-	22,857,031	-
AJK including							
Gilgit-Baltistan	70,888	27,952	-	1,008	-	18,295	23,633
<b>Total</b>	<b>546,247,836</b>	<b>393,848,002</b>	<b>126,962,597</b>	<b>716,110</b>	<b>1,447,356</b>	<b>23,237,014</b>	<b>36,757</b>

**42.2 Market Risk**

Market Risk arises from changes in market rates such as Profit / Yield Rates, Foreign Exchange Rates, Equity Prices, and / or commodity prices as well as their correlations and volatilities resulting in a loss to earnings and capital. The Bank is exposed to market risk primarily through its trading activities, which are centered in Treasury and FX Group.

The Bank's Market Risk Management structure consists of Risk Management & Portfolio Review Committee (RM&PRC) of the Board, Management Finance Committee of management and ALCO. There is an independent Market Risk Management Division reporting directly to Group Head Risk Management. Market Risk is an independent risk management function that works in close partnership with the business segments to identify and monitor market risks throughout the Bank and to define market risk policies and procedures. Market Risk seeks to facilitate efficient risk/return decisions, reduce volatility in operating performance and provide transparency into the Bank's market risk profile for senior management, the Board of Directors and regulators. Market risk authority, including both approval of market risk limits and approval of market risks is vested in the ALCO.

In line with regulatory requirements, the Bank has clearly defined, in its Risk Management policy, the positions which shall be subject to market risk. The definition covers the accounting classifications as well as positions booked by different business groups under "Available for Sale" category. The assets subject to trading book treatment are frequently, mostly on daily basis, valued and actively managed. The positions which do not fulfill the criteria of Trading book falls under the Banking Book and are treated as per SBP requirements.

The Bank measures and manages Market Risk by using conventional methods i.e. notional amounts, sensitivity and combinations of various limits. Bank has established a specific Market Risk Limit Policy providing guideline for assuming controlled market risk, its monitoring and management.

Beside conventional methods, the Bank also uses VaR (Value at Risk) technique for market risk assessment of positions assumed by its treasury and capital market groups. In-house based solutions are used for calculating mark to market value of positions and generating VaR (value at risk) and sensitivity numbers. Thresholds for different positions are established to compare the expected losses at a given confidence level and over a specified time horizon.

A framework of stress testing, scenario analysis and reverse stress tests of both banking and trading books as per SBP guidelines is also in place. The results of the stress tests are reviewed by senior management and also reported to the SBP.



## 42.2.1 Balance sheet split by trading and banking books

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Rupees in thousands						
Cash and balances with treasury banks	19,529,055	-	19,529,055	13,906,238	-	13,906,238
Balances with other banks	2,748,279	-	2,748,279	1,238,320	-	1,238,320
Due from financial institutions	2,500,000	-	2,500,000	6,170,000	-	6,170,000
Investments	36,216,930	96,327,372	132,544,302	17,192,380	55,476,277	72,668,657
Islamic financing and related assets	89,347,415	-	89,347,415	90,301,709	-	90,301,709
Fixed assets	5,783,193	-	5,783,193	4,936,840	-	4,936,840
Intangible assets	532,846	-	532,846	576,754	-	576,754
Deferred tax assets	-	-	-	12,527	-	12,527
Other assets	14,014,615	-	14,014,615	9,228,528	-	9,228,528
	170,672,333	96,327,372	266,999,705	143,563,296	55,476,277	199,039,573

## 42.2.2 Foreign Exchange Risk

Foreign exchange risk exposes the bank to changes in the values of current holdings and future cash flows denominated in currencies other than home currency due to the exchange rate fluctuation and volatility. The types of instruments exposed to this risk include foreign currency-denominated financing, foreign currency-denominated deposits, future cash flows in foreign currencies arising from foreign exchange transactions, etc.

The core objective of foreign exchange risk management is to ensure the foreign exchange exposure of the Bank remains within defined risk appetite and insulate the Bank against undue losses that may arise due to volatile movements in foreign exchange rates or profit rates.

	2023			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
Rupees in thousands				
United States Dollar	2,725,356	6,164,761	3,328,297	(111,107)
Great Britain Pound Sterling	943,654	936,224	-	7,431
Euro	485,123	481,996	-	3,127
Japanese Yen	18,729	179	-	18,550
Other currencies	133,031	-	-	133,031
	4,305,893	7,583,160	3,328,297	51,032

	2022			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
Rupees in thousands				
United States Dollar	1,754,701	3,931,109	1,601,372	(575,036)
Great Britain Pound Sterling	264,262	656,445	409,614	17,431
Euro	574,808	558,024	(12,427)	4,357
Japanese Yen	1,156	155	-	1,001
Other currencies	34,849	39,573	51,188	46,464
	2,629,776	5,185,306	2,049,747	(505,783)

2023		2022	
Banking book	Trading book	Banking book	Trading book

Rupees in thousands

Impact of 1% change in foreign exchange rates on

- Profit and loss account	510	-	(5,058)	-
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#### 42.2.3 Equity position risk

Bank's proprietary positions in the equity instruments expose it to the equity price risk in its trading and banking books. Equity price risk is managed by applying trading limit, scrip-wise and portfolio wise nominal limits. VaR analysis and stress testing of the equity portfolio are also performed and reported to senior management. The stress test for equity price risk assesses the impact of the fall in the stock market index using internal based assumptions.

2023		2022	
Banking book	Trading book	Banking book	Trading book

Rupees in thousands

Impact of 5% change in equity prices on

- Profit and loss account	-	-	-	-
- Other comprehensive income	-	-	-	2,980

#### 42.2.4 Yield / Profit Rate Risk in the Banking Book - Basel II Specific

Yield rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date. 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.

2023		2022	
Banking book	Trading book	Banking book	Trading book

Rupees in thousands

Impact of 1% change in profit rates on

- Profit and loss account	94,935	280,530	82,899	175,698
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## 42.2.5 Mismatch of Profit Rate Sensitive Assets and Liabilities

2023												
Effective Yield / Profit rate %	Total	Exposed to Yield / Interest risk										Non-profit bearing financial instruments
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
Rupees in thousands												
<b>On-balance sheet financial instruments</b>												
<b>Assets</b>												
	19,529,055	-	-	-	-	-	-	-	-	-	-	19,529,055
Cash and balances with treasury banks												
Balances with other banks	2,748,279	1,845	-	-	-	-	-	-	-	-	-	2,746,434
Due from financial institutions	2,500,000	2,500,000	-	-	-	-	-	-	-	-	-	-
Investments	132,544,302	13,392,405	25,305,500	93,846,397	-	-	-	-	-	-	-	-
Islamic financing and related assets	77,259,757	252,220	49,706,750	3,897,165	4,476,146	-	-	-	-	-	-	18,927,476
Other assets	12,648,158	-	-	-	-	-	-	-	-	-	-	12,648,158
	247,229,551	16,146,470	75,012,250	97,743,562	4,476,146	-	-	-	-	-	-	53,851,123
<b>Liabilities</b>												
Bills payable	2,175,473	-	-	-	-	-	-	-	-	-	-	2,175,473
Due to financial institutions	25,813,546	7,622,644	8,920,029	2,257,544	1,169,023	1,396,453	858,104	1,541,844	2,047,905	-	-	-
Deposits and other accounts	204,460,158	141,082,426	-	-	-	-	-	-	-	-	-	63,377,732
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	11,996,562	237,124	110,925	99,352	253,885	480,963	452,529	691,517	343,382	171,738	9,155,148	-
	244,445,739	148,942,194	9,030,954	2,356,896	1,422,908	1,877,416	1,310,633	2,233,361	2,391,287	171,738	74,708,353	-
<b>On-balance sheet gap</b>	<b>2,783,812</b>	<b>(132,795,724)</b>	<b>65,981,296</b>	<b>95,386,666</b>	<b>3,053,238</b>	<b>(1,877,416)</b>	<b>(1,310,633)</b>	<b>(2,233,361)</b>	<b>(2,391,287)</b>	<b>(171,738)</b>	<b>(20,857,230)</b>	
<b>Off-balance sheet financial instruments</b>												
Commitments in respect of:												
- forward foreign exchange contracts	3,247,865	3,084,855	773,760	(610,750)	-	-	-	-	-	-	-	-
<b>Off-balance sheet gap</b>	<b>3,247,865</b>	<b>3,084,855</b>	<b>773,760</b>	<b>(610,750)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	(129,710,869)	66,755,056	94,775,917	3,053,238	(1,877,416)	(1,310,633)	(2,233,361)	(2,391,287)	(171,738)			
<b>Total Yield / Profit Risk Sensitivity Gap</b>												
<b>Cumulative Yield / Profit Risk Sensitivity Gap</b>												
	(129,710,869)	(62,955,813)	31,820,104	34,873,342	32,995,926	31,685,293	29,451,932	27,060,645	26,888,907			

Effective Yield / Profit rate %	Total	2022										Non-profit bearing financial instruments	
		Exposed to Yield/ Interest 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 thousands													
<b>On-balance sheet financial instruments</b>													
<b>Assets</b>													
	Cash and balances with treasury banks	13,906,238	-	-	-	-	-	-	-	-	-	-	13,906,238
	Balances with other banks	1,238,320	2,107	-	-	-	-	-	-	-	-	-	1,236,213
	Due from financial institutions	6,170,000	6,170,000	-	-	-	-	-	-	-	-	-	-
	Investments	72,668,657	3,321,925	10,100,000	59,187,141	-	-	-	-	-	-	-	59,591
	Islamic financing and related assets	78,781,489	421,999	51,385,785	5,282,127	5,902,388	-	-	-	-	-	-	15,789,190
	Other assets	8,586,765	-	-	-	-	-	-	-	-	-	-	8,586,765
		181,351,469	9,916,031	61,485,785	64,469,268	5,902,388	-	-	-	-	-	-	39,577,997
<b>Liabilities</b>													
	Bills payable	3,737,482	-	-	-	-	-	-	-	-	-	-	3,737,482
	Due to financial institutions	14,670,759	2,998,100	1,925,120	2,000,784	7,746,755	-	-	-	-	-	-	-
	Deposits and other accounts	154,001,460	111,329,754	-	-	-	-	-	-	-	-	-	42,671,706
	Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-
	Other liabilities	10,240,226	40,417	77,236	90,484	206,644	464,006	397,476	617,048	595,463	595,463	-	7,751,452
		182,649,927	114,368,271	2,002,356	2,091,268	7,953,399	464,006	397,476	617,048	595,463	595,463	-	54,160,640
	<b>On-balance sheet gap</b>	<b>(1,298,458)</b>	<b>(104,452,240)</b>	<b>59,483,429</b>	<b>62,378,000</b>	<b>(2,051,011)</b>	<b>(464,006)</b>	<b>(397,476)</b>	<b>(617,048)</b>	<b>(595,463)</b>	<b>(595,463)</b>	<b>-</b>	<b>(14,582,643)</b>
<b>Off-balance sheet financial instruments</b>													
<b>Commitments in respect of</b>													
	- forward foreign exchange contracts	1,983,189	883,080	1,067,071	33,038	-	-	-	-	-	-	-	-
	<b>Off-balance sheet gap</b>	<b>1,983,189</b>	<b>883,080</b>	<b>1,067,071</b>	<b>33,038</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Yield / Profit Risk Sensitivity Gap</b>	<b>(103,569,160)</b>	<b>(43,018,660)</b>	<b>60,550,500</b>	<b>62,411,038</b>	<b>(2,051,011)</b>	<b>(464,006)</b>	<b>(397,476)</b>	<b>(617,048)</b>	<b>(595,463)</b>	<b>(595,463)</b>	<b>-</b>	<b>-</b>
	<b>Cumulative Yield / Profit Risk Sensitivity Gap</b>	<b>(103,569,160)</b>	<b>(43,018,660)</b>	<b>19,392,378</b>	<b>17,341,367</b>	<b>16,877,361</b>	<b>15,862,837</b>	<b>15,267,374</b>	<b>15,267,374</b>	<b>15,267,374</b>	<b>15,267,374</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of assets and liabilities exposed to yield / profit rate risk with total assets and liabilities</b>													
Rupees in thousands													
	Total financial assets as per note 42.2.5	247,229,551	181,351,469	-	-	-	-	-	-	-	-	-	181,351,469
	Add: Non financial assets	12,087,658	11,520,220	-	-	-	-	-	-	-	-	-	11,520,220
	Islamic financing and related assets	5,783,193	4,936,840	-	-	-	-	-	-	-	-	-	4,936,840
	Fixed assets	532,846	576,754	-	-	-	-	-	-	-	-	-	576,754
	Intangible assets	-	12,527	-	-	-	-	-	-	-	-	-	12,527
	Deferred tax assets	1,366,457	641,763	-	-	-	-	-	-	-	-	-	641,763
	Other assets	266,999,705	199,039,573	-	-	-	-	-	-	-	-	-	199,039,573
	Total assets as per Statement of Financial Position	244,445,739	182,649,927	-	-	-	-	-	-	-	-	-	182,649,927
	Total financial liabilities as per note 42.2.5	445,291	42,764	-	-	-	-	-	-	-	-	-	42,764
	Add: Non financial liabilities	72,423	182,649,927	-	-	-	-	-	-	-	-	-	182,649,927
	Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-
	Other liability	244,963,453	182,692,691	-	-	-	-	-	-	-	-	-	182,692,691
	Total liabilities as per Statement of Financial Position	244,963,453	182,692,691	-	-	-	-	-	-	-	-	-	182,692,691



### 42.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This definition includes legal risks but excludes strategic and reputational risks.

The Bank's operational risk management framework, as laid down in the operational risk policy, duly approved by the Board of Directors (BOD), is flexible enough to implement in stages and permits the overall risk management approach to evolve in the light of organizational learning and the future needs of the Bank. Operational loss events are reviewed and appropriate corrective actions are taken on an ongoing basis, including measures to improve control procedures with respect to design and operative effectiveness.

An independent Operational Risk Management Function has also been established within the Risk Management Group, as per the requirements of SBP Basel Framework and in line with the international best practice. This function is responsible to ensure that management of operational risk in the Bank is carried out in accordance with the bank's approved policies and frameworks.

Operational Risk Management helps the Bank understand risks and improve mitigating controls so as to minimize operational risks that are inherent in almost all areas of the Bank. Going forward, the Bank will further strengthen its risk function, policies and procedures to facilitate its operations and improve quality of assets to safeguard interest of depositors.

The key elements in the operational risk management process are:

- Risk Identification & Assessment
- Risk Monitoring & Reporting
- Risk Control & Mitigation

Operational Risk identification at the Bank is based on utilization of diversified tools including but not limited to internal and external loss / control breach / near miss incidents data collection, process reviews, internal / external audit / regulatory inspection observations, expert judgment and self-assessment etc. Since scope of operational risk spreads across different functions of the bank, roles and responsibilities regarding operational risk management also spread across all the groups in the bank. Governance structure involved in management of operational risk is as follows:

- Board of Directors
- Risk Management and Portfolio Review Committee (RM&PRC)
- President
- Risk Management Group (RMG)
- All Business and Support Groups

Based on the analysis of operational risks through maintenance of operational risk database, a periodic reporting of operational losses and significant risk events is being done for review of RM&PRC on quarterly basis. The strong control environment encompasses documented policies / procedures and systems in all key areas as effective risk mitigation tools.

The Bank is focusing on the following risk mitigation tools:

- Business Continuity Management / Disaster Recovery Planning
- Takaful
- Outsourcing

Continuous monitoring of the effectiveness of mitigants has been ensured through regular compliance reviews and independent validation by Internal / External Audit inspections.

Operational risk covers a broad range of risks and is useful to sub-divide operational risk into two main categories i.e. Internal Risks and External Risks.

Operational risk event types are further divided into seven types which are as under;

- Internal Fraud
- External Fraud
- Damage to Physical Assets
- Execution, delivery and process management
- Business disruption and system failure

- Employment practices and workplace safety
- Clients, products and business practices

#### **Operational Risk-Disclosures Basel II Specific**

Since the Bank currently being at infancy stage, is using Basic Indicator Approach (BIA) for allocation of capital charge for operational risk as the corner stone of capital allocation under advanced approaches of Basel II is the historical time series of operational loss data.

Operational loss data pertaining to key risk events is also collected on bank-wide basis. Periodic review and analysis will be prepared for senior management and Risk Management and Portfolio Review Committee (RM&PRC) of the Board. Such reports will cover the significant risk events with root cause analysis and recommendations for further improvements.

#### **Business Continuity Planning & Health, Safety & Environment:**

A comprehensive Business Continuity Plan is in place whereby all Branches & Head Office functions have developed their Alternate Sites which will be operational in case of emergency.

We have established minimum safety standards that all businesses, offices and branches of the Bank must adhere to and encourages all employees to promote the safety of their fellow employees and customers.

#### **Fraud Risk Management:**

Fraud Risk Management Division has been formed under Risk management group to ensure appropriate protection of financial and reputational interest of the bank and core responsibilities are:

- Compliance on SBP directives for policies, procedures and internal / external reporting.
- 24/7 Monitoring of Digital Banking & Alternate Delivery Channel (ADC) transactions.
- Fraud training awareness.
- Handling frauds related complaints and their resolution as per SBP directives including FDTH affairs.

#### **Information Technology Security:**

An independent IT Security division is in place to counter cyber security threats. However, this is a dynamic area and the bank is in the process of acquiring more solutions & implementing more controls. Broadly speaking, IT Security covers the following main areas in accordance with Board approved policy:

- Implement information security policy and associated process and controls
- Implement Access and Authentication controls
- Periodically conduct access review of privilege users.
- Periodically conduct Risk Assessment of critical information assets
- Periodically conduct internal / external vulnerability assessment and penetration testing of critical information assets.
- Information / cyber security awareness to be created amongst staff members.
- Incident response and lesson learned.
- Continuous communication to stakeholders
- Continuous improvement

#### **Shari'ah Non Compliance Risk (SNCR):**

The Bank is fully acquainted with SNCR and its potential implications on the reputation and business of the Bank. Therefore the Bank shall take adequate measures to address SNCR and ensure conformity of its operations with Shari'ah principles.

In addition to the Shari'ah Compliance Department, exclusively overseeing SNCR risk, the RM&PRC and senior management shall also play their role in monitoring the same.

All Shari'ah non-compliance events and transactions are reported to Shari'ah Non Compliance Risk Management Committee (SNCRMC), RM&PRC and BOD on quarterly basis by Shari'ah Compliance Department (SCD).

#### 42.4 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 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. There is an Asset Liability Management Framework in place for focused handling of Liquidity. This framework also incorporates early warning indicators.

42.4.1 Maturities of assets and liabilities

42.4.1.1 Maturities of Assets and Liabilities - based on contractual maturity

2023														
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Above 5 years
	Rupees in thousands													
<b>Assets</b>														
Cash and balances with treasury banks	19,529,055	4,882,264	4,882,264	4,882,264	4,882,263	-	-	-	-	-	-	-	-	-
Balances with other banks	2,748,279	687,070	687,070	687,070	687,070	-	-	-	-	-	-	-	-	-
Due from financial institutions	2,500,000	-	2,500,000	-	-	-	-	-	-	-	-	-	-	-
Investments - net	132,544,302	-	-	-	-	-	-	13,029,500	20,343,000	4,041,200	11,556,745	69,910,467	-	13,663,390
Islamic financing and related assets - net	89,347,415	2,324,791	2,202,042	2,103,048	2,087,578	10,125,884	2,938,225	9,618,007	4,058,991	3,986,635	13,632,268	12,036,713	11,904,270	12,328,963
Fixed assets	5,783,193	1,532	9,194	10,726	82,869	93,238	95,714	278,540	271,450	256,538	917,190	773,331	1,039,336	1,953,533
Intangible assets	532,846	-	-	-	16,238	16,521	16,822	50,901	49,629	31,438	95,360	79,611	115,915	60,411
Deferred tax assets	157,064	-	-	-	-	-	-	-	-	2,886	154,378	-	-	-
Other assets	14,014,615	1,612,641	1,528,107	1,611,101	2,007,539	1,863,144	1,518,006	1,429,106	1,222,486	1,222,485	-	-	-	-
	267,156,769	9,508,298	11,808,677	9,294,209	9,763,558	12,098,787	4,568,767	24,406,054	25,945,556	9,540,983	26,355,941	82,800,122	13,059,521	28,006,297
<b>Liabilities</b>														
Bills payable	2,175,473	543,868	543,869	543,868	543,868	-	-	-	-	-	-	-	-	-
Due to financial institutions	25,813,546	130,488	7,269,105	111,181	111,871	5,296,241	3,623,788	2,257,544	877,564	291,458	1,396,453	858,104	1,541,844	2,047,905
Deposits and other accounts	204,460,158	152,727,842	4,593,800	3,808,349	15,052,974	5,190,072	2,940,945	2,847,530	4,405,725	9,646,875	3,134,001	111,545	500	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-ordinated debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	602,355	41	287	287	615	1,230	1,230	18,146	122,761	23,881	29,298	299,492	29,529	75,558
Other liabilities *	12,068,985	1,997,012	1,920,959	2,005,648	2,419,045	673,485	353,113	305,709	113,259	140,626	480,963	452,529	691,517	515,120
	245,120,517	155,399,251	14,328,020	6,469,333	18,128,373	11,161,028	6,919,076	5,428,928	5,519,309	10,102,840	5,040,715	1,721,669	2,263,390	2,638,583
<b>Net assets</b>	22,036,252	(145,890,953)	(2,519,342)	2,824,876	(8,364,816)	937,759	(2,350,309)	18,977,126	20,426,247	(661,857)	21,315,226	81,078,453	10,796,132	25,367,714
Share capital	15,550,000													
Reserves	1,428,486													
Surplus on revaluation of assets - net of tax	934,644													
Accumulated profit	4,123,122													
	22,036,252													

\* These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:

Rupees in thousands														
	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	Above 5 years
Lease liability against right of use assets	2,636,096	1,696	10,176	11,871	28,831	32,827	57,593	99,089	113,259	140,626	480,963	452,529	691,517	515,120





**42.4.1.2 Maturities of assets and liabilities based on expected maturities**

2023										
Rupees in thousands										
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	
<b>Assets</b>										
Cash and balances with treasury banks	19,529,055	-	-	-	-	-	-	-	-	-
Balances with other banks	2,748,279	-	-	-	-	-	-	-	-	-
Due from financial institutions	2,500,000	-	-	-	-	-	-	-	-	-
Investments - net	132,544,302	-	13,029,500	24,384,200	11,556,745	69,910,467	-	13,413,390	250,000	
Islamic financing and related assets - net	89,347,415	8,717,459	13,064,108	9,618,007	8,045,626	12,036,713	11,904,270	7,972,980	4,355,984	
Fixed assets	5,783,193	104,321	188,953	278,541	527,988	917,190	773,331	1,039,336	1,953,533	
Intangible assets	532,846	16,238	33,343	50,901	81,067	95,360	79,611	115,915	60,411	
Deferred tax assets*	157,064	-	-	-	2,686	154,378	-	-	-	
Other assets	14,014,615	6,574,838	1,429,106	2,444,971	-	-	-	-	-	
	267,156,769	40,190,190	16,852,103	24,406,054	35,486,538	26,355,941	82,800,122	13,059,521	23,400,313	4,605,984
<b>Liabilities</b>										
Bills payable	2,175,473	2,175,473	-	-	-	-	-	-	-	-
Due to financial institutions	25,813,546	7,622,644	8,920,029	2,257,544	1,169,023	1,396,453	858,104	1,541,844	2,047,905	-
Deposits and other accounts	204,460,158	34,950,208	11,341,541	2,847,530	14,052,600	37,639,559	34,617,102	34,506,058	17,252,779	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Deferred tax liability*	602,355	1,230	2,461	18,146	146,640	29,298	299,492	29,529	75,558	-
Other liabilities**	12,068,985	8,158,115	1,211,148	305,709	253,885	480,963	452,529	691,517	257,560	257,560
	245,120,517	52,907,670	21,475,179	5,428,929	15,622,148	39,546,273	36,227,227	36,768,948	19,633,802	17,510,339
<b>Net assets</b>	<b>22,036,252</b>	<b>(12,717,480)</b>	<b>(4,623,076)</b>	<b>18,977,125</b>	<b>19,864,390</b>	<b>(13,190,332)</b>	<b>46,572,895</b>	<b>(23,709,427)</b>	<b>3,766,511</b>	<b>(12,904,355)</b>
Share capital	15,550,000									
Reserves	1,428,486									
Surplus on revaluation of assets - net of tax	934,644									
Accumulated loss	4,123,122									
	22,036,252									

\* These have been presented collectively on the statement of financial position.

\*\* These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:

Rupees in thousands										
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	
Lease liability against right of use assets	2,636,096	52,574	90,420	99,089	253,885	480,963	691,517	515,120	-	

## 2022

Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
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## Rupees in thousands

Assets										
Cash and balances with treasury banks	13,906,238	-	-	-	-	-	-	-	-	
Balances with other banks	1,238,320	-	-	-	-	-	-	-	-	
Due from financial institutions	6,170,000	-	-	-	-	-	-	-	-	
Investments - net	72,668,657	3,576	3,575	8,939	109,087	11,553,367	47,303,874	13,429,087	250,000	
Islamic financing and related assets - net	90,301,709	19,672,438	13,233,477	6,381,597	10,433,962	10,119,262	10,279,011	6,359,110	3,272,061	
Fixed assets	4,936,840	81,639	154,486	228,666	447,375	605,051	787,123	1,846,513	-	
Intangible assets	576,754	15,269	30,772	46,354	92,397	75,288	101,078	53,736	-	
Deferred tax assets*	166,377	-	-	-	63,466	49,858	11,108	-	-	
Other assets	9,228,528	3,830,295	1,690,610	672,992	2,755,940	278,691	-	-	-	
<b>Total</b>	<b>199,193,423</b>	<b>44,917,775</b>	<b>15,116,497</b>	<b>7,333,184</b>	<b>13,802,079</b>	<b>11,928,361</b>	<b>22,402,826</b>	<b>58,482,194</b>	<b>21,688,446</b>	<b>3,522,061</b>

## Liabilities

Bills payable	3,737,482	3,737,482	-	-	-	-	-	-	-	
Due to financial institutions	14,670,759	6,061,202	1,925,120	2,000,784	16,324	223,746	99,184	4,328,190	-	
Deposits and other accounts	154,001,460	25,275,847	14,287,146	2,706,942	16,228,568	23,141,945	26,172,766	23,094,230	23,094,016	
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	
Deferred tax liability*	153,850	2,723	5,445	8,063	16,134	32,126	10,671	4,887	73,811	
Other liabilities	10,282,990	5,488,221	547,115	153,112	1,741,856	742,698	397,476	617,048	297,732	
<b>Total</b>	<b>182,846,541</b>	<b>40,565,475</b>	<b>16,764,826</b>	<b>4,868,891</b>	<b>18,002,882</b>	<b>23,932,978</b>	<b>26,804,659</b>	<b>23,815,349</b>	<b>27,793,749</b>	<b>297,732</b>
<b>Net assets</b>	<b>16,346,882</b>	<b>4,352,300</b>	<b>(1,648,329)</b>	<b>2,464,293</b>	<b>(4,200,803)</b>	<b>(12,004,617)</b>	<b>(4,401,833)</b>	<b>34,666,845</b>	<b>(6,105,303)</b>	<b>3,224,329</b>

Share capital	15,550,000								
Reserves	397,819								
Surplus on revaluation of assets - net of tax	400,830								
Accumulated loss	(1,767)								
<b>Total</b>	<b>16,346,882</b>								

\* These have been presented collectively on the statement of financial position.

\*\* These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:

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
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## Rupees in thousands

Lease liability against right of use assets	2,488,775	40,417	77,236	90,484	206,644	397,476	617,048	408,537	186,926
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## Liquidity Gap Reporting

Regarding behavior of non-maturity deposits (non-contractual deposits), the Bank conducted a behavioral study using value at risk methodology. On the basis of its findings 8.86% of current accounts and saving accounts are bucketed into Upto 1 - year maturity while 91.14% of current accounts saving accounts are bucketed in over 1 year maturity.

#### 43 PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS' AND SPECIFIC POOLS

43.1 The Bank is maintaining the following types of pools for profit declaration and distribution:

- 1 General Pool
- 2 IERS Musharaka Pool
- 3 Treasury Musharaka / Mudaraba Pools
- 4 Special Musharaka Pool
- 5 Equity Pool

Features, risks and rewards of each pool are given below:

##### 1 General Pool

The Bank manages one general pool for its depositors' (Rabbul Mal) maintaining deposits under Mudaraba in both local and foreign currencies and also commingled its equity in this pool. The income (gross income less direct expenses) generated from the pool is distributed between Bank's equity and depositors' fund in proportion to their respective share in the pool. Under the Mudaraba mechanism, the income so distributed to depositors' fund is shared between the Bank (Mudarib) and depositors' (Rabbul Mal) according to the pre-agreed profit sharing ratios and assigned weightages.

The deposits and funds accepted under the General Pool are deployed to diversified sectors and avenues of the economy / business mainly to 'Agriculture, Forestry & Fishing', 'Textile & Allied', 'Food & Allied', 'Distribution & Trade', 'Investment in Government of Pakistan Ijarah Sukuk', etc.

##### Parameters associated with risk and rewards

Following are the consideration attached with risk and reward of general pool:

- Period, return, safety, security and liquidity of investment.
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected amount of procurement of deposit during coming days as a result of concerted marketing efforts of the Bank.
- Element of risk attached to various types of investments.
- SBP rules and Shari'ah clearance.

##### 2 Islamic Export Refinance Scheme (IERS) Musharaka Pool

The Bank manages IERS Musharaka Pool for funds accepted from SBP under IERS. Under the PLS mechanism, the Bank generates revenues from the pool funds which are shared with the SBP according to the pre-agreed profit sharing ratios. Musharaka investments from the SBP under IERS are channeled towards the export sector of the economy and other financings as per SBP guidelines.

##### 3 Treasury Musharaka / Mudaraba Pools

The Bank accepts funds from other banks to manage its liquidity under Musharaka / Mudaraba mode. The funds accepted are tagged to remunerative assets having maturity on or after the period for which funds are accepted. The revenue generated from the pool asset is shared between the bank and other member of the pool according to pre-agreed profit sharing ratios or assigned weightages accordingly.

##### 4 Special Musharaka Pool

The Bank also accepts funds / deposits (other than Banks) under Musharaka mode. The comingled funds under this arrangement are deployed in remunerative assets as per the terms of agreement. The revenue generated from these assets are then shared as per pre-agreed profit sharing ratio.

##### 5 Equity Pool

The Equity Pool consists of Bank's equity and funds accepted on Qard (non-remunerative current deposit account) basis. The funds of this pool are invested in various assets or ventures which are higher in risk or having longer funding period. In addition to that all staff financings are financed by this pool. The risk of assets in the pool is borne by the Bank.



**Charging of expenses**

Direct expenses are being charged to respective pools, while indirect expenses such as general and administrative expenses are being borne by the Bank as Mudarib. No provision expense is charged to the pool unless it is written off. The direct expenses charged to the pool may include depreciation of Ijarah assets, premium amortization on Sukuk, impairment losses due to physical damages to specific assets in pools etc. However, this is not an exhaustive list; the Bank's pool management framework and the respective pool creation memo may identify and specify these and any other similar expenses to be charged to the pool.

43.2 Following are the detail of profit distribution among different pool maintained by the Bank:

2023							
Pool Description	Profit Rate & weightage announcement period	Profit Rate Earned	Profit Sharing Ratio of Mudarib	Mudarib Fee	Profit Rate distributed	General Hiba	Amount of General Hiba
		%	%	Rupees in thousands	%	%	Rupees in thousands
General pool	Monthly	20.38	50.00	7,540,704	11.68	14.53	1,281,698
Pool Description	Profit Rate & weightage announcement period	Profit Rate Earned	Profit Sharing Ratio of Mudarib	Mudarib Fee	Profit Rate distributed	General Hiba	Amount of General Hiba
		%	%	Rupees in thousands	%	%	Rupees in thousands
Islamic Export Refinance (IERS) Pool	Monthly	16.95			14.56		
Treasury Musharaka/ Mudaraba Pool	As required	17.04			14.98		
Special Musharaka Pool	Monthly / As required	16.81			14.54		
Equity Pool	Monthly	15.06					
2022							
Pool Description	Profit Rate & weightage announcement period	Profit Rate Earned	Profit Sharing Ratio of Mudarib	Mudarib Fee	Profit Rate distributed	General Hiba	Amount of General Hiba
		%	%	Rupees in thousands	%	%	Rupees in thousands
General pool	Monthly	13.22	50.00	4,052,124	7.49	13.18	614,962
Pool Description	Profit Rate & weightage announcement period	Profit Rate Earned	Profit Sharing Ratio of Mudarib	Mudarib Fee	Profit Rate distributed	General Hiba	Amount of General Hiba
		%	%	Rupees in thousands	%	%	Rupees in thousands
Islamic Export Refinance (IERS) Pool	Monthly	8.15			4.85		
Treasury Musharaka/ Mudaraba Pool	As required	13.03			12.88		
Special Musharaka Pool	Monthly/ As required	13.21			12.52		
Equity Pool	Monthly	7.81					

**44 GENERAL**

**44.1 TRUST ACTIVITIES**

The Bank undertakes trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Bank and, therefore, are not included as such in these financial statements. Assets held under trust in Investor Portfolio Securities Accounts (IPS) accounts are shown in the table below:

Category	Government of Pakistan Ijarah Sukuk (Face Value)			
	2023		2022	
	Number of IPS Accounts	Amount Rs. in (000)	Number of IPS Accounts	Amount Rs. in (000)
Insurance Companies	14	1,010,000	4	350,000
Pension & Employee Funds	4	176,100	5	88,000
<b>Total</b>	<b>18</b>	<b>1,186,100</b>	<b>9</b>	<b>438,000</b>

**44.2** Figures have been rounded off to the nearest thousand of Pakistani Rupees unless otherwise stated.

**44.3** Comparative information has been re-classified and re-arranged in these financial statements wherever necessary to facilitate comparison and better presentation.

**45 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on February 03, 2024 by the Board of Directors of the Bank.



**SYED IFTIKHAR HUSSAIN RIZVI**  
Chief Financial Officer



**ZARGHAM KHAN DURRANI**  
President / Chief Executive



**JAWAID IQBAL**  
Director



**HAMMAD KHALID**  
Director



**RAZA MANSHA**  
Director

MCB ISLAMIC

# شاندار Shandaar

Muft Sahulatein  
**Bayshumaar**



**FREE**  
Online Banking



**FREE**  
Debit Card



**FREE**  
Bankers Cheque



**FREE**  
SMS Alerts



**FREE**  
Cheque Book



**FREE**  
Family Takaful

And much more...

\*Terms & Conditions Apply

# 225+ BRANCHES ACROSS PAKISTAN





## BRANCH NETWORK FEDERAL CAPITAL, AZAD KASHMIR & GB

Sr. #	Branches	Address	City	Phone No
1	Jutial Branch	Shahrah-e-Quaid-e-Azam, Near NHA Office, Jutial Gilgit	Gilgit	+92-581-1450754
2	Jinnah Avenue, Blue Area Branch	52 East, Dodhy Plaza, Jinnah Avenue Islamabad	Islamabad	+92-51-2875091 +92-51-2604677
3	F-10 Markaz Branch	Plot # 7-Q, F-10 Markaz, Islamabad	Islamabad	+92-51-2114301-4
4	G-11 Markaz Branch	Shop No. 7,8,25,26, Plot No. 33, G-11 Markaz, Islamabad	Islamabad	+92-51-2360067
5	Bahria Town Phase IV Branch	Shop No G-9-10, Bahria Heights II, Ext Bahria Town, Phase- IV, Islamabad	Islamabad	+92-51-5146025
6	DHA Phase II - Tulip Road Branch	Plaza # 8, Street # A/62, Tulip Road, Sector A, DHA Phase-II, Islamabad	Islamabad	051-5147175 051-5147164 051-5147163
7	F-7 Markaz, Post Mall Branch	Plot # 3, F-7 Markaz, Post Office, Mall Building, Islamabad	Islamabad	051-2653583 051-2653428
8	F-8 Markaz Branch	Shop # 12 & 13, Al-Babar Center, F-8 Markaz, Islamabad	Islamabad	+92-51-2852653
9	F-11 Markaz Branch	Plot # 18, Trade Centre, Main Double Road, F-11 Markaz, Islamabad	Islamabad	+92-51-2107862
10	E-11/3 Branch	Commercial Plot No. 2, Sector E-11/3, Islamabad Garden, Islamabad	Islamabad	+92-51-2375345-6
11	I-8 Markaz Branch	MB City Mall, Plot No. 34, I-8 Markaz, Islamabad	Islamabad	051-4862287 051-4862289
12	PWD Employees Society Branch	40-B, Block-B, Commercial Area (Extension), PWD Employees Housing Society, Lohi Bhair, Islamabad Highway, Islamabad	Islamabad	+92-51-5194302
13	I-10 Markaz Branch	I-10 Markaz Branch, Islamabad	Islamabad	051-462441-42
14	G-13/2 Branch	Plot No. 4-A Bazaar No. 4, G-13/2, Islamabad	Islamabad	051-2769270-71
15	Gulberg Green Branch	MCB Islamic Bank, Block D, Markaz, Gulberg Green, Islamabad	Islamabad	051-5915350-51
16	Bahria Enclave Branch	MCB Islamic Bank, Plot No. 11, Street No. BEA, Sector-C, Bahria Enclave Avenue, Bahria Enclave, Islamabad	Islamabad	042-34501000 Ext. 2255

## BRANCH NETWORK FEDERAL CAPITAL, AZAD KASHMIR & GB

Sr. #	Branches	Address	City	Phone No
17	Soan Garden Branch	MCB Islamic Bank, Commercial Plot AC-3 & AC-5, Phase-1 Accounts Group Officers Co-Operative Housing Society, Soan Garden, Islamabad	Islamabad	042-34501000 Ext. 2272
18	Mirpur AJK Branch	MCB Islamic Bank, Bank Square, Allama Iqbal Road, Mirpur, Azad Kashmir	Mirpur A.K.	05827-442840 05827-447683 05827-442886 05827-442118
19	Muzaffarabad AJK Branch	MCB Islamic Bank, Plot No. 26-1, Ghari Phan Chowk, Domel Syedan, Muzaffarabad, Azad Kashmir	Muzaffarabad	05822-921137-38 05822-920455

## BRANCH NETWORK PUNJAB REGION

Sr. #	Branches	Address	City	Phone No
1	Ghala Mandi Arifwala Branch	Ghala Mandi Road, Arifwala	Arifwala	042-34501000 Ext. 2275
2	Burq Road Branch	Shop # B-III/37, C-152, Dr. Ghulam Gillani Burq Road, Attock City	Attock	057-2700903 057-2700909
3	Model Town Block A Branch	30 - Model Town-B, Block A Bahawalpur	Bahawalpur	+92-62-2888768
4	Arabia Islamia Road Branch	Plot No.98 Block-A, Arabia Islamia Road, Burewala	Burewala	+92-67-3351281-85
5	Talagang Road Branch, Chakwal	B1-1/1634/1, B-1-1635, Talagang Road, Chakwal	Chakwal	+92-54-3602050-5
6	Chichawatni Branch	Railway Road, Chichawatni	Chichawatni	040-5480401-02
7	Faisalabad Road Branch	Shan Plaza, Opposite NADRA Office, Faisalabad Road, Chiniot	Chiniot	+92-47-6333566 +92-47-6333577
8	Highway Road Branch, Chishtian	Highway Road, Chishtian	Chishtian	+92-63-2507634
9	Bank Road Daska Branch	Plot # 91, 92 & 95, Muslim Market, Bank Road, Daska	Daska	052-6618822-23
10	Depalpur Branch	Okara Road, Depalpur	Depalpur	+92-44-4544449 +92-44-4544492 +92-44-4542121 +92-44-4540717
11	Kacheri Road, DG Khan Branch	Ashraf Palaza, Block # 2, Kachehri Road, DG Khan	Dera Ghazi Khan	+92-64-2460258
12	G.T Road Branch, Dina	G.T Road, Dina	Dina	042-34501000 Ext. 2258
13	Peoples Colony Branch	668-1, Block A, Peoples Colony No. 1, Faisalabad	Faisalabad	+92-41-8556601-05
14	Millat Chowk Branch	156-B, Millat Chowk, Gulistan Colony, Faisalabad	Faisalabad	+92-41-8782963-66 +92-41-8782968
15	Canal Road Branch	204 RB East, Canal Road Faisalabad	Faisalabad	+92-41-2421890-91
16	Kotwali Road Branch	P-64 Taj Plaza, Kotwali Road, Faisalabad	Faisalabad	+92-41-2604935

## BRANCH NETWORK PUNJAB REGION

Sr. #	Branches	Address	City	Phone No
17	Susan Road Branch	Plot # 101, P-12, Main Susan Road, Faisalabad	Faisalabad	+92-41-8502858-61
18	Fateh Jang Branch	Fateh Jhang Rawalpindi Road, Opposite General Bus Stand, Fateh Jang	Faisalabad	042-34501000 Ext. 2257
19	G.T Road Branch, Ghakhar	Khewat # 2414, Khatooni # 3600, Khasra # 3359, GT Road, Ghakkar	Ghakkar	+92-55-3886662 +92-55-3886665
20	Tehsil Road Branch, Gojra	Tehsil Office Road, Gojra	Gojra	+92-46-3515426-28
21	G.T Road Branch, Gujar Khan	Commercial Property # BIII 379 & BIII 377, G.T. Road (Near MCB), Gujar Khan	Gujar Khan	+92-51-3510156
22	G.T. Road Branch, Sharifpura Chowk	Sharifpura Chowk G.T Road Gujranwala	Gujranwala	+92-55-3251915-17
23	Satellite Town Branch	Satellite Town Branch, 529-C Satellite Town, Gujranwala	Gujranwala	+92-55-3825781
24	Wapda Town Branch	Plot # MM 33, Main Market B Block, Wapda Town Employees Housing Society, Gujranwala	Gujranwala	042-34501000 Ext. 2276
25	Bhimber Road Branch	Khewat # 143, Khatooni # 341, Bhimber Road, Gujrat, Tehsil & District Gujrat	Gujrat	+92-53-3601781-82
26	G.T Road Branch, Hussain Plaza	Khasra No. 625, Hussain Plaza, Chowk GTS, G.T Road, Gujrat	Gujrat	+92-53-3571542 +92-53-3530287
27	Hafizabad Branch	Royal Guest House, Gujranwala Road, Hafizabad	Hafizabad	+92-547-583492 +92-547-583494
28	Jalalpur Jattan Branch	Main Bazaar, Jalalpur Jattan	Jalalpur Jattan	+92-533-592744
29	Jaranwala Branch	Main Hassan Road, Jaranwala	Jaranwala	+92-414-310931-33
30	Yousuf Shah Road Branch	Khewat # 698, Khatooni # 203, Yousuf Shah Road, District Jhang (Opposite District Courts Jhang)	Jhang	+92-47-7629591-94
31	Shandar Chowk Branch	Model Colony, Shandar Chowk, Jhelum	Jhelum	0544-627128 0544-628677 0544-627286
32	G.T Road Branch, Kamoke	G.T Road Kamoke	Kamoke	055-6816623 055-6816923



## BRANCH NETWORK PUNJAB REGION

Sr. #	Branches	Address	City	Phone No
33	G.T Road Branch, PAC Chowk	Shop No. 75, Mini Plaza, PAC Chowk, G.T Road, Kamra Cantt, District Attock	Kamra	+92-57-2642521
34	Kasur Branch	M.A. Jinnah Road, Kasur	Kasur	049-2771010-11
35	Katchery Road Branch	Property No. B-2442/T-2013, Muhalla Ali Murad, Katchery Road, Khairpur	Khairpur	0243-715000 0243-715500 0243-714550 0243-714155
36	Adda Khaliqabad Tulamba Branch	Adda Khaliqabad Tulamba, District Khanewal	Khanewal	042-34501000 Ext. 2196
37	Model Town Khanpur Branch	Main Bazaar, Model Town, Khanpur	Khanpur	+92-68-5575116-19
38	G.T Road Branch, Kharian	Bilal Plaza, G.T.Road, Kharian	Kharian	053-7601357 053-7601358
39	Liberty Market Branch, Gulberg	9-C, Commercial Liberty Market, Gulberg Lahore	Lahore	+92-42-35789831-34
40	DHA Phase III, Z Block Branch	339-Z (Commercial) Ground Floor, Phase III, Defence Housing Authority, Lahore	Lahore	+92-42-35692901 +92-42-35746675
41	Shah Alam Market Branch	12-13-6 Block-A, Shah Alam Market, Lahore	Lahore	+92-42-37667813
42	Allama Iqbal Town Branch	132 Jahanzaib Block, Main Boulevard, Allama Iqbal Town, Lahore	Lahore	+92-42-37813681-84
43	Maulana Shaukat Ali Road Branch, Johar Town	87-E, Madina Heights, Maulana Shaukat Ali Road, Johar Town, Lahore	Lahore	+92-42-35222674-79
44	Main Boulevard Branch, Gulberg	58 Main Boulevard Gulberg Lahore	Lahore	+92-42-35760954-58
45	New Garden Town Branch	Shop No 12, 13, 14, Shan Arcade, Civic Centre, Garden Town, Lahore	Lahore	+92-42-35941840-41
46	Cavalry Ground Branch	Plot No 7, Cavalry Ground Commercial Area, Walton Lahore Cantt	Lahore	+92-42-36672180 +92-42-36672183
47	Dream Gardens Branch	Shop No.08 & 09, Block C, Dream Garden Housing Society, 1.5 KM Defence Road, Off Raiwind Road, Lahore	Lahore	+92-42-35469652
48	G-1 Market, Johar Town Branch	435 G-1 Market, Johar Town, Lahore	Lahore	+92-42-35468417

## BRANCH NETWORK PUNJAB REGION

Sr. #	Branches	Address	City	Phone No
49	PIA Housing Society Branch	Plot No. 8, Block D, Phase I, PIA Housing Scheme, Wapda Town, Lahore	Lahore	+92-42-35463995-96
50	Main Boulevard Branch, Faisal Town	35-A, Main Boulevard, Faisal Town, Lahore	Lahore	+92-42-35202200 +92-42-35202203 +92-42-35303304
51	DHA Rahbar Branch	Defence Road, DHA Rahbar, Lahore	Lahore	042-35447910-11
52	Sarwar Road Cantt. Branch	Plot No. 05, Survey No.52/C-5, Sarwar Road Cantt. Lahore	Lahore	+92-42-36682075-76
53	Samanabad Branch	Property 22-7-17/1 & 22-S-17/2, Main Samanabad, Lahore	Lahore	+92-42-37590152
54	Gulshan-e-Ravi Branch	159-A, Main Boulevard, Gulshan Ravi, Lahore	Lahore	+92-42-37401870-74 +92-42-37401890
55	Nila Gumbad Branch	Plot # 12, McLagan Road, Nila Gumbad, Lahore	Lahore	042-37360129-32
56	Shahrah-e-Aiwan-e-Tijarat, China Chowk Branch	14-A (Ground Floor), Shahrah-e-Aiwan-e-Tijarat, Old Race Course Road, Lahore	Lahore	+92-42-36282790-95
57	Davis Road Branch	Aftab Centre, 30-Davis Road, Lahore	Lahore	+92-42-36287029 +92-42-36286965
58	C Block, Model Town Branch	Shop No.10 and 11, Commercial Market, C-Block, Model Town, Lahore	Lahore	+92-42-35915403-6
59	DHA Phase II, Commercial Area Branch	Commercial Plot # 12, Block CCA, Phase II, DHA, Lahore	Lahore	+92-42-35749481 +92-42-35707033 +92-42-35749485
60	Bahria Town Sector C Branch	65-A, Sector-C, Bahria Town, Lahore	Lahore	+92-42-37861591-93
61	Thokar Niaz Baig Branch	171-A Ali Town, Main Raiwind Road, Lahore	Lahore	042-35297829-31
62	Ichra Branch	Shop # 158, Mohalla Rasool Pura, Ichra, Main Ferozepura Road, Lahore	Lahore	+92-42-37426801-05
63	Shahdara Branch	Shahdara, Main Sheikhpura Road, Jiya Musa, Lahore	Lahore	+92-42-37919160
64	Baghbanpura Branch	266, G.T. Road, Baghbanpura, Lahore	Lahore	+92-42-36844011-12 +92-42-36844015

## BRANCH NETWORK PUNJAB REGION

Sr. #	Branches	Address	City	Phone No
65	Ravi Road, Timber Market Branch	NWIII.R.78/5/A, Timber Market, Lahore	Lahore	042-37709233
66	Babar Center, Circular Road Branch	Babar Center, 51-Circular Road, Outside Akbari Gate, Lahore	Lahore	+92-42-37379250
67	Badami Bagh Branch	93-Grain Market Badami Bagh, Lahore	Lahore	+92-42-37706366 +92-42-37706086 +92-42-37720696
68	DHA Phase VI Branch	Plot No. 12, Main Boulevard Phase VI, DHA Lahore	Lahore	+92-42-37180315-8
69	DHA EME Sector Branch	Plot# 408, Block-J, Commercial Area, DHA, EME Sector, Multan Road, Lahore	Lahore	+92-42-37512400-3 +92-42-37512407
70	Attari Ferozepur Road Branch	Plot # S-86-R-800/C/Hall, Sobra Attari Ferozepur Road, Lahore	Lahore	042-35923686-88
71	Bahria Orchard (Sub Branch Bahria Town Sector C)	Plot No. 34, Low Cost Commercial Block-C, Category Boulevard, Bahria Orchard, Lahore	Lahore	+92-42-3545199 +92-42-5451509
72	Al Kabir Town Phase II Branch	Plot No. 16 Commercial Area, Block B Al Kabir Town, Phase II, Lahore	Lahore	042-3450100 Ext. 2232
73	Sundar Industrial Estate Branch	Mull Chowk, Opposite Sundar Industrial Estate Gate 1, Rawind Road, Lahore	Lahore	+92-42-37860171-74
74	Mughalpura Branch	165 Shalimar Link Road, Mughalpura, Lahore	Lahore	042-37130764-67
75	DHA Phase IV Branch	Plot # 224, Block CCA, Commercial Area, Phase IV, DHA, Lahore	Lahore	042-37192138-39
76	Lalamusa Branch	Sabri Mohallah G.T. Road, Lalamusa	Lalamusa	+92-53-511811-15
77	Chobara Road Branch	Near MCB Bank, Chobara Road, Layyah	Layyah	+92-606-410691-93
78	Adda Chamb Morr Branch, Lodhran Branch	M97 Highway Road (M-5) Adda Chamb Morr, Lodhran	Lodhran	042-3450100 Ext. 2228
79	Ghalla Mandi Branch	Plot # 7/211, Ward # 7, Ghalla Mandi, Mandi Bahauddin	Mandi Bahauddin	+92-546-509551 +92-546-509553
80	JK Sugar Mills Branch	JK Sugar Mills, Chak No. 84/15L Mian Channu	Mian Channu	+92-42-34501000 Ext. 1972

## BRANCH NETWORK PUNJAB REGION

Sr. #	Branches	Address	City	Phone No
81	G.T Road Branch, Mian Channu	Amin Trade Center, GT Road, Mian Channu	Mian Channu	065-2660166-67
82	Shah Rukn-e-Alam Colony Branch	17-F Chowk Shah Rukn e Alam Colony, Multan	Multan	+92-61-6560451-57
83	Nawan Shehar Branch	Plot No. 741-F, Ward No.9, Muslim Mouza Ismail, Chowk Nawan Shehar, Multan	Multan	+92-61-4573032
84	Model Town Branch, Multan	Plot # 1, 2 Block B, Model Town, Multan	Multan	061-6216391-94
85	Muridke Branch	Muhalla Bilal Park, GT Road, Muridke	Muridke	+92-42-37166582
86	Ghala Mandi Branch	Ghala Mandi, Nankana Sahib	Nankana Sahib	054-2410581 054-2410581
87	Narowal Branch	Circular Road, Narowal	Narowal	+92-3450100 Ext 2238
88	Okara Branch	M.A. Jinnah Road, Okara	Okara	+92-44-2510124
89	Rahim Yar Khan Branch	29-Model Town, City Centre, City Park Chowk, Rahim Yar Khan	Rahim Yar Khan	051-5525434 051-5700105
90	Bank Road, Saddar Branch	Shahbaz Plaza, Bank Road, Saddar, Rawalpindi	Rawalpindi	+92-51-5525277 +92-51-5700342 +92-51-5523474
91	Chaklala Scheme III Branch	Plot No. 16, Commercial Area, Chaklala Scheme III. Rawalpindi Cantt.	Rawalpindi	+92-51-5766233
92	Murree Road Branch	North Star Plaza, 20-B, Murree Road, Satellite Town, Rawalpindi	Rawalpindi	+92-51-4426972-76
93	Bahria Town Phase VII Branch	Plot No.6, Mini River View Commercial Mall Extension - II, Bahria Town Phase VII, Rawalpindi	Rawalpindi	051-5400185 051-5400180-183
94	Kallar Sayedan Branch	Mouza kallar Sagwal, Tehsil Kallar Syedan, District Rawalpindi	Rawalpindi	+92-51-3570650-52
95	Bahria Town Phase VIII Branch	Plot No. 43/C, Business Junction, Circulation Strip, Bahria Town, Phase VIII, Rawalpindi	Rawalpindi	042-34501000 Ext. 2208
96	Top City 1 Branch	Orion Business Square, Top City, Rawalpindi	Rawalpindi	042-34501000 Ext. 2223



## BRANCH NETWORK PUNJAB REGION

Sr. #	Branches	Address	City	Phone No
97	Old Airport Road Branch	Bismillah Tower, Faisal Colony Near Gulzar-e-Quaid, Old Airport Road, Rawalpindi	Rawalpindi	+92-51-5707804-06
98	Chak Beli Khan Branch	Chak Beli Road, Bhumbli Stop, Rawalpindi	Rawalpindi	042-34501000 Ext. 2254
99	Chakri Road Branch	Charki Road, Near Al-Haram City, Rawalpindi	Rawalpindi	042-34501000 Ext. 2256
100	NASTP Branch	NASTP Alpha Techno Square, Old Airport, Chaklala Cantt, Rawalpindi	Rawalpindi	042-34501000 Ext. 2260
101	Tehsil Bazar Branch, Sadiqabad	19/20-D, Tehsil Bazar, Sadiqabad	Sadiqabad	+92-68-5802242-43
102	Farid Town Branch	Plot # 23, Khewat # 7854, Khatooni # 7907, Khasra No. 776-23-j, Farid Town, Sahiwal, Tehsil & District Sahiwal	Sahiwal	+92-40-4270713-15
103	Samundri Branch	Grain Market, Samundri	Samundri	+92-41-3420214-17
104	G.T Road Branch, Sarai Alamgir	Al Awan Plaza, near Military College, Main GT Road, Sarai Alamgir	Sarai Alamgir	+92-544-654929 +92-544-654929
105	Club Road Branch	73, Club Road, Civil Line, Sargodha	Sargodha	+92-48-3768633
106	Raza Garden Branch	Main Sillanwali Road, Raza Garden Sargodha	Sargodha	048-3218620 048-3218622
107	Mian Khan Road Branch	110 Mian Khan Road, Block 5, Sargodha	Sargodha	048-3768856 048-3729623
108	Chowk Halalpur Noon Branch	Chowk Halalpur Noon, Tehsil Kot Momin, District Sargodha	Sargodha	048-6873029 048-6873027
109	33 Phatak Branch	Khewat No. 69/66, Khatuni No. 185 to 206, Qitat 231, Chak No 33 Phatak, Sargodha	Sargodha	042-34501000 Ext. 2250
110	Sargodha Road Branch	Shop No. 1, Ground Floor, Al-Hamd Plaza, Batti Chowk, Sargodha Road, Sheikhpura	Sheikhpura	+92-56-3545724
111	Shorkot Branch	Jhang Road, Shorkot	Shorkot	042-34501000 Ext. 2252
112	Kashmir Road Branch	155/A, BIII-12S, Sublime Chowk, Kashmir Road, Sialkot	Sialkot	+92-523-241491 +92-523-241292

## BRANCH NETWORK PUNJAB REGION

Sr. #	Branches	Address	City	Phone No
113	Shahabpura Road Branch	BIII-85-322, Shahabpura Road, Sialkot	Sialkot	+92-52-3550103-04
114	Talagang Branch	Rawalpindi Road, Talagang	Talagang	+92-543-414200
115	Faisal Hills Branch	Plot No. 22, MB Square, MR-0, Executive Block, Faisal Hills, Main GT Road, Taxila	Taxila	+92-51-450037-39
116	Mall Godam Road Branch	Plot No. 359, Mall Godam Road, Toba Tek Singh	Toba Tek Singh	046-2517327
117	Wah Cantt Branch	Plot No. 10, Shahwali Colony, Moza Bhabra, Wah Cantt	Wah Cantt	051-4902231 051-4530260-61
118	Hajipura Branch	Hajipura, adjacent Doctors Hospital, Wazirabad	Wazirabad	+92-555-6601610-12

## BRANCH NETWORK SINDH

Sr. #	Branches	Address	City	Phone No
1	Thandi Sarak Branch	Ground Floor, Shop No.6 & 7, River View Apartments, Thandi Sarak, Hyderabad	Hyderabad	022-2785632 022-2101172
2	Main Saddar Bazar Branch	Qasr-e-Fatima 90-1-2, Main Saddar Bazar, Hyderabad	Hyderabad	+92-22-27315646-48
3	Latifabad Branch	Shop No. 1, 2 & 3, United Plaza, Opposite American Hospital, Main Road, Unit # 7, Taluka Latifabad, District Hyderabad	Hyderabad	+92-22-3821861-65
4	Qasimabad Branch	Shop No. 6 & 7, Raheel Heights, 267/2, Deh Sari, Wadhu Wah Road, Qasimabad, Hyderabad	Hyderabad	+92-22-2675334
5	Shahrah-e-Faisal Branch	Ground Floor, Nice Trade Orbit, Nursery stop, Main Shahrah-e-Faisal, Karachi	Karachi	021-34960499
6	Rashid Minhas Road Branch	Plot# LM-10, Block-10-A, Near Pizza Hut, main Rashid Minhas Road, Karachi	Karachi	+92-21-34817623 +92-21-34838077 +92-21-34817649
7	New Challi Branch	Shop No G-2, Muhammadi Trade tower, Altaf Hussani road, New Challi, Karachi	Karachi	021-32371195
8	S.I.T.E Branch	C 18-A, East Avenue, S.I.T.E, Karachi	Karachi	+92-21-32552192 +92-21-32552193
9	Khalid-Bin-Waleed Road Branch	Al-Haram Corner, Plot No. 167-A, PECHS Block-3, Khalid Bin Waleed Road, Karachi	Karachi	+92-21-34323051-53
10	Korangi Industrial Area Sector 23 Branch	Plot # 1-A, Sector 23, Korangi Industrial Area, Karachi	Karachi	+92-21-35122311-12
11	Block H North Nazimabad Branch	Shop # 1 & 2 Jasmine Heights Plot # SC-21-A Block H North Nazimabad, Karachi	Karachi	+92-21-36641761-63
12	F.B. Industrial Area Branch	Sector no 22, KDA Scheme 16, FB Industrial Area Karachi	Karachi	021-36834441
13	Gulshan-e-Iqbal Branch	Shop No. 1&2, Al- Sammad Tower 13- Gulshan-e-Iqbal, Main University Road, Karachi	Karachi	+92-21-34971513-15
14	Zainab Market, Saddar Branch	PB No. 272-1, Ground Floor State Life Building No.11, Abdullah Haroon Road, Saddar Karachi	Karachi	+92-21-35681851-60
15	Muhammad Ali Society Branch	12-C/B Muhammad Ali Society, Karachi	Karachi	+92-21-34320831 +92-21-34320834

## BRANCH NETWORK SINDH

Sr. #	Branches	Address	City	Phone No
16	Model Colony Branch	H.No. 4/95, Affandi House, Liaquat Ali Khan Road, Model Colony, Karachi	Karachi	+92-21-34110334-5 +92-21-34110338
17	Madras Chowk Branch	Shop # S-8, S-9 & S-10, Pioneer Tower Survey No. 22 & 24, Deh Songal Gujro, Sector 16-A, Scheme, Karachi	Karachi	+92-21-34645751 +92-21-34645754-5
18	Faizan-e-Madina Branch	Shop No. 22, Alami Madani Markaz, Faizan-e-Madina, Mohalla Saudagran Old Sabzi Mandi Karachi	Karachi	+92-21-34910376 +92-21-34910378
19	Korangi Industrial Area Sector 7-A Branch	Plot No. 251, Sector 7-A, Korangi Industrial Area, Karachi	Karachi	+92-21-35151191-96
20	Malir Cantt Branch	Shop No. 75, 4 Dots Shopping Complex C/O HQ 4 Air Defence Division, 31 Bostan Lines, Malir Cantonment, Karachi	Karachi	+92-21-34901140
21	North Napier Road Branch	Marium Manzil, Plot # 161, Survey Sheet # MR-1, Market Quarters, North Napier Road, Karachi	Karachi	+92-21-32440583 +92-21-32473166
22	I. I. Chundrigar Road Branch	Gul Tower, Main I.I Chundrigar Road, Karachi	Karachi	+92-21-32426413
23	Cloth Market Branch	Plot # 21/1, Puri Building, Cloth Market, Karachi	Karachi	+92-21-32472148-49 +92-21-32471727
24	Jodia Bazar Branch	MR 6/2, Market Quarters, Virjee Street, Jodia Bazar, Karachi	Karachi	+92-21-32443758 +92-21-32443684
25	Javed Arcade Branch	Javed Arcade, Plot # SB-1, Block # 17, KDA Scheme # 36, Gulistan-e-Jauhar, Karachi	Karachi	+92-21-34632739 +92-21-34632745 +92-21-34636747
26	Shershah Branch	Plot # M-II-E-606, Shershah, Karachi	Karachi	+92-21-32587581-83
27	Shaheed-e-Millat Road Branch	Bismillah Blessings, Plot No. 7-A/228, SS No. 35-P/1, Block-3, DMCHS, Main Shaheed-e-Millat Road, Karachi	Karachi	+92-21-34145043 +92-21-34943888 +92-21-34943777
28	Business Arcade Branch	Plot # 27-A, Business Arcade, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi	Karachi	+92-21-34326570-73
29	EOBI House Branch	Plot No. ST-1/A-1, KDA Commercial Complex, Scheme 1, Shop No. G-01/B, Ground Floor, EOBI House, Shahrah-e-Faisal, Karachi	Karachi	+92-21-34330172 +92-21-34536732
30	Allama Iqbal Road Branch	Plot No.683-C Ground Floor & Mezzanine Floor, Block-2, PECHS, Allama Iqbal Road, Karachi	Karachi	+92-21-34301815 +92-21-34301817-18



## BRANCH NETWORK SINDH

Sr. #	Branches	Address	City	Phone No
31	DHA Phase V Ext., Saba Avenue Branch	Saba Avenue, Plot # 8-C, Badar Commercial, Street # 6, Phase V Ext, DHA, Karachi	Karachi	+92-21-35341673 +92-21-35341675 +92-21-35849782
32	DHA Phase V, Zamzama Lane Branch	17-E, 6th Commercial Lane, DHA Phase-V, Karachi	Karachi	+92-21-35295015 +92-21-35295210
33	Kulsoom Court Branch	Kulsoom Court, Shop # 2, 3, 5A & 6, Plot DC-3, KDA Scheme # 5, Block-9, Clifton, Karachi	Karachi	+92-21-35837012 +92-21-35837015 +92-21-35837018
34	DHA Phase IV Branch	Ground Floor, Plot # 99-E, 9th Commercial Street, Phase-IV, DHA, Karachi	Karachi	+92-21-35313001 +92-21-35885719
35	Paper Market Branch	Plot # 11/2, Sheet SR-9, Seraj Quarters, Anjarwala Bakery Sharah-e-Liaquat Karachi	Karachi	+92-21-32212610 +92-21-32212356
36	U.P. More Branch	Shop no. 1&2, Ground Floor, Plot Bearing No. A976, Sector 11-B, U.P More, North Karachi	Karachi	+92-21-36416681-84
37	DHA Phase 2 Ext. Branch	Plot No. 47-E, 21st Commercial Street, Phase II-Extension. D.H.A, Karachi	Karachi	+92-21-35392201-02 +92-21-35392204
38	SMCHS Branch	Plot # 21-22, Sub Block D, Block A, Sindhi Muslim Cooperative Housing Society, Karachi	Karachi	+92-21-34300712-14
39	Jinnah Avenue, Bahria Town Branch	Dominion Business-1, Plot No: B-34, Jinnah Avenue Commercial, Bahria Town, Karachi	Karachi	+92-42-34501000 Ext: 2201
40	F.B Industrial Area, Water Pump Branch	PMJ Square, Phase-1, Shop # 1 to 4, Block 14, Naseerabad, F.B Area, Karachi	Karachi	+92-21-36377051 +92-21-36377054
41	Sheikh Sultan Trust Branch	Survey No. 25, Survey Sheet No. CL-10, Building No. 1, Sheikh Sultan Trust, Beaumont Road, Civil Lines, Karachi	Karachi	+92-21-35210179
42	Lady Dufferin Hospital Branch	Chand Bibi Road, Adhumal Oodharam Quarter, Opposite Civil Hospital, Karachi	Karachi	+92-21-32373702
43	Bahadurabad Branch (Sub Branch Javed Arcade)	Head Office Saylani Welfare International Trust, Bahadurabad Chowrangi, Karachi	Karachi	021-34920171
44	Gulshan-e-Iqbal Block 3 Branch	Shop # C-3/II, C-3/III, C-4/III, Plot # FI-2, Block 3, Gulshan-e-Iqbal, KDA Scheme # 24, Karachi	Karachi	021-34960499
45	Tariq Road Branch	Shop # 3, 4 Plot # 3/19 Delhi Co-operative Housing Society, Amber Arcade, Tariq Road, Karachi	Karachi	021-34543488

## BRANCH NETWORK SINDH

Sr. #	Branches	Address	City	Phone No
46	Electronics Market Branch	Shop # S-1, G-1, Ground Floor, Plot # Pr-2/25, Sheet # 2, Kohinoor Electronics Centre, Preedy Quarter, Saddar, Karachi	Karachi	021-32762242
47	Block F North Nazimabad, Hayderi Branch	Shop # 1, Plot # D 2, LA Grande, Block F, Hayderi, North Nazimabad, Karach	Karachi	042-34501000 Ext. 2273
48	Katchery Road Branch	Property No. B-2442/T-2013, Muhalla Ali Murad, Katchery Road, Khairpur	Khairpur	0243-715000 0243-715500 0243-714550 0243-714155
49	Bank Road Deh Garaho Branch	Plot No. 9, Block No. 263/4 Deh Garaho City, Bank Road, Kunri	Kunri	+92-238-558013-14
50	Umerkot Road Branch	Plot City Survey Number 862/4. PM Colony, Mirpurkhas	Mirpurkhas	0233-873454-57
51	Sanghar Branch	Plot # Bearing City Survey No. 9501111, Ward A, Sanghar	Sanghar	042-34501000 Ext. 2265
52	Bunder Road Branch	Shop/ Plot/ Khasra/ Khatooni/ Khewat # Plot # B-1623, Bunder Road, Sukkur	Sukkur	+92-71-5620756

## BRANCH NETWORK

# KHYBER PAKHTUNKHWA

Sr. #	Branches	Address	City	Phone No
1	Manshera Road Branch	GM Tower, near Sethi Masjid, Mansehra Road, Abbottabad	Abbottabad	+92-99-2408301-04
2	Railway Road Branch	Plot# 376/A, Railway Road, Bannu City, Bannu	Bannu	+92-928-660405-6
3	Pak Haider Market Branch	Shop No 1 to 6, Pak Haider Market, Near Zafar Park, next to Malakand CNG, GT Road, Batkhela District Malakand	Batkhela	+92-93-2410670-72
4	Battagram Branch	Opposite Police Station, Karokaram Highway, Battagram	Battagram	+92-997-310470-74
5	Swari Bazar Branch	Sawari Main Bazar, Mardan Road, Buner	Buner	0939-555125-26
6	Mardan Road Branch	Main Mardan Road, Charsadda	Charsadda	091-6515703-04 091-6515706 091-6515708
7	Ataliq Bazar, Bypass Road Branch	Ataliq Bazar Bypass Road Near Bus Adda, Chitral	Chitral	+92-943-414389 +92-943-414316
8	Darra Adam Khel Branch	Main Bazaar, Kohat Road, Darra Adam Khel	Darra Adam Khel	+92-3450100 Ext 2240
9	Dera Ismail Khan Branch	Plot # 3, Survey # 68, Circular Road, Dera Ismail Khan	Dera Ismail Khan	+92-966-719934-36
10	Shahkas Branch	Spinzer Market, Wazir Dhand, Main Jamrud Road, Shahkas Jamrud, District Khyber Agency	Jamrud	+92-91-3021760-61
11	Kabal Branch	Khasra No. 2262, Khata No. 901, Khatooni No. 1176, Hassan Plaza, Kabal Chowk, Kabal, District Swat	Kabal	+92-94-6755592-95
12	Karak Branch	Bannu Road, Karak	Karak	+92-42-34501000 Ext. 2248
13	Khawazakhela Branch	Khawazakhela Bazaar, Swat	Khawazakhela	+92-42-34501000 Ext. 2247
14	Bannu Road Branch	Shop # T-663, 664, Bezari, Chakkar Kot, Main Bazaar, Bannu Road, Kohat	Kohat	+92-922-866155-56
15	Main Bazaar Kumbar Branch	Old Adda, Main Bazaar, Kumbar, District Lower Dir	Lower Dir	+92-945-888007
16	Manshera Branch	Main Bazaar, near Fouji Foundation, Manshera	Manshera	+92-997-391801 +92-977-391801

## BRANCH NETWORK KHYBER PAKHTUNKHWA

Sr. #	Branches	Address	City	Phone No
17	Shamsi Road Branch	RS Plaza Shamsi Road, Tehsil and District Mardan	Mardan	+92-937-870751 +92-937-870753
18	Matta Branch	Khatooni No. 28-50, Khasra No.2309, Mehran Khan Plaza, Main Matta Khareri, Matta Swat	Matta	+92-94-6790612-15
19	Mingora Branch	Opposite Bank Square, Main Bazar Mingora, Swat	Mingora	+92-946-725373-74
20	Odigram Branch	Main Bazaar Odigram, Lower Dir	Odigram	+92-945-890022-26
21	Tasneem Plaza, Saddar Road Branch	Tasneem Plaza, 6 Saddar Road, Peshawar Cantt	Peshawar	+92-91-5272180-83
22	Dalazak Road Branch	Malik Sardar Plaza, Near Yousafabad Canal, Dalazak Road, Peshawar	Peshawar	+92-91-2244041-42
23	Hayatabad Branch	B-1, Phase V, Hayatabad, Peshawar	Peshawar	+92-91-5825305
24	Gulbahar Branch	Malik Arcade, Anam Sanam Chowk, Gulbahar Road, Peshawar	Peshawar	+92-91-2580718 +92-91-2590762
25	Saidu Sharif Branch	Marghuzar Road, Saidu Sharif, Swat	Saidu Sharif	0946-726642-43 0946-728671
26	Airport Road Swat Branch	Airport Road, Swat	Swat	+92-42-34501000 Ext. 2246
27	Timergara Branch	Zeb plaza main balambat Road, Timergara District Lower Dir	Timergara	+92-945-825571-73



## BRANCH NETWORK BALOCHISTAN

Sr. #	Branches	Address	City	Phone No
1	Taj Road Branch	Taj Road Chaman, Balochistan	Chaman	+92-82-6615429
2	Main Airport Road Branch	Main Airport Road, Gwadar, Balochistan	Gwadar	+92-86-4210290
3	Tehsil Road Branch, Loralai	Shop # 372, House # 425, Tehsil Road Loralai, Balochistan	Loralai	+92-82-4660400
4	Muslim Bagh Branch	Station Road, Muslim Bagh, Balochistan	Muslim bagh	+92-823-669214-5
5	M.A Jinnah Road Branch	M.A. Jinnah Road, Quetta, Balochistan	Quetta	+92-81-2824977
6	Hazara Town Branch	Lilak Shopping Centre, Barma Road, Aliabad, Hazara Town, Quetta, Balochistan	Quetta	+92-81-2853127
7	Sirki Road Branch	Plot No. 136-14-32, Akram Plaza, Sirki Road, Quetta, Balochistan	Quetta	081-2452931-32
8	Choharmal Road Branch	Choharmal Road, Quetta, Balochistan	Quetta	+92-81-2843640
9	Mannan Chowk Branch	2-11/6-303, Mannan Chowk, M.A. Jinnah Road, Quetta	Quetta	+92-81-2836204-05
10	Turbat Branch	Main Road Turbat, Balochistan	Turbat	085-2411150 085-2413001

# MCB Islamic Home Remittance Service



Available for all MCB Islamic Bank  
& MCB Bank customers

Collect Home Remittance Payments  
from any MCB Islamic Bank branch



## PATTERN OF SHAREHOLDING

AS OF DECEMBER 31, 2023

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
7	1	100	7
-	101	500	-
-	501	1,000	-
-	1001	5,000	-
-	5001	10,000	-
-	10,001	50,000	-
-	50,001	100,000	-
-	100,001	500,000	-
-	500,001	1,000,000	-
-	1,000,001	5,000,000	-
-	5,000,001	10,000,000	-
-	10,000,001	15,000,000	-
-	15,000,001	25,000,000	-
1	25,000,001	Above	1,554,999,993
<b>8</b>			<b>1,555,000,000</b>

## CATEGORIES OF SHAREHOLDERS

AS OF DECEMBER 31, 2023

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	7	0.0000006%
Associated Companies, undertakings and related parties	1,554,999,993	99.9999994%
NIT and ICP	-	-
Banks Development Financial Institutions, Non Banking Financial Institutions	-	-
Insurance Companies	-	-
Modarabas and Mutual Funds	-	-
Shareholders holding 10%	-	-
General Public Local	-	-
General Public Foreign	-	-
Others	-	-
<b>Grand Total</b>	<b>1,555,000,000</b>	<b>100.0000000%</b>

# MCB Islamic POS Machine

## Secure & Hassle Free Payments



Online  
Merchant Portal



Card Discount  
Management System



Tap & Pay



Acceptance of All Visa,  
Mastercard Union Pay  
and PayPak



# FORM OF PROXY

**THE COMPANY SECRETARY,**  
 MCB ISLAMIC BANK LIMITED,  
 59-T BLOCK, PHASE-II, DHA, LAHORE

\_\_\_\_\_ Limited

I/We \_\_\_\_\_ s/w/d of \_\_\_\_\_

r/o \_\_\_\_\_ being member(s) of MCB Islamic Bank Limited

("the Company"), holding \_\_\_\_\_ Ordinary shares, do hereby appoint

\_\_\_\_\_ s/w/d of \_\_\_\_\_

r/o \_\_\_\_\_ who is also a Member of the Company, as my

/ our proxy to vote for me / us, and on my / our behalf at the Annual General Meeting of the Company to be held on Tuesday, 26 March 2024 at 2:00 PM from 14-A, Jail Road, Lahore through video-link facility and at any adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

\_\_\_\_\_  
**Member's Signatures on a  
 Revenue stamp of Rs. 5**

Witness No. 1: \_\_\_\_\_

Witness No. 2: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

C.N.I.C. No./Passport No: \_\_\_\_\_

C.N.I.C. No./Passport No: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

## NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him/her. No person shall act as a proxy, who is not a member of the Company, except corporate entity which can/may appoint a person who is not a member.
2. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity, its common seal should be affixed on the instrument.
3. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited, with the Company Secretary, MCB Islamic Bank Limited, 59-T Block, Phase II, DHA, Lahore not less than 48 hours before the time of holding the meeting.
4. If a member appoints more than one proxy and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.

گواہ نمبر 1: _____	گواہ نمبر 2: _____
نام: _____	نام: _____
شناختی کارڈ / پاسپورٹ نمبر: _____	شناختی کارڈ / پاسپورٹ نمبر: _____
پتہ: _____	پتہ: _____
_____	_____

## نوٹ

### A- جنرل (متفرق)

- 1- اجلاس میں شرکت اور ووٹ دینے کا اہل رکن / ممبر، اس امر کا حق رکھتا ہے کہ وہ اپنی جگہ کسی دوسرے رکن / ممبر کو اپنا پراکسی نامزد کر سکے جو اسکی جانب سے اجلاس میں شرکت اور ووٹ ڈال سکے۔ کوئی بھی ایسا شخص جو کمپنی کارکن / ممبر نہ ہو پراکسی کے طور پر نامزد نہیں ہو سکتا سوائے کسی کارپوریٹ ادارے کے جو کسی غیر رکن / غیر ممبر شخص کو اپنا پراکسی نامزد کر سکتا ہے۔
- 2- کسی پراکسی کو نامزد کرنے کی دستاویز پر متعلقہ رکن / ممبر یا اسکے وکیل، جس کو تحریری اجازت دی گئی ہو، کے دستخط ہوں گے۔ اگر کوئی رکن / ممبر ایک کارپوریٹ ادارہ ہے تو اس دستاویز پر اسکی عام سیل آویزاں ہونا ضروری ہے۔
- 3- پراکسی کی نامزدگی کی دستاویز اور اس کے ساتھ مختار عام، اگر کوئی ہو تو، جس کے تحت اس دستاویز پر دستخط کئے گئے ہیں یا اسکی تصدیق شدہ کاپی کو اجلاس کے منعقد ہونے کے کم از کم 48 (اڑتالیس گھنٹے پہلے) کمپنی سیکرٹری، ایم سی بی اسلامک بینک لمیٹڈ 59-ٹی بلاک، فیز II، ڈی ایچ اے، لاہور، میں جمع کروائی جائیں گی۔
- 4- اگر کوئی رکن / ممبر ایک سے زیادہ پراکسی نامزد کرے اور رکن / ممبر کی جانب سے ایک سے زیادہ پراکسی دستاویز جمع کروائی گئی ہوں تو ایسی تمام پراکسی دستاویز کا عدم تصور ہوگی۔

## پراکسی فارم

کمپنی سیکرٹری  
ایم سی بی اسلامک بینک لمیٹڈ  
59-ٹی، بلاک فیئر- II، ڈی ایچ اے  
لاہور

لمیٹڈ

میں / ہم \_\_\_\_\_ ولد / زوجہ / دختر \_\_\_\_\_

ساکن \_\_\_\_\_

بحیثیت رکن / ممبر ایم سی بی اسلامک بینک لمیٹڈ (کمپنی) اور \_\_\_\_\_ عام حصص کا / کے مالک کے طور پر

مسمیٰ / مسماٹ \_\_\_\_\_ ولد / زوجہ / دختر \_\_\_\_\_

ساکن \_\_\_\_\_

جو کہ کمپنی کارکن / ممبر بھی ہے، کو اپنا پراکسی مقرر کرتا / کرتی / کرتے ہوں / ہیں تاکہ وہ کمپنی کے نویں سالانہ عام اجلاس جو بروز منگل مورخہ 26 مارچ 2024ء کو 2:00 PM بجے 14-A، جیل روڈ، لاہور سے بزرگیچ ویڈیولنک منعقد ہو رہا ہے، اس میں یا اس کے کسی ملتوی شدہ اجلاس میں میری / ہماری جگہ شرکت کر سکے اور ووٹ دے سکے۔

گواہ کے طور میرے / ہمارے لیے یہ \_\_\_\_\_ 2024 کا دن ہے۔

ممبر کے دستخط

5 روپے کی رسیدی ٹکٹ پر