ANNUAL REPORT 2022

25 Years



Best Consumer Bank-2022
Pakistan Banking Awards

Meezan Bank
The Premier Islamic Bank

بسم الله الرحمن الرحيم

FOREWORD

It gives me immense pleasure to share with you our Annual Report especially as we commemorate the 25 years of Meezan Bank, a milestone that has been achieved through sheer dedication, unwavering perseverance, and a spirit of innovation.

As we reflect on the journey of the past 25 years, we are filled with gratitude and awe at the accomplishments we have achieved together for the cause of Islamic banking. From humble beginnings, Meezan has grown to become a trailblazer in the industry, a beacon of hope, and a standard-bearer of excellence, Alhamdulillah.

Our success has been driven by a deep-seated devotion to our values, a focus on customer-centricity, and a passion for innovation that constantly pushes us to new heights. We have weathered challenges, but emerged stronger, wiser, and more determined than ever before. We are humbled by what we have achieved, but even more excited about what lies ahead. As we look to the future, we do so with optimism, confidence, and a steadfast commitment to driving positive change for our stakeholders, our communities, and our nation.

We look forward to your continued support and patronage over the coming years and decades of excellence, growth, and prosperity, Insha'Allah!



Irfan Siddiqui
Founding President & CEO

میزان



This is a photograph of a calligraphic painting in the Board room of Meezan Bank's Head office.

As the idea of setting up Pakistan's first Islamic bank was taking shape, the name "Meezan" was handpicked from the Holy Quran by Dr. Ghazala Siddiqui, wife of Founding President & CEO, Mr. Irfan Siddiqui.

The word "Meezan" carries great significance in Islam and appears several times in Surah Ar Rahman, known to be one of the most beautiful surahs of the Quran. It represents the principles of balance and justice that are central to the natural world, as well as human affairs. Within the realm of Islamic finance, "Meezan" embodies the ideals of financial justice and fairness that are at the core of Shariah-compliant banking.

By Allah's grace, Meezan has now grown into one of the most recognised and reputable brands in the country. Through this brand, Meezan Bank reaffirms its commitment to upholding its Values, and providing pragmatic and excellence-driven solutions to those seeking financial services without compromising their faith. It serves as a reminder to always strive towards balance and justice in all aspects of life, and to promote the greater good for all.

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ABOUT THIS REPORT

The Annual Report has been prepared in accordance with the Integrated Reporting Framework to present the Bank's performance during year 2022. The adoption of the integrated framework is in its preliminary stages and the Bank will continue to improve on the information mentioned in this report.

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

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

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

Audience
The Annual Report and Financial Statements have been prepared to provide information to the Bank's stakeholders including investors (equity shareholders, Sukuk holders and prospective investors), employees, customers, regulators, research analysts, credit rating agencies and society at large. The annual financial statements were approved by the Board of Directors on February 16, 2023 and signed on its behalf by the Chairman, President & CEO, two Directors and CFO.

Reporting & Publication Period
This report covers the financial and non-financial performance of Meezan Bank from the period January 01, 2022 to December 31, 2022 and is published within three months of the date of the Statement of Financial Position.

External Assurance
The Bank's financial statements for the year ended December 31, 2022 are audited by external auditors, A. F. Ferguson & Co., Chartered Accountants (a member firm of PwC network); and provide an in-depth and transparent disclosure of its financial performance. As a regulatory requisite, the auditors are rotated every five years to ensure their independence and transparency.

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

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

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

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

CHAIRMAN'S REVIEW

بِسۡمِ اللّٰہِ الرَّحۡمٰنِ الرَّحِیۡمِ

Alhamdulillah, it gives me immense pleasure to present to you the Annual Report of Meezan Bank for 2022. This is also the year which celebrates completion of the Bank's first 25 years since its establishment as an Investment Bank in 1997, and during this time, Meezan Bank has grown from its humble beginnings, to its current position of being one of the top five banks in Pakistan. As a Board Member and now as Chairman, I have had the privilege of witnessing this journey from the front seat, and it has been nothing short of breathtaking to see the Bank grow into the institution it is today.



> Meezan Bank has been a pioneer in the establishment of Islamic banking in Pakistan and we are humbled to have led this initiative. The success of Meezan Bank is a testament to the blessings of Allah (SWT) and the dedication and hard work of our team.

By the grace of Allah (SWT), this has been an exciting journey of success and fulfilment. Meezan Bank has been a pioneer in the establishment of Islamic banking in Pakistan and we are humbled to have led this initiative. The success of Meezan Bank is a testament to the blessings of Allah (SWT) and the dedication and hard work of our team.

The local and international acclaims that the Bank has received are outstanding. It has won the Global award for 'Best Islamic Retail Bank' this year by Islamic Finance News (IFN), Malaysia, in addition to winning all the six country-level awards for Pakistan conferred by IFN. Meezan Bank was also the recipient of 'Best Consumer Bank for 2022' from Pakistan Banking Awards and the 'Best Bank of the Year – Large Size Banks' award by the CFA Society of Pakistan, which the Bank has won for the third year in a row, as well as 'Best Islamic Bank of the Year' and 'Best Digital Banking Services Award of the Year' – 2021. It is great to see the Bank achieve such successes and I pray that Insha'Allah the Bank continues to grow and be recognized for its achievements.

After the pandemic, this was the first full year when the Bank operated in an environment not dampened by the COVID-19 related restrictions. I am pleased to see that the measures the Bank took during the pandemic period such as keeping almost its entire branch network open and even working extended hours to facilitate customers, giving special attention to maintaining branch service levels, promoting an effective work-from-home domain and strengthening its systems to manage the increased levels of digital transactions, have all borne fruits in the form of both enhancing operational efficiency as well as strengthening customers' confidence and loyalty – and these are accruing long-term benefits for the organization.

Alhamdulillah, the Bank achieved one of the highest growths in profitability in the country's banking sector this year. The Bank's Profit After Tax increased by 60% over the previous year with return on equity of over 40%. Also, with market cap of Rs 178 billion, Meezan Bank remained the most valuable bank in Pakistan amongst all the listed banks.

Being cognizant of the United Nations Environmental Social Governance Framework, the Bank, in addition to actively extending solar financing to reduce the carbon footprint in the economy, has also taken the initiative to provide solar energy installations to various public interest organizations as a CSR initiative.

Meezan Bank continues to actively support the State Bank-led initiatives such as Prime Minister's Youth Entrepreneurship Scheme, Islamic SME Asaan Finance (ISAAF), Roshan Apna Ghar and Roshan Apni Car for Non-Resident Pakistanis.

I would like to commend the Meezan Family on the following key highlights of the Bank in 2022:

- The financing portfolio crossing the one trillion Rupee milestone for the first time.
- Crossing the two trillion Rupee mark in Trade Finance (Import and Export)

I am also happy to see the Bank's success in facilitating customers through alternate distribution channels and digitization, which is evidenced by:

- Launch of fully digital account opening App under the name Meezan Digital Account
- Debit Cards portfolio growing to 2.8 million cards and Mobile App Registrations growing to over 1.7 million subscribers
- A 90% increase in Debit Cards spend
- An eight-fold increase in NFC transactions
- More than 80% increase in Inter Bank Fund Transfers (IBFT) and Utility Bill Payments volumes

It gives me great pleasure to inform our shareholders that the Bank's brand equity, which was ranked sixth in the banking industry two years ago, has now risen to become the second highest in the industry, according to a recent survey conducted by a leading research company. This remarkable progress is a clear indication of the growing confidence, trust and top-of-mind recognition of our Bank among the general public.

Since its inception, Meezan Bank has been at the forefront of the Islamic banking industry in Pakistan, and our unwavering focus on providing exceptional customer service has been integral to our success. We remain dedicated to our Vision of establishing 'Islamic banking as banking of first choice…' and the best way to achieve this, in addition to growing our branch network, is by focusing on increasing financial inclusion and using technology to enable people to conduct their banking transactions 'on the go'. Financial inclusion is an important goal of both the Government of Pakistan and the State Bank of Pakistan and we are committed to supporting this initiative. Despite the current challenges, we are optimistic about the progress of Pakistan's economy and are committed to contributing to its growth.

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

I would like to take this opportunity to congratulate the State Bank of Pakistan on being recognized as the 'Best Central Bank in Promoting Islamic Finance' by Islamic Finance News – Malaysia for the third year in a row and the sixth time in the last eight years. This recognition clearly reflects on the commitment and success of the State Bank of Pakistan towards implementation of the Islamic banking system in the country.

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

I would also like to express my gratitude to our shareholders, members of Shariah Board, my fellow Board members and the entire Meezan team for their hard work and dedication in making Meezan Bank a leading financial institution in the country and the best bank in Pakistan.

Finally, I would like to thank our customers for their trust and confidence in Meezan Bank and the cause of Islamic banking. Their unwavering support has been crucial to the growth and success of the Bank and of a Riba-free financial system in Pakistan.



Riyadh S. A. A. Edrees
Chairman

February 16, 2023

CHAIRMAN SHARIAH BOARD'S MESSAGE

بِسۡمِ اللّٰہِ الرَّحۡمٰنِ الرَّحِیۡمِ

الحمدللہ رب العٰلمین

والصلوٰۃ والسلام علیٰ رسولہ الکریم وعلیٰ اٰلہ واصحابہ اجمعین، اما بعد

الحمدللہ، میزان بینک کو کام کرتے ہوئے پچیس سال مکمل ہو رہے ہیں۔ شروع میں اس بینک نے ایک انویسٹمنٹ بینک کے طور پر کام کا آغاز کیا تھا اور ربا فری سرٹیفکیٹ آف اسلامک انویسٹمنٹ جاری کئے تھے۔ 2002 میں اس کو مکمل اسلامی بینک کے طور پر لائسنس ملا اور اس کا نام میزان بینک ہو گیا۔

الحمدللہ اس بینک نے دوسرے بینکوں کے مقابلہ میں کافی تیز رفتاری سے ترقی کی۔ شروع میں اس کی صرف چار برانچیں تھیں اور اب الحمدللہ 950 برانچیں پورے پاکستان میں پھیل گئی ہیں اور اس لحاظ سے بھی میزان بینک کو پاکستان کا چوتھا سب سے بڑا بینک قرار دیا گیا ہے۔ 2018 اور 2020 کے درمیان اس کو بیسٹ اوورآل اسلامک بینک اور موسٹ انوویٹو اسلامک بینک گلوبل ایوارڈ دیا گیا اور اس کے علاوہ بھی اس نے کئی ایوارڈز حاصل کئے ہیں۔

یہ تمام ترقی اس وجہ سے ہے کہ اس نے شروع سے ہی اپنے تمام کاموں میں شریعت کو مدنظر رکھنے کا اہتمام کیا اور شریعت کے موافق معاملات کی انجام دہی کے لئے اور اس کی جانچ کرنے کے لئے میرے علم کے مطابق سب سے پہلے اتنی بڑی ٹیم اسی بینک نے بنائی اور اس میں نئی نئی پروڈکٹس کا بھی اجرا کیا گیا اور یہ ساری باتیں شریعہ بورڈ کی سرپرستی میں اور اس کی زیرنگرانی ہوتی رہیں۔

الحمدللہ، اس کا شریعہ کمپلائنس معیار میری نظر میں بہت اچھا ہے اور جہاں کوئی غلطی ہوتی ہے تو اس کی اصلاح کی بھی کوشش کی جاتی ہے۔ میں میزان بینک کے چیف ایگزیکٹو آفیسر جناب عرفان صدیقی صاحب کو ان کی کوششوں پر خراج تحسین پیش کرتا ہوں اور مبارک باد پیش کرتا ہوں کہ پچیس سال کے عرصے میں بینک نے ماشاءاللہ اتنی ترقی کی ہے۔ اللہ تبارک وتعالیٰ ان کی کوششوں کو مزید بہتر بنائے اور بینک کی اسلامی حیثیت کو زیادہ سے زیادہ مضبوط بنانے کی توفیق عطا فرمائے۔

> شریعت کے موافق معاملات کی انجام دہی کے لئے اور اس کی جانچ کرنے کے لئے میرے علم کے مطابق سب سے پہلے اتنی بڑی ٹیم اسی بینک نے بنائی۔

میں سمجھتا ہوں کہ جس محنت اور اخلاص کے ساتھ اب تک جناب عرفان صاحب نے اس بینک میں کام کیا ہے، اسی محنت اور اخلاص کے ساتھ جو باقی ماندہ پہلو ہیں ان کے اندر بھی انشاءاللہ وہ توجہ فرمائیں گے اور بینک اپنی کارکردگی کے اعتبار سے اور اسلامی حیثیت کے اعتبار سے مزید ترقی کرے گا۔ اللہ تبارک وتعالیٰ اپنے فضل وکرم سے اس کی توفیق عطا فرمائے۔

وَاٰخِرُ دَعْوٰنَا اَنِ الْحَمْدُ لِلّٰہِ رَبِّ الْعٰلَمِیْنَ

جسٹس (ر) محمد تقی عثمانی

چیئرمین شریعہ بورڈ

The following is a translation of the body of the above message of Justice (Retd.) Muhammad Taqi Usmani

Alhamdulillah, Meezan Bank has been operational for twenty-five years. It started operations as an Investment Bank and issued Riba-free Certificates of Islamic Investment. It got the commercial Islamic Banking licence in 2002 and was named Meezan Bank.

Alhamdulillah, Meezan Bank has progressed much faster compared to other banks. In the beginning it had only four branches and now, Alhamdulillah, its 950 branches have spread all over Pakistan and Meezan Bank has become the fourth largest bank in Pakistan. During 2018 and 2020, it was also awarded the Best Bank and also won the most Innovative Islamic Bank Global award as well as numerous other awards.

All this progress is due to the fact that from the very beginning, it ensured following Shariah in everything it does. To my knowledge, it is also the first bank to establish such a large team for ensuring Shariah-compliance in all its matters and several new products were also launched, and all this work was done under the supervision and monitoring of its Shariah Board.

Alhamdulillah, in my view, the Bank's Shariah-compliance standards are very good and where there is an error they try to rectify it. I pay tribute to Mr. Irfan Siddiqui, Chief Executive Officer of Meezan Bank for his efforts, and congratulate him that the Bank has Masha'Allah progressed so much in a period of twenty-five years. May Allah Ta'ala help them further improve what they are doing and enable them to keep ever strengthening the Bank's Islamic status.

I believe that Mr. Irfan will Insha'Allah focus on the remaining elements with the same level of industry and sincerity that he has shown in the Bank till now and the Bank will progress further in terms of both performance and Islamic standing. May Allah (SWT) help them in this with His grace and mercy.

FOUNDING PRESIDENT & CEO'S MESSAGE

All praise is for the Almighty.
As we commemorate these 25 years of Meezan, it is also an opportunity for us all to reflect on the past, celebrate our successes, and prepare for the future.

We started with a simple yet ambitious Vision, "to establish Islamic banking as banking of first choice...," and today, Alhamdulillah, we stand proud amongst the largest, the most profitable, the most innovative and the highest rated banks in Pakistan. Our journey hasn't been easy, but it has been filled with determination, perseverance, and unwavering faith - and it is our values and principles that have been the guiding force throughout.

We have always been committed to offering Shariah-compliant banking services and, Alhamdulillah, we have been successful in doing so. We have shown that it is possible to do banking and business without compromising on our faith or principles. We have stayed true to our ethos, the 'Meezan'.

We believe that our corporate culture is our greatest asset, and our commitment to our Core Values – Shariah-compliance, Integrity and Service Excellence has helped us work as a focused team towards common goals. Moreover, the team's emphasis on humility, pragmatism, hard work and diligence have played a crucial role in our success.

I am grateful to everyone who has been a part of this journey: our customers, employees and the shareholders have been fuel to the stellar growth and achievements, while our Shariah Board, the Board of Directors and of course, the Management Team have helped navigate the institution from strength to strength. Together, we have created an institution - and a culture - that has placed us in a league of our own.

> "We believe that our corporate culture is our greatest asset, and our commitment to our Core Values – Shariah-compliance, Integrity and Service Excellence has helped us work as a focused team towards common goals."

Twenty-five years ago, Meezan started with one borrowed office room. Today, Meezan has a nation-wide presence of nearly one thousand branches and a family of over 15,000 staff members. Masha'Allah, the numbers have been staggering - as you will see in this report - and the recognition has been overwhelming. But our success is about far more than numbers or awards; it is about our impact on people's lives and on their faith; it is about the businesses we enable and support; and the communities we serve. Indeed, Meezan has played a pivotal role in fulfilling the national priority of increasing financial inclusion.

Ultimately, Meezan Bank is much more than just a financial institution; Allah (SWT) has helped us become a force for good, a catalyst for change, and the founder and guardian of the now thriving Islamic finance sector in Pakistan. Islamic banking now has solid foundations in Pakistan - with six dedicated Islamic banks, and fourteen banks with Islamic windows. It has been an incredible journey from zero to today's 21% of the total banking sector, and this proportion is expected to grow rapidly over the coming years Insha'Allah. As we look to the future, we must continue to educate, innovate, and digitize to ensure that we remain at the forefront of banking in Pakistan, providing services of value to all.

We are grateful for our past, proud of our present, and excited about our future, Insha'Allah. As our journey continues, we pray that Allah (SWT) grants us the strength to stay true to our Vision and ethos, and continue to serve the people of Pakistan with the finest Shariah-compliant financial services. Ameen!

JazakAllah Khair



Irfan Siddiqui
Founding President and CEO

DEPUTY CEO'S MESSAGE

All praise is for the Almighty.
It is indeed gratifying to pen my thoughts on the completion of 25 years of Meezan Bank. This chapter in the history of Meezan Bank may well be unprecedented in the history of the financial sector in Pakistan, not only in terms of what the Bank has achieved but also because it has laid the foundation for a viable Islamic Banking system in the country, undoubtedly due to the Blessings of Allah (SWT).

As the fastest growing bank in Pakistan, since its inception as a fledgling Investment Bank in 1997, Meezan has successfully delivered on the expectations of its stakeholders and, at the same time, achieved numerous accolades that are by no means short of being superlative. For me personally, it has been a journey of immense satisfaction. I am especially proud of the founding team that has worked seamlessly as one coherent team and has yielded the results that we celebrate today. I would like to thank everyone who has been a part of this incredible journey for their contributions, no matter how big or small, because it is their collective effort and unwavering commitment to the Vision and Mission of Meezan that has brought the Bank to where it is today. And of course, we are thankful to our customers who have believed in us and have helped us grow.

I believe that 2022 – the completion of 20 years of Islamic commercial banking and 25 years of Meezan's existence – will be seen as a watershed year in the Bank's history. The advent of technology, accelerated manifold by the onslaught of COVID-19, brings both challenges and opportunities for banks. Customer expectations are changing rapidly and as FinTechs scramble to steal a piece of the financial pie, banks that are not able to adapt to the changing landscape will soon be left behind in the race. Fortunately, we realized early in our journey that technological superiority would be one of the key drivers of success in times to come and invested heavily in our technology stack so that we could deliver best in class service to our customers. I believe that this will also stand us in good stead in the future, as we embark upon a journey of digital transformation modelled on examples such as the Development Bank of Singapore, Ping An in China and others. We are fully committed to this transformation and Insha'Allah will endeavor to remain ahead of the curve in this regard.

May Allah (SWT) guide us in the future and help us stay committed to the Vision & Mission of Meezan Bank.

JazakAllah Khair



Ariful Islam
Deputy CEO

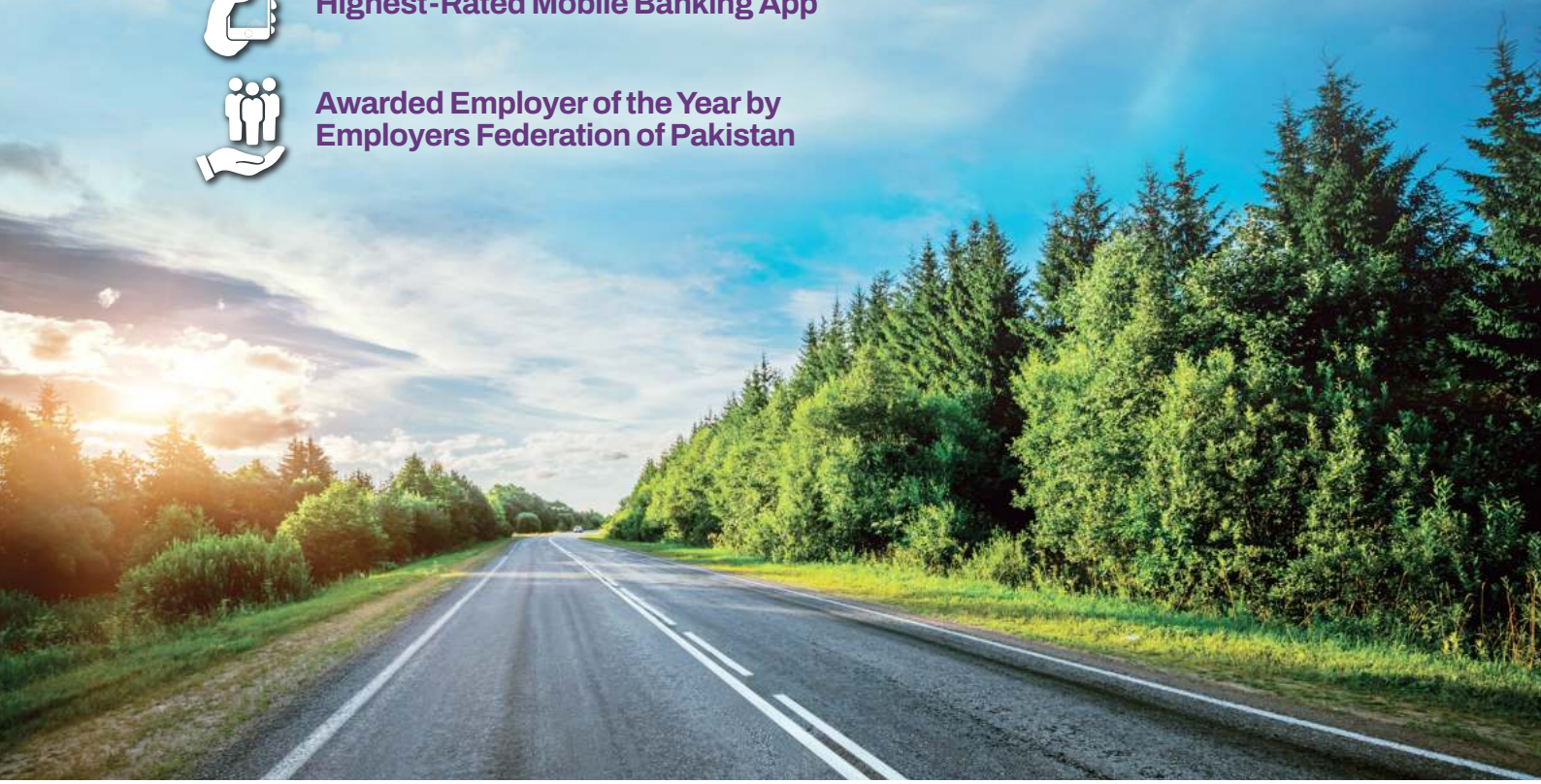
"Fortunately, we realized early in our journey that technological superiority would be one of the key drivers of success in times to come and invested heavily in our technology stack so that we could deliver best in class service to our customers."

اَلْحَمْدُ لِلّٰہِ

For 25 years, we have led the way, and yet our journey has just begun

25 years ago, our journey began as an investment bank with the Vision to ***'Establish Islamic banking as banking of first choice ...'.*** Today, Alhamdulillah, we are well on the way to realizing that Vision, and are honoured to have been the pioneers of Islamic banking in the country.

- The First and Largest Islamic Bank in Pakistan with over 960 branches in more than 310 cities
- Widest Range of Consumer Financing Products
- Awarded The Best Bank in Pakistan and Best Islamic Bank in the World by various Local and International Platforms
- Widest Range of Debit Cards in Pakistan
- Highest-Rated Mobile Banking App
- Awarded Employer of the Year by Employers Federation of Pakistan



Millions of Pakistanis have started their Islamic banking journey with us.
Start yours today and discover the better way to bank.

A FEW MEMORIES



First Islamic Commercial Banking license being given by the then Governor SBP, Dr. Ishrat Husain (2002)



Former Chairman, Meezan Bank H.E.Sheikh Ebrahim Bin Khalifa Al-Khalifa at the HSBC Acquisition launch event (2014)



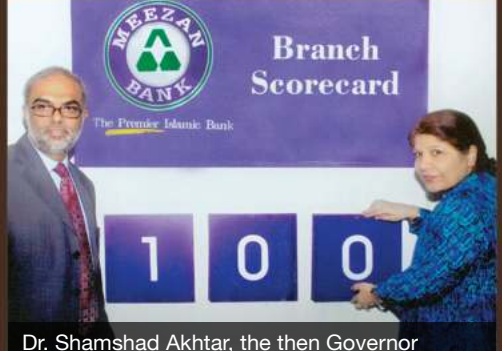
Recognition as the 'Best Bank-2020' at Pakistan Banking Awards by the then Governor SBP, Mr. Reza Baqir (2021)



The Bank's Inauguration Ceremony by the ex-President of Pakistan Gen. Pervez Musharraf (Retd.) (2002)



CFA Society of Pakistan - Best Bank of the Year - Large Size Banks by Governor SBP, Mr. Jameel Ahmad (2022)



Dr. Shamshad Akhtar, the then Governor SBP at Meezan Bank's 100 branches milestone ceremony (2007)



Signing Ceremony of Pakistan's First Contactless Payments Solution (2017)



First Board Meeting (1997)



Recognition for RDA by former Prime Minister Mr. Imran Khan (2021)



Onboarding of Meezan Bank as Market Maker on PSX (2021)



Approval of HSBC Pakistan Acquisition by the then Governor SBP, Mr. Ashraf Mahmood Wathra (2014)



Meezan Bank's Senior Management team at Pakistan Banking Awards ceremony (2021)



'Best Bank-2018' Pakistan Banking Awards by the then Deputy Governor SBP, Mr. Jameel Ahmed (2018)



Strategy meeting at Sultanahmet masjid Istanbul, Turkey (2012)



Strategy Meeting at Alfalah masjid-Singapore (2015)



'Best Consumer Bank-2020' at Pakistan Banking Awards by Governor SBP, Mr. Jameel Ahmed (2022)

CONSTRUCTION OF MEEZAN HOUSE


Commenced on January 10, 2009



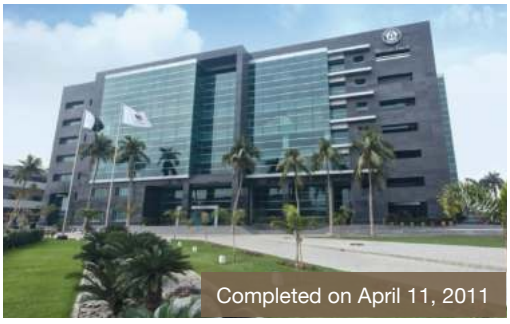






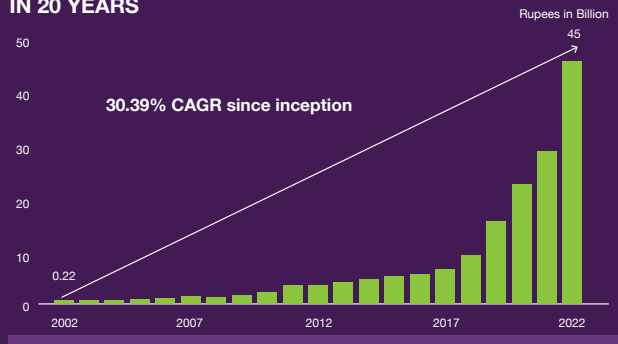





Completed on April 11, 2011

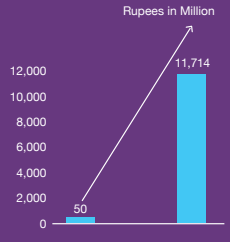
A SNAPSHOT OF OUR GROWTH OVER THE YEARS

FROM HUMBLE BEGINNINGS TO THE MOST PROFITABLE BANK
IN 20 YEARS



UNBROKEN DIVIDEND PAYOUT RECORD
SINCE LISTING ON PSX

31.36% Dividend Growth
20-year CAGR

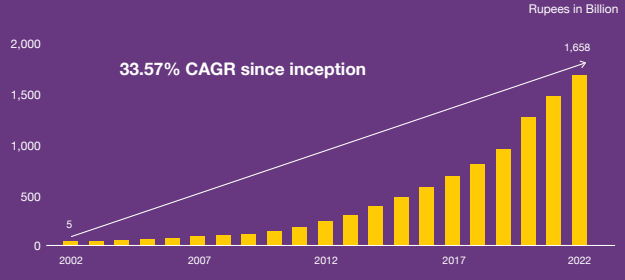


20-year
Continuous Dividend History

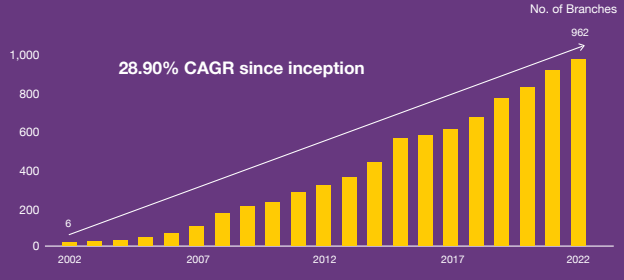
8.5%
2022 Dividend Yield

44.6%
2022 Return on Equity

FROM SMALLEST TO 4TH LARGEST BANK
IN TERMS OF DEPOSITS



FROM THE SMALLEST TO ONE OF THE LARGEST BRANCH NETWORKS



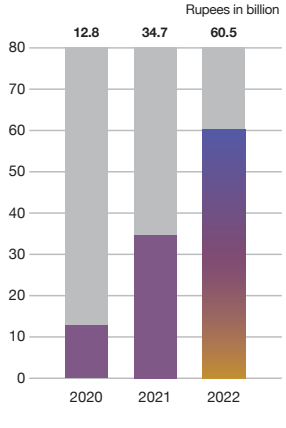
THE YOUNGEST AAA RATED BANK IN PAKISTAN

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Long Term A+ Short Term A1	Long Term AA- Short Term A1	Long Term AA- Short Term A1+	Long Term AA- Short Term A1+	Long Term AA Short Term A1+	Long Term AA Short Term A1+	Long Term AA Short Term A1+	Long Term AA Short Term A1+	Long Term AA Short Term A1+	Long Term AA+ Short Term A1+	Long Term AA+ Short Term A1+	Long Term AA+ Short Term A1+	Long Term AAA Short Term A1+	Long Term AAA Short Term A1+

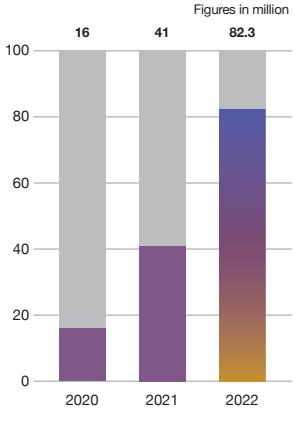
Meezan Bank has credit rating from VIS Credit Rating Company Limited

OUR DIGITAL LEADERSHIP

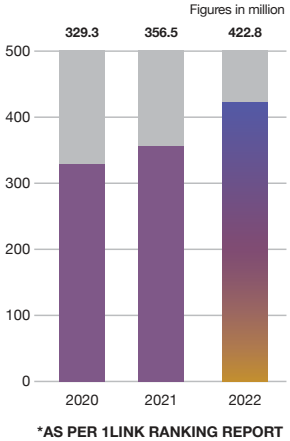
HIGHEST E-COMMERCE SPEND
ON DEBIT CARDS IN INDUSTRY



LARGEST PROCESSOR OF IBFT TRANSACTIONS*
AMONG COMMERCIAL BANKS



LEADING BANK IN DIGITAL TRANSACTIONS*
ON 1LINK GRID



*AS PER 1LINK RANKING REPORT

We are reimagining banking for our customers

We continue to empower our customers with seamless digital banking channels making financial services more accessible and user-friendly.

IN THE NEWS

STATE BANK OF PAKISTAN

Press Release

January 31, 2002

STATE BANK ISSUES LICENSE FOR THE SETTING UP OF FIRST ISLAMIC COMMERCIAL BANK IN THE COUNTRY

State Bank of Pakistan today issued a license for the setting up of the first Scheduled islamic Commercial Bank in the country.

The Governor, State Bank of Pakistan, Dr. Ishrat Husain handed over the license to the Chief Executive of Meezan Bank Limited, Mr. Irfan Siddiqui at a simple ceremony held at SBP, Karachi this afternoon.

It may pointed out that the Government of Pakistan and SBP are firmly committed to introduce banking based entirely on Islamic principles and the granting of this license is a major step in this direction. SBP had earlier released detailed guidelines for setting up of Islamic Commercial Bank in the country. Consequently, upon completion of all requisite formalities SBP approved the application of Meezan Bank.

The sponsors of the Bank are leading financial institutions which include Pakistan Kuwait Investment Company (Pvt) Limited, a "AAA" rated financial institution in Pakistan; Shamil Bank E.C., one of the leading banks based in Bahrain; Islamic Development Bank, Jeddah; Kuwait Awqaf Public Foundation; and Saudi Pak. The Chairman of the Board of Directors of Meezan Bank is H.E. Sheikh Ebrahim bin Khalifa Al-Khalifa, who is the Deputy Finance Minister of Bahrain. Meezan Bank's shareholders also include Societe Generale, Paris, who would have 10% stake in the Bank.

The management of the Bank comprises highly professional and experienced bankers committed to Islamic Finance. The Bank's Shariah Advisor, Dr. Imran Usmani, a Phd in Islamic Finance will monitor the activities of the Bank on a day-to-day basis. In addition the Bank has a high-powered Shariah Supervisory Board chaired by Justice Muhammad Taqi Usmani who is an eminent Islamic scholar of international repute. He also supervises of other leading Islamic banks internationally.

Meezan Bank Limited the first Islamic Commercial Bank in Pakistan is expected to set up a network of branches throughout the country so that benefit can be availed everywhere.

BUSINESS RECORDER

Karachi, Friday 17 January 2014, 15 Rabi-ul-Awwal 143

Meezan receives 'Best Islamic Bank in Pakistan' award

KARACHI: Meezan Bank has won the award of 'Best Islamic Bank in Pakistan' for 2013 from Islamic Finance News of RED money Group, Malaysia. The Bank has received this award for the 5th time.

The Islamic Finance News (IFN) Awards honor the best in the Islamic financial industry across the world and are among the most prestigious and recognized awards in the global Islamic financial markets.

In addition to the Best Islamic Bank in Pakistan, Meezan Bank has also won the following awards:

Pakistan Deal of the Year award for providing advisory services to the government of Pakistan to enable it to raise funds in a purely Shariah-Compliant manner. The Bank was appointed as Joint Financial Advisor for Government of Pakistan – Rs43,018 million – Ijarah Sukuk.

Ijarah Deal of the Year award for Sitaraco Pakistan Engineering Company's Rs200 million off-balance sheet Lease facility. This was a unique structured transaction since it enabled this blue chip company in Pakistan to meet its objectives of improving its cash flows without leveraging its balance sheet.

Meezan Bank has been consistently recognized as the Best Islamic bank in Pakistan by numerous local and international institutions including CFA Society - Pakistan, Accountancy magazine – Hong Kong, Islamic Finance News - Malaysia, Global Finance magazine, New York and Asset AAA - Hong Kong. The Bank has also received "Best Research and Development in Islamic Finance 2013" award by Global Islamic Finance Awards (GIFA), London.

Meezan Bank, the 8th largest bank in Pakistan (in terms of branch network) provides a comprehensive range of Islamic banking products and services through a retail banking network of 351 branches in 101 cities, supported by a countrywide network of over 250 ATMs, Visa debit cards, a 24/7 Call Center and internet banking facility.—PR

BUSINESS RECORDER

Karachi, Friday 26 August 2022, 27 Muharram 1444

Meezan Bank, Samba Bank celebrate RDA success in Bahrain



DAWN

KARACHI Thursday, September 8, 2022

Meezan Bank launches POS

The bank will act as a link between merchants, issuers and payment networks by offering them state-of-the-art POS machines and making cashless transactions available over the counters, enabling retailers to benefit from the adoption of digital payments. The POS machines support acceptance of local and international cards, card and mobile tap payments and integration with the retailer system.

Meezan Bank has launched Point-of-Sale (POS) payment and online payment gateway services to further enhance its digital retail offering and fast-track the country's digital ecosystem.

Tuesday July 9, 2012 THE NEWS

RESPECTABLE LIVING

This Ramazan, help is 'in the air' for the disabl

Not-for-profit organisation, private bank pla to employ people with special needs

By Sarah Ingley

Karachi

A private bank will pay at a rate of Rs50 per car to a disabled individual for filling air in the tyres of all cars parked at its head office for a month

DAILY EXPRESS

ایکسپریس

منگل، 16 ذی الحج 1434ھ، 22 اکتوبر 2013ء

میزان بینک کا اسٹاک ایکسچینج میں ٹیکسٹائل سیکٹر کا پہلا متعارف کرانے کا اعلان

KARACHI Saturday, September 10, 2016

DAWN

First Islamic bank branch opens in GB

KARACHI: Meezan Bank has recently opened its branch in Gilgit-Baltistan making it the first Islamic banking branch in the region.

The branch was inaugurated by Gilgit-Baltistan Chief Minister Hafiz Hafeez-ur-Rehman, said a press release.

INTERNATIONAL

THE NEWS

Friday, February 28, 2014

We want to expand our footprint: Meezan CEO

By Erum Zaidi

KARACHI: "We want to continue to expand our footprint being the first and largest Islamic bank in Pakistan," said Meezan Bank's Chief Executive Officer and President Irfan Siddiqui on Thursday as news spread that HSBC is in talks to sell its business in Pakistan to Meezan Bank Limited.

"In case the acquisition deal between Meezan Bank and the HSBC Bank Middle East Limited materialises, the existing business operations of the acquired bank will be converted into a full-fledged Islamic bank.

The bank's services and products will be completely shariah-compliant," Siddiqui told The News.

"This will not be a new experience for us. Meezan Bank had acquired the Pakistan operations of Societe Generale and concurrently Al Meezan Investment Bank converted itself into a fully fledged Islamic commercial bank in 2002. The first Islamic banking license was issued to the bank and it was renamed Meezan Bank," he added.

"HSBC has good and clean corporate book as mostly foreign banks do. Meezan Bank has a strong balance sheet with excellent operating profitability and strong ratios. The bank's long-term entity rating increased to AA (Double A) from AA- (Double A minus) and short-term rating at A1+ (A One Plus) with a stable outlook. The short-term rating of A1+ is the highest standard in short-term rating. Meezan Bank is the only Islamic bank with AA credit rating in the Islamic banking industry in Pakistan," he added.

Further, analysts said, if Meezan Bank is successful in acquiring the local business of HSBC Middle East, it could increase the deposits and advances' books of the Meezan Bank and its balance sheet is likely to be further strengthened.

And while the impact of customer attrition cannot be measured at this stage, there are chances that acquiring the bank may result in the flight of foreign customers as global customers remain confined within foreign banks in Pakistan, another analyst said.

Like other local and foreign banks, the consumer loan portfolio of the HSBC is on the decline, but it has strong penetration in corporate banking, hedging, derivative risk management, swaps and trade financing.

جنگ کراچی

بانی : میر خلیل الرحمٰن

اتوار 20 رمضان المعظم 1434ھ 30 جون 2013ء

میزان بینک نے اسلامی بینک کا ایوارڈ جیت لیا

TRIBUNE Sunday

Islamic banks witness rapid growth

Growth in deposits of Shariah compliant banks crosses that of conventional banks



Islamic banks' market share is on financing has grown by 28%

PAKISTAN & GULF Economist November 17 — 23, 2014

BANKING INDUSTRY STILL HAS ROOM TO PENETRATE THE POPULATION AND GROW ITS SHARE

Financial sector moving in a right path; Islamic Banking set to double its size in 5 years

Interview with Mr. Irfan Siddiqui, President & CEO Meezan Bank

KHALIL AHMED
(feedback@pgeconomist.com)

PAGE: Tell our something about yourself and organization, please:

IRFAN SIDDIQUI: Alhamdulillah, I am fortunate to be the founding President & CEO of Meezan Bank Limited, the first and largest Islamic Bank in Pakistan. Meezan Bank is also one of the fastest growing banks in the history of the banking sector of Pakistan. Having the largest branch network and product range in the Islamic banking industry, Meezan Bank bears the critical responsibility of leading the way forward in establishing a stable and dynamic Islamic banking system replete with dynamic and cutting-edge products and services.

Meezan Bank has developed an extraordinary research and development capability by combining investment bankers, commercial bankers, Shariah scholars and legal experts to develop innovative, viable, and competitive value propositions that not only meet the requirements of today's complex financial world, but do so with world-class service excellence which our customers demand; all within the bounds of Shariah.

I am a Chartered Accountant from England & Wales. I started my career from Abu Dhabi Investment Authority and have also worked with organizations like Exxon Chemical (Pakistan) Ltd, Abu Dhabi Investment Company, Kuwait Investment Authority and Pakistan Kuwait Investment Company (Pvt) Limited. Pak-Kuwait is a joint venture between Government of Pakistan and Government of Kuwait.

PAGE: How would you comment on the banking sector of Pakistan?

IRFAN SIDDIQUI: The banking sector of Pakistan went through a transformation process in the last decade. With a number of new banks coming into the market, the banking industry put a strong focus on technological advancement and service quality. Recently, the banking sector is in for some tough times ahead with net spreads in a tight squeeze, but Alhamdulillah, despite this challenge, Meezan continued breaking all previous records, with net profitability of Rs3.9 billion in the year 2013, and continues to attract high deposit volumes in the year 2014.

There is still a very strong potential in the banking industry of Pakistan: Only around 15 percent of our population uses the banking channel for their financial needs and transactions. On the contrary, more than 50 percent use mobile phones for communication. By focusing on SME and a rich product base for diverse populations of the country, banking industry has the potential to penetrate the population and grow its share.

PAGE: Your views on the financial industry of Pakistan:

IRFAN SIDDIQUI: If you compare Pakistan's financial industry with other industries in the country, it is quite notable that the financial industry has stability and has proven to be robust. If you remember the 2008 financial crisis and global recession, where almost all countries' financial sectors suffered due the recession, Pakistan's financial sector was one of the markets where the impact was minimal. The reason Pakistan went through that phase without much impact was the stringent regulations by the government and central bank of Pakistan. Besides the robust regulations, if we see the growth and profitability of the banking sector of the last 5-7 years, the numbers endorse that Pakistan's financial industry is on the right track and is doing well. Currently the Islamic Banking market share is 10 percent of the banking sector and seeing the growth trajectory, I am also expecting the Islamic Banking sector to double its size within the next 5 years Insha'Allah with a market share of atleast 20 percent.

PAGE: How would you comment on entry of foreign banks in Pakistan?

IRFAN SIDDIQUI: Having foreign banks in any country is always a positive sign as it reflects the confidence of international investors on the country's economy. Similarly in the case of Pakistan, the entry of foreign banks is highly encouraged by Pakistan. Whenever any foreign banks enters the market, new opportunities are created and the industry benefits overall. As a matter of fact, I would be delighted to see Foreign Islamic Banks entering into Pakistani market.



PAGE: Your comments on how to increase deposits:

IRFAN SIDDIQUI: Well, as Meezan Bank has been rapidly growing Alhamdulillah, the year on year deposit growth is more than 25% since we have an aggressive strategy to increase deposits. The basis for gaining more deposits is to increase your presence by opening new branches. Islamic Banking has tremendous potential in the country because a large percentage of the unbanked population does not do banking simply because of the issue of Riba (Interest). This is where Islamic Banking can make a huge difference. If Islamic banks continue to excel in providing Shariah-compliant solutions and focus on serving the needs of their customers, I see Islamic Banking achieving more than 20% market share and at least Rs5 trillion deposits within the next five years Insha'Allah. ■

TRIBUNE Tuesday

Bank mergers

Meezan Bank acquires HSBC

Will make operations Shariah-compliant

OUR CORRESPONDENT
KARACHI

Pakistan's branch operations of HSBC Bank Middle East have now merged with and into Meezan Bank, a notice on the Karachi Stock Exchange said on Monday.

Subsequently, all customers of HSBC Pakistan will automatically become customers of Meezan Bank.

Earlier on, the State Bank of Pakistan (SBP) sanctioned the scheme of amalgamation of HSBC Pakistan with Meezan Bank following the fulfilment of all regulatory requirements.

An indirect, wholly owned subsidiary of HSBC Holdings, HSBC Pakistan consisted of 10 branches and had total assets of Rs48 billion at the end of 2013.

Meezan Bank has already stated that it intends to make the operations of HSBC Shariah-compliant, while ensuring that the existing customer base continues to receive uninterrupted banking services.

Meezan Bank has the experience of acquiring a foreign bank and converting its operations from conventional to Islamic.

It acquired Societe Generale in Pakistan through a similar transaction in 2002. The Competition Commission of Pakistan also gave its go-ahead to the proposed transaction and issued a no objection certificate in August. The information about the size of the transaction is still not in the public domain.

According to Reuters, the sale of HSBC Pakistan is part of a strategy by Europe's biggest bank to exit from countries where it is unprofitable or lacks scale.

Being the second most populous Muslim country, Pakistan has been a profitable market for Islamic banks. As many as five Islamic banks operate in Pakistan while 14 conventional banks offer Islamic banking services through window operations.

The year-on-year increase in deposits by each of the five Islamic banks in 2013 was in excess of 15%, with Meezan Bank's deposits rising 25.7% to Rs289.8 billion. According to the half yearly results, Meezan Bank recorded 18.5% growth in its after-tax profits. It increased to Rs2.35 billion in January-June as opposed to Rs1.93 billion that it earned in the corresponding six-month period of 2013.

Like most foreign banks, the clientele of HSBC Pakistan consists mainly of multinational companies with headquarters in European countries.

Whether these multinational companies stick with their current bank after it merges into the country's largest Islamic banking institution is yet to be seen.

Like HSBC, Europe-based Barclays Bank is also leaving the Pakistan market for good.

Recently, Habib Bank announced that it was negotiating with Barclays Bank for the acquisition of its Pakistan operations.



SERVICES: Like most foreign banks, the clientele of HSBC Pakistan consists mainly of multinational companies with headquarters in European countries.

BUSINESS RECORDER

Karachi, Friday 3 January 2014, 1 Rabi-ul-Awwal 1435

Mufti Taqi Usmani visits Meezan House

KARACHI: Renowned Islamic scholar and Chairman of the Shariah Supervisory Board of Meezan Bank, former justice Mufti Muhammad Taqi Usmani visited Meezan House, the Head Office of Meezan Bank, and addressed the Bank's staff.

He appreciated Meezan Bank's role in the successful implementation of proper Islamic banking in Pakistan and congratulated the Bank on its achievement of having the eighth largest branch network in the country.

He further said all activities of Meezan Bank were 100 percent Shariah-compliant and it was the Bank's strict adherence to Shariah rules and guidelines that had given the public confidence in Islamic Banking and the resultant growth.

Mufti Muhammad Taqi Usmani was the Guest of Honor at the inauguration ceremony of the auditorium at Meezan House. The ceremony was attended by senior members of Meezan Bank's management team as well as senior staff from the Head Office and branches of the Bank.

Mufti Muhammad Taqi Usmani spoke on the importance of prohibition of Riba in Islam. He highlighted that working in the cause of Islamic banking was indeed working for a great cause and when the people of Meezan Bank did their job with the vision of working in the cause against Riba, their working hours would become an Ibadat for them.

He congratulated Meezan Bank's staff on achieving excellent business success while adhering to the Islamic banking laws and guidelines given to them by the Shariah Supervisory Board of the Bank.—PR

Pakistan Today

Profit

ISSUE 130 | 13-19 October 2013

The dominance of the Big Five banks is about to be broken

Two banks – Meezan Bank and Bank AL Habib – are knocking at the door of one of Pakistan's most exclusive and powerful clubs. Here is what that means for the country's financial services sector.



Pakistan Today

Profit



EVERY PAKISTANI BANK WANTS TO DETHRONE MEEZAN BANK IN ISLAMIC BANKING. WHO CAN SUCCEED?

As first mover, Meezan Bank has dominated the rapidly growing Islamic banking industry in Pakistan and every conventional bank now wants to dethrone it. But which banks have what it takes to succeed?

By Fawwaz Tirmizi

W



Organizational Overview & External Environment

VISION

Establish Islamic banking as banking of first choice...

MISSION

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

OUR CULTURE

Core Values:

■ Shariah-compliance ■ Integrity ■ Service Excellence

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

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

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



QUAID'S CONCEPT OF ISLAMIC BANKING

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

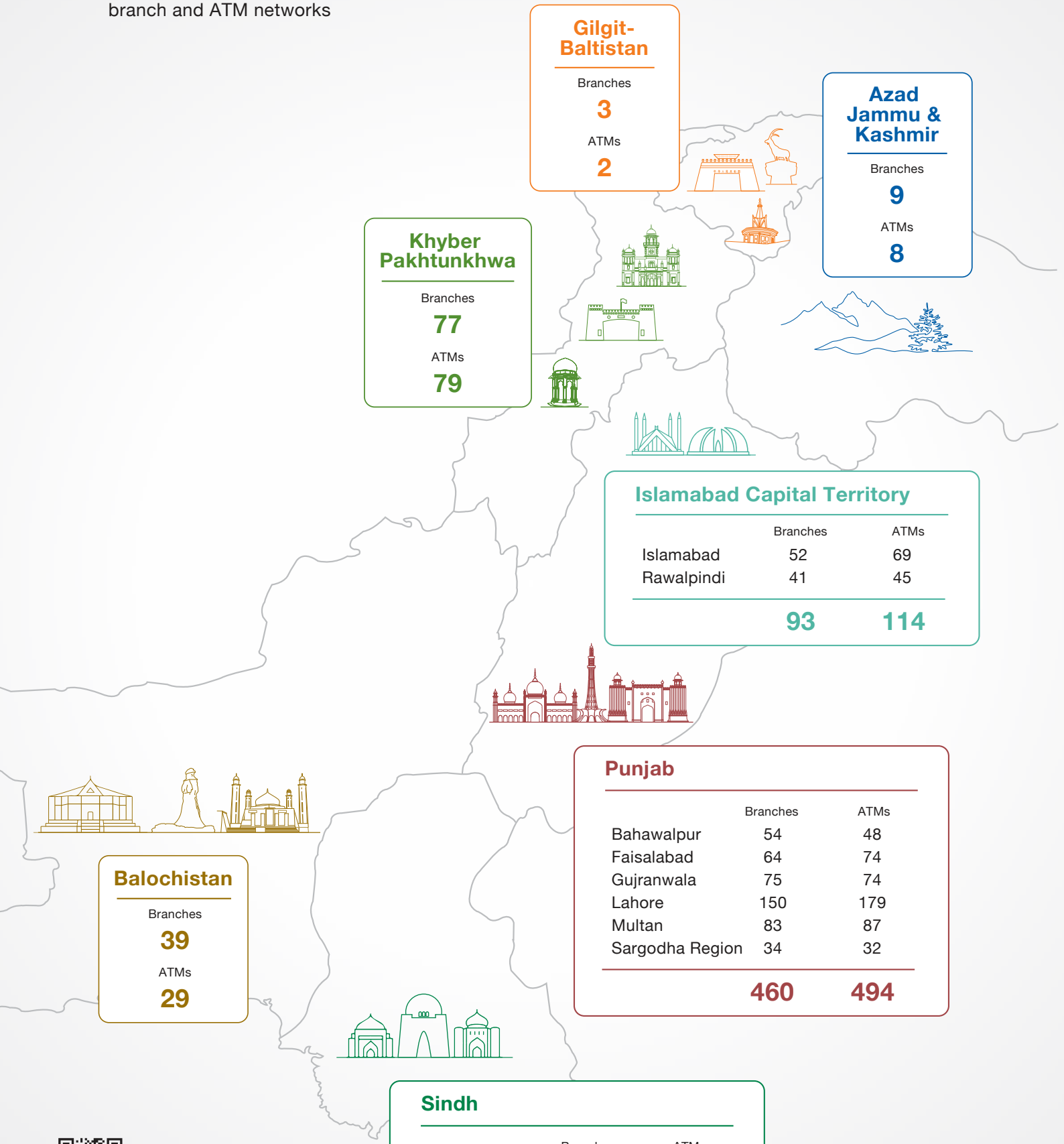
We must work our destiny in our own way and present to the world an economic system based on true Islamic concept of equality of manhood and social justice. We will thereby be fulfilling our mission as Muslims and giving to humanity the message of peace which alone can save it and secure the welfare,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

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

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

OUR PRESENCE

Our national footprint of branch and ATM networks



Gilgit-Baltistan

Branches **3**

ATMs **2**

Azad Jammu & Kashmir

Branches **9**

ATMs **8**

Khyber Pakhtunkhwa

Branches **77**

ATMs **79**

Islamabad Capital Territory

	Branches	ATMs
Islamabad	52	69
Rawalpindi	41	45
	93	**114**

Punjab

	Branches	ATMs
Bahawalpur	54	48
Faisalabad	64	74
Gujranwala	75	74
Lahore	150	179
Multan	83	87
Sargodha Region	34	32
	460	**494**

Balochistan

Branches **39**

ATMs **29**

Sindh

	Branches	ATMs
Karachi	**226**	**277**
Hyderabad	**55**	**58**
	281	**335**

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

HIGHLIGHTS 2022

More than
960 branches
in over
300 cities

One of the Largest Banks in Pakistan

Most Valuable Bank by Market Capitalization
amongst all banks listed on PSX

Launch of
Meezan Senior Citizen Account

Launched
Pakistan's 1st Digital Supply Chain Financing Platform
in collaboration with Fintech haball

Launch of
Meezan VISA Infinite Debit Card



Highest
Debit Card
spend in the industry

1,000+ ATMs





Best Consumer Bank of the Year-2022
Pakistan Banking Awards



Best Bank of the Year-2021
Large Size Banks
CFA Society Pakistan

Profit After Tax

Rs **45.01**

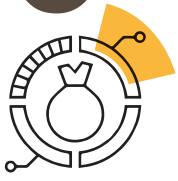
Billion



Deposits

Rs **1.66**

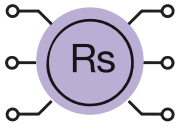
Trillion



Total Assets

Rs **2.58**

Trillion



Basic Earnings Per Share

Rs **25.15**



Deposit Growth

14%



Highest-rated Mobile Banking App

in Pakistan on Google Play Store & Apple App Store



Highest No. of Transactions

passing through 1Link Grid in Industry



Processed

Largest Commodity Imports Quantum

on account of

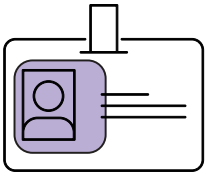
Trading Corporation of Pakistan

$375 million

15,000+

Employees

and Ambassadors of Islamic banking



Donated

Solar Power Systems



to The Indus Hospital & Citizens-Police Liaison Committee (CPLC)

CORPORATE PROFILE

Founded with the Vision to 'Establish Islamic banking as banking of first choice...', the Bank commenced operations in 1997 as Al Meezan Investment Bank Limited. It converted to Meezan Bank Limited, a full-fledged Islamic commercial bank in 2002, when the State Bank of Pakistan issued it Pakistan's first Islamic Commercial Banking license. Concurrently, the Bank acquired the Pakistan operations of Societe Generale and started commercial banking with a small network of four branches, that has now grown to become one of the largest banking networks in the country with 962 branches in 317 cities.

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

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

Credit Rating

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

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

2022	2021
AAA	AAA
Long Term	
A1+	A1+
Short Term	

Calendar of Major Events

January 27, 1997
Date of Incorporation



January 31, 2002
Issuance of Scheduled Islamic Commercial Bank license

March 20, 2002
Commencement of Operations as Scheduled Islamic Commercial Bank

October 17, 2014
Acquisition of HSBC Pakistan Operations

Financial Calendar 2022

1st Quarter Results
April 25, 2022

2nd Quarter Results
August 11, 2022

3rd Quarter Results
October 19, 2022

Annual Results
February 16, 2023

27th Annual General Meeting
scheduled on **March 29, 2023**

CORPORATE INFORMATION

Board of Directors

Riyadh S. A. A. Edrees	Chairman
Faisal A.A.A. Al-Nassar	Vice Chairman
Bader H.A.M.A. Al-Rabiah	
Mubashar Maqbool	
Faisal Fahad Al-Muzaini	
Naveed Iftikhar Sherwani	
Mohamed Guermazi	
Mohammad Abdul Aleem	
Nausheen Ahmad	
Yousef S. M. A. Al-Saad	
Irfan Siddiqui	President & CEO

Shariah Board

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

Management

Irfan Siddiqui	President & CEO
Ariful Islam	Deputy CEO

Chief Financial Officer

Syed Imran Ali Shah

Company Secretary

Muhammad Sohail Khan

Auditors

A. F. Ferguson & Co., Chartered Accountants

Legal Adviser

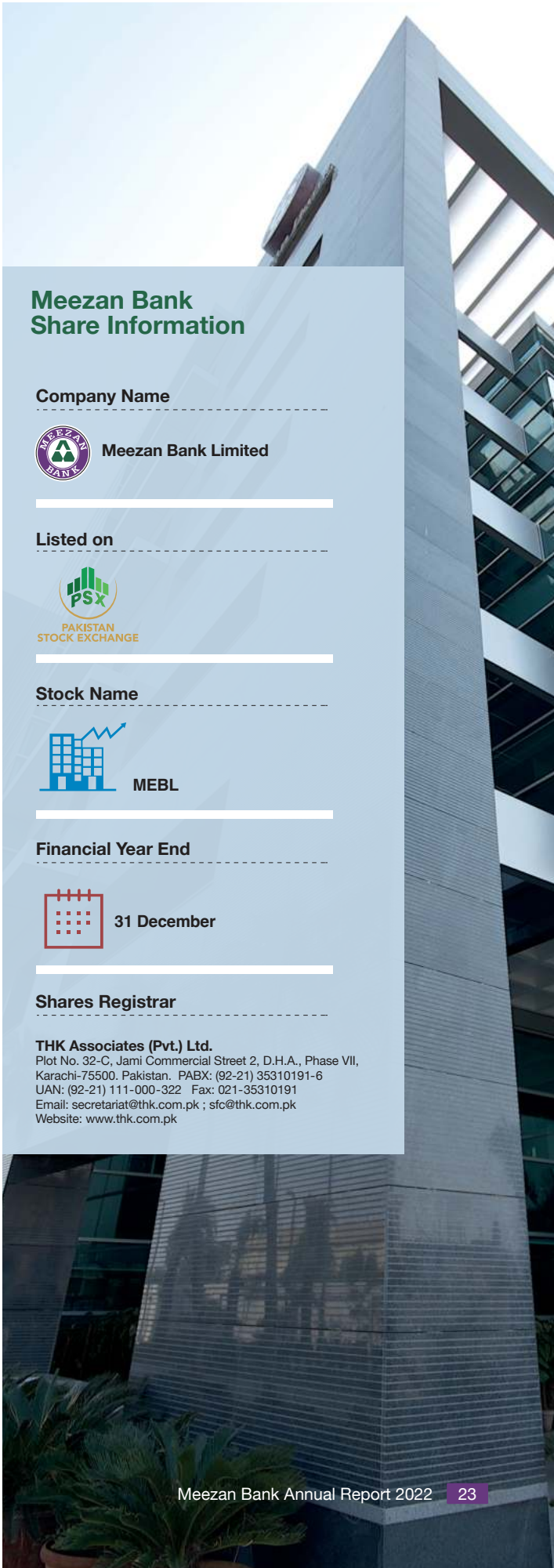
Haidermota & Co., Advocates

Registered Office

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

Contacts

PABX: (92-21) 38103500, 37133500, Fax: (92-21) 3640605
24/7 Call Centre: 111-331-331 & 111-331-332
Email: info@meezanbank.com
Website: www.meezanbank.com, www.meezanbank.pk



Meezan Bank Share Information

Company Name

Meezan Bank Limited

Listed on

PAKISTAN STOCK EXCHANGE

Stock Name

MEBL

Financial Year End

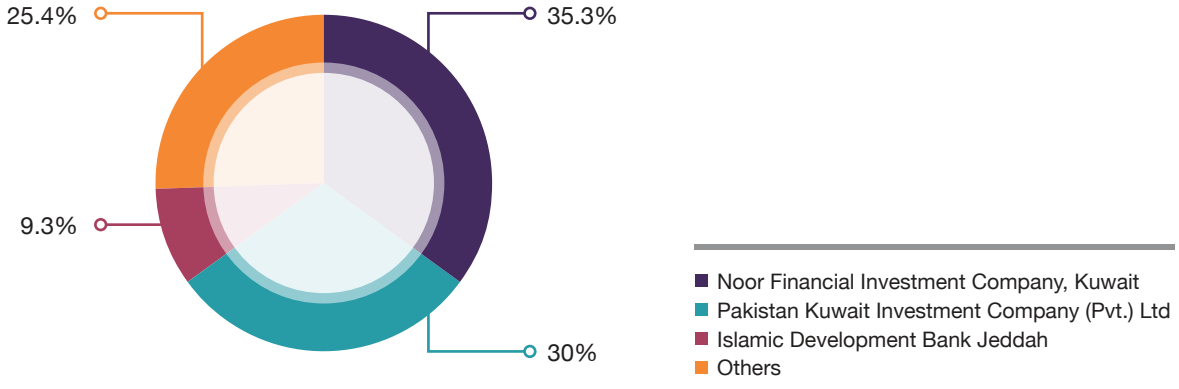
31 December

Shares Registrar

THK Associates (Pvt.) Ltd.
Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII,
Karachi-75500. Pakistan. PABX: (92-21) 35310191-6
UAN: (92-21) 111-000-322 Fax: 021-35310191
Email: secretariat@thk.com.pk ; sfc@thk.com.pk
Website: www.thk.com.pk

SHAREHOLDERS

Shareholding Structure



Noor Financial Investment Company

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

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

Pakistan Kuwait Investment Company

Pakistan Kuwait Investment Company (Private) Limited (PKIC), a joint venture between the Governments of Pakistan and Kuwait was established in 1979. PKIC is one of the most respected and profitable institutions in Pakistan. The company, operating for over 30 years in Pakistan, is engaged in investment and development banking activities in Pakistan. PKIC is the first financial institution in Pakistan that has been rated AAA (triple A) for the long-term by both PACRA and VIS Credit Rating Company.

Islamic Development Bank (IsDB)

Islamic Development Bank (IsDB) is located in Jeddah and is an International Financial Institution established in 1975 in pursuance of a declaration by the Conference of Finance Ministers of Muslim countries to foster economic development and social progress in member (Islamic) countries. IsDB has a subscribed capital of USD 70 Billion and enjoys presence in 57 member countries. The Bank participates in equity capital and grants loans for productive projects and enterprises besides providing financial assistance in other forms for economic and social development.

PRODUCTS AND SERVICES

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

Deposit Products

Meezan Rupee I Current & Savings Accounts PKR

Meezan Asaan I Current & Savings Accounts PKR

Meezan Express I Current & Savings Accounts PKR

Meezan Kids Club
Meezan Teen Club | Savings Account PKR

Meezan Senior Citizen I Savings Account PKR

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

Meezan Kafalah I Savings Account PKR

Meezan Bachat I Savings Account PKR

Karobari Munafa I Savings Account PKR

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

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

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

Meezan Payroll Partner I Savings Account PKR

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

Meezan Digi Asaan I Current & Savings Account PKR

Meezan Digi Remittance I Current & Savings Account PKR

Meezan Digi Freelancer I Current & Savings Account PKR

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

Monthly Mudarabah Certificate I One Month Maturity

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

Meezan Aamdan Certificate I 5.5 & 7 Years

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

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

Alternate Distribution Channels

Meezan Mobile Banking App

Meezan Internet Banking

SMS Alerts

SMS Banking

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

Meezan Visa Debit Cards I Infinite, Platinum, Gold & Classic

Meezan PayPak Debit Card

Meezan Supplementary Debit Cards

Contactless Payments I Debit Cards & Mobile Tap & Go

Discounts & Privileges

Meezan ATM Network

Fintech Services

Meezan Digital Account Opening App

Meezan POS Terminals

Meezan E-Commerce Payment Gateway

Branchless Banking

Smart Remittance Wallet I Wallet Account

Smart Asaan Mobile Account I Wallet Account

Smart Disbursement Solution I Employee Salary Account

Smart Wallet I Wallet Account

Priority Banking

Meezan Premium Banking

Consumer Financing

Car Ijarah I Shariah-compliant Auto Financing

Roshan Apni Car

Meezan Women First I Car Ijarah

Meezan Apni Bike I Shariah-compliant Motorcycle Financing

Easy Home I Shariah-compliant Home Financing

Easy Home – Mera Pakistan Mera Ghar I Shariah-compliant Home Financing

Meezan Roshan Apna Ghar I Shariah-compliant Home Financing

Meezan Women First I Shariah-compliant Home Financing

Meezan Consumer Ease* I

Meezan Solar I Shariah-compliant Solar Panel Financing

Transaction Banking

Meezan eBiz I Business Internet Banking Solution

Meezan eBiz+ I Payments & Cash Management Solution

Meezan eBiz+ LITE I SME Payments Solution

Financing Products

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

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

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

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

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

Ijarah I Long-Term Rental Facility I Running Musharakah I Shirkat-Ul-Aqd Based Financing

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

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

Letter Of Credit Services I Wakala Based Facility for Import Facilitation

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

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

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

Alternative To Export Bill Discounting I Short Term Salam/Musawamah/Tijarah based Facility

Islamic Export Refinance Scheme I Subsidized Short Term Financing for Exporters

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

Guarantee Services I Payment & Performance Guarantees I Kafalah Based Service

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

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

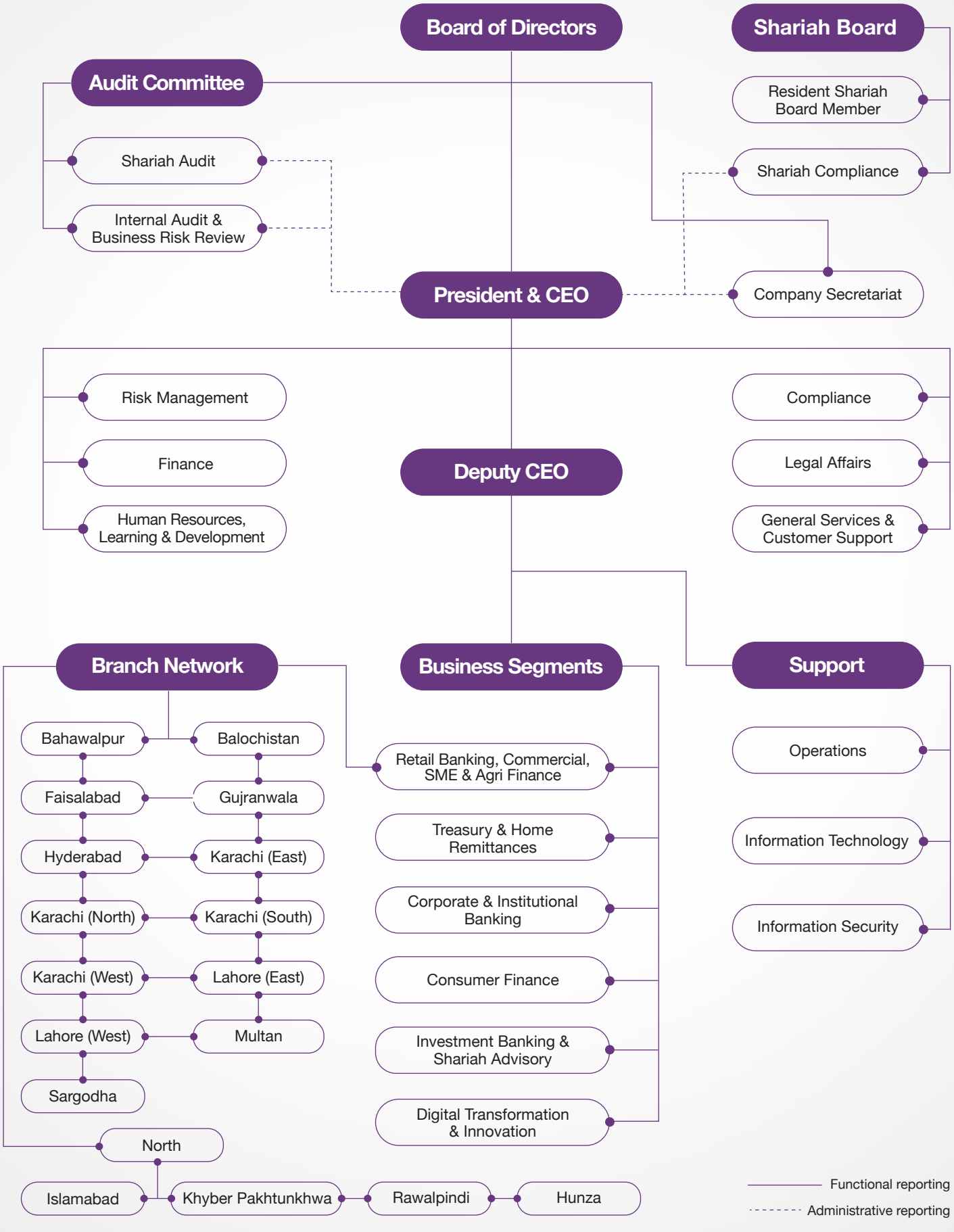
Commercial Vehicles Financing I Shariah-compliant Financing for SME & Corporate Segments

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

Detailed information is available on our website.

www.meezanbank.com

ORGANIZATION STRUCTURE



OUR LEADERSHIP

Senior Management Team

Mr. Irfan Siddiqui	President & CEO
Mr. Ariful Islam	Deputy CEO
Mr. Ahmed Ali Siddiqui	Group Head Shariah Compliance
Mr. Faiz Ur Rehman	Group Head Information Technology
Mr. Ijaz Farooq	Group Head Retail Banking, Commercial, SME & Agri Finance
Mr. Khalid Zaman Khan	Group Head Human Resources, Learning & Development
Mr. Muhammad Abdullah Ahmed	Group Head Corporate & Institutional Banking
Mr. Muhammad Raza	Group Head General Services & Customer Support
Syed Tariq Hassan	Chief Risk Officer & Group Head Risk Management
Mr. Zia Ul Hassan	Group Head Operations
Mr. Muhammad Sohail Khan	Company Secretary
Mr. Shahzad Abdullah	Group Head Treasury & Home Remittances
Syed Iftikhar Ul Haq	Group Head Consumer Finance
Mr. Ebrahim Yakoob	Head Internal Audit & Business Risk Review
Mr. Javed Ahmed	Head Compliance
Mr. Muhammad Farhan Ul Haq Usmani	Head Shariah Audit
Mr. Shariq Mubeen	Chief Digital Officer
Syed Imran Ali Shah	Chief Financial Officer
Mr. Urooj Ul Hasan Khan	General Manager Investment Banking & Shariah Advisory
Mr. Muhammad Umar Khan Fareedy	Head Legal Affairs

Regions

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

میزان

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

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

HISTORY OF MEEZAN BANK

1997



Establishment of Al Meezan Investment Bank

2002

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



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

Deposit base stood at **Rs. 5.08 billion**

Car Meezan Bank

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

2003

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

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

Meezan EasyHome

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

2004

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

Deposit base grows to Rs.13.7 billion

Number of branches reaches 16

Online Banking is launched across all branches

2005

Islamic Finance news Awards

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

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

2006

Deposit base grows to **Rs. 34 billion**

Number of branches reaches 62 in 21 cities

Internet Banking launched



2007

Celebrating 100 Branches

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



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

Deposit base grows to **Rs. 54 billion**

2008

166 Branches 40 Cities

Branch Network expands to **40 cities**

Deposit base grows to **Rs. 70 billion**

Launch of first Government of Pakistan Ijarah Sukuk

2009

201 Branches 54 Cities

Deposit base crosses **Rs. 100 billion**

Bank handles more than Rs. 100 billion of Import/Export business



MeezanVISA Debit Cards launched

Launched Meezan Rozgar

2010

252 Branches 63 Cities

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

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

2011

275 Branches 83 Cities

9th largest bank in Pakistan in terms of branch network



Meezan House inaugurated

2012

10 Years of Meezan Banking 310 Branches 90 Cities

Total deposits cross **Rs. 230 billion**

Launch of Meezan Visa Platinum Debit Card

MEEZAN PREMIUM BANKING

Launch of Meezan Premium Banking & Premium Banking Centers

Launch of Mock Branches for staff training

Meezan KidsClub & Meezan TeensClub Account Launched

2013

350 Branches Over 100 Cities

8th largest bank in Pakistan in terms of branch network

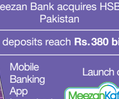
Total deposits reach **Rs. 289 billion**

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

Launch of SMS Banking

2014

428 Branches 117 Cities



Meezan Bank acquires HSBC Pakistan

Total deposits reach **Rs. 380 billion**

Mobile Banking App Launched

Launch of MeezanKafalah

Corporate Internet banking Launched

Launch of Meezan Roshni



Meezan Titanium MasterCard Debit Card Launched

2015

551 Branches 143 Cities

Meezan Bank acquires Pakistan operations of HSBC Oman



Agreement Signing with Karandaaz Pakistan

Total deposits reach Rs. 472 billion

Meezan Upaisa - World's First Islamic Branchless Banking Service

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

2016

570 Branches 145 Cities

Best Islamic Bank in Pakistan

Pakistan Banking Awards

Launch of New Corporate Website

Official facebook Page crosses 1 Million Fans

2017

600 Branches 150 Cities

Celebrating 15 Years of Shariah Governance Excellence

Top 25 Companies of the Year, 2016

Most Innovative Solution Deployed for Cash Displacement



Launch of EMV Chip & NFC enabled Debit Card

PSHRM Pakistan Society of Human Resource Management

Top 10 Excellent Places to Work
Best Place to Work in Financial Services Industry

Best HRM Practices Employer of the Year 2016



Launch of secure online shopping with 3D secure

2018

660 Branches 180 Cities

8th Largest Bank in terms of Branch Network



Awarded 'Best Bank for 2018' by Pakistan Banking Awards



Launch of Visa Platinum & Supplementary Debit Cards

Launch of Meezan Express Account



Launch of New Internet Banking



Launch of Fastest Debit Cards Activation over ATM in Pakistan



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

2019

760 Branches 220 Cities

6th Largest Bank in terms of Branch Network & Deposits

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



Launch of New Mobile Banking App



Launch of SkimGuard protection on ATMs of other banks

SkimGuard

2020

815 Branches 248 Cities



Best Bank 2020 Pakistan Banking Awards



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

Best Overall Islamic Bank - Global Award
Most Innovative Islamic Bank - Global Award
Islamic Finance news



Strongest Islamic Bank in Asia - 2020
Strongest Bank in Pakistan - 2020
The Asian Banker 500 Largest and Strongest Banks Ranking
THE ASIAN BANKER



Launch of Continuous Improvement Program

CONTINUOUS IMPROVEMENT PROGRAM

2021

902 Branches 290 Cities

4th Largest Bank in terms of Deposits

CFA Society Pakistan



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

State Bank of Pakistan - by former Prime Minister Mr. Imran Khan



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



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

Islamic Finance news



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

VIS Credit Rating Company Limited

Credit ratings upgraded to AAA - the highest possible rating in financial industry



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

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



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

2022

962 Branches 300 Cities 25 Years



More than 1,000 ATMs nationwide

Best Consumer Bank 2022
Pakistan Banking Awards

CFA Society Pakistan

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

Islamic Finance news



Best Islamic Retail Bank - Glo
Best Islamic Bank - Pakista
Best Investment Bank - Pakis
Best Corporate Bank - Pakis
Best Retail Bank - Pakistan
Most Innovative Bank - Pakis
Best Digital Offering - Pakis



Launch of Meezan Mobile Tap Go - Mobile based contactless payme

haball

Launch of Wisaaq- Pakistan's first digit supply chain financing platfo powered by Haball

Meezan Senior Citizen Account

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

Meezan Payroll Stores

Launch of Meezz Payroll Partner

Exclusive digital employee banking solution



Launch of Meezan Visa Infinite card

AWARDS AND RECOGNITIONS

Over the past 25 years, Meezan Bank has been recognized by its peers as well as national and international organizations for its industry leadership.

The awards and recognition received by the Bank in financial year 2022 are mentioned below:



Mr. Irfan Siddiqui - President & CEO, Meezan Bank and Mr. Ariful Islam - Deputy CEO, Meezan Bank while receiving the awards from Mr. Jameel Ahmed - Governor, State Bank of Pakistan at the 19th Annual Excellence Awards, CFA Society of Pakistan.



Mr. Irfan Siddiqui - President & CEO, Meezan Bank while receiving the award from Mr. Miftah Ismail - Former Minister of Finance, Pakistan at the Management Association of Pakistan 37th Corporate Excellence Awards.



Meezan Bank wins Fire Safety Award 2022 by National Forum for Environment & Health (NFEH) in collaboration with the Fire Protection Industry of Pakistan (FPIP).



Honoured to be recognized by the Islamic Finance Forum of South Asia, Islamic Finance News - Malaysia, Global Islamic Finance Awards, Pakistan Banking Awards, CFA Society of Pakistan among other local and international platforms.

2022

Pakistan Banking Awards
Best Consumer Bank

CFA Society Pakistan
Best Bank of the Year – Large Size Banks
Best Islamic Bank of the Year
Best Digital Banking Services Award of the Year

The Asian Banker
The Asian Banker CEO Leadership Achievement for Pakistan Award - Mr. Irfan Siddiqui, Founding President & CEO, Meezan Bank
Best Managed Bank in Pakistan – Meezan Bank

The Banker
Islamic Bank of the Year, Pakistan

Islamic Finance Forum of South Asia (IFFSA) Awards
Gold Award for Islamic Finance Entity of the Year (Large Category)
Gold Award for Islamic Bank of the Year
Gold Award for Islamic Investment Bank of the Year
Gold Award for Islamic Finance Education Provider of the Year
Gold Award for Islamic CSR Project

Asset Triple A – Hong Kong
Islamic Bank of the Year - Pakistan
Best Trade Finance Bank - Pakistan
Best Islamic Investment Bank - Pakistan
Sukuk Adviser of the Year - Pakistan
Best Green Financing - Pakistan
Cherat Cement Company 1.4 billion rupees facility Mandated lead adviser and arranger
Best Syndicated Loan - Pakistan
Pakistan Mobile Communications 10.5 billion rupees Islamic syndicated term finance facility Shariah adviser, mandated lead adviser and arranger

Islamic Finance News – Malaysia
Best Islamic Retail Bank - Global
Best Islamic Bank - Pakistan
Best Investment Bank - Pakistan
Best Corporate Bank - Pakistan
Best Retail Bank - Pakistan
Most Innovative Bank - Pakistan
Best Digital Offering - Pakistan

Pakistan Stock Exchange Limited
Top 25 Companies of the Year - 2020 (2nd position)

Global Islamic Finance Awards
Shari'a Authenticity Award
Shari'a Auditor of the Year
Best Islamic Bank

Global Finance – New York
Best Islamic Financial Institution in Pakistan

AsiaMoney
Most Outstanding Company in Pakistan - Banking Sector

Asian Banking and Finance Corporate & Investment Banking Awards
Innovative Islamic Deal of the Year - Pakistan

Employers Federation of Pakistan (EFP)
Employer of the Year - Large National Companies (2nd Position)

MAP - Management Association of Pakistan
Best Company in Financial Category

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

12th Annual Fire Safety Awards
Fire Safety Award 2022

Shaukat Khanum Social Responsibility Awards
Shaukat Khanum Corporate Excellence Award

2021

CFA Society of Pakistan
Best Bank of the Year - Large Size Banks
Best Islamic Bank of the Year

Islamic Finance News – Malaysia
Best Islamic Bank in Pakistan
Most Innovative Deal of The Year - *Enertech's PKR 25.5 Billion Sukuk*
Syndicated Deal of The Year - *Pakistan Mobile Communications Syndicated Finance Facility*
Pakistan Deal of The Year - *Enertech's PKR 25.5 Billion Sukuk*

Asset Triple A Country Awards
Best Structured Finance Deal, Pakistan - *Pakistan Mobile Communications Syndicated Term Finance Facility*

State Bank of Pakistan
Best Performing Bank (1st position)
Fastest Growing Bank
Highest Amount of Remittances through Roshan Digital Account (1st position)
Top Performance Award - disbursements & approvals in Mera Pakistan Mera Ghar (2nd Position)

Employer of Year Awards
Employer of the Year - Diamond Award

ICAP and ICMAP
Best Corporate Reports Awards - Banking sector 3rd Position

International Finance Award
Fastest Growing Digital Transformation Bank - Pakistan

Asiamoney
Most Outstanding Company in Pakistan - Banking Sector

World Finance Magazine
World Finance Banking Awards
Best Banking Group - Pakistan
Best Retail Bank - Pakistan
World Finance Islamic Finance Awards
Best Islamic Bank - Pakistan

Asian Banking and Finance Corporate & Investment Banking Awards 2021
Renewable Energy Bank of the Year - Pakistan
Green Deal of the Year - Pakistan

Asset Triple A – Hong Kong
Islamic Bank of the Year - Pakistan
Best Islamic Retail Bank - Pakistan
Best Islamic Trade Finance Bank - Pakistan
Best Islamic Investment Bank - Pakistan
Sukuk Adviser of the Year - Pakistan
Best Islamic Custodian - Pakistan

Asset Triple A Asia Infrastructure Awards
Power Deal of the Year - Pakistan *for Punjab Thermal Power Private Limited US$583 million project finance and working capital finance facilities*

Global Islamic Finance Awards
Shari'a Authenticity Award
Shari'a Auditor of the Year
Islamic Banker of the Year - Mr. Irfan Siddiqui

The Banker
Islamic Bank of the Year, Pakistan

Global Finance – New York
Best Islamic Financial Institution in Pakistan

Islamic Finance Forum of South Asia (IFFSA) Awards
Gold Award - Islamic Finance Entity of the Year (Large)
Islamic Bank of the Year - Large
Islamic Investment Bank of the Year
Islamic Finance Advisory Services Provider of the Year

2020

Pakistan Banking Awards
Best Bank - 2020

CFA Society Pakistan
Best Bank of the Year - Large Size Banks
Best Islamic Bank of the Year
Best Corporate Finance House of the Year - Fixed Income

State Bank of Pakistan
Highest amount of Deposits through Roshan Digital Account
Highest amount of Investment in Islamic Naya Pakistan Certificates

The Asian Banker
*Strongest Bank of Pakistan
*Fifth Strongest Islamic Bank in the World - 2020 *in 500 Largest and Strongest Banks Ranking*
**by balance sheet*

Islamic Finance News (IFN) – Malaysia
Best Overall Islamic Bank - Global Award
Most Innovative Islamic Bank - Global Award
2nd Position, Best Islamic Private Bank - Global Award
2nd Position, Best Islamic Retail Bank - Global Award
Best Islamic Bank in Pakistan

Global Finance – New York
Best Islamic Financial Institution - Pakistan
Best Trade Finance Provider - Pakistan

Asset Triple A – Hong Kong
Islamic Bank of the Year - Pakistan
Best Islamic Retail Bank - Pakistan
Best Islamic Trade Finance Bank - Pakistan
Best Islamic Investment Bank - Pakistan
Sukuk Adviser of the Year - Pakistan
Best Islamic Loan Adviser - Pakistan
Best Islamic Custodian - Pakistan
Best Green Financing - Pakistan, *NASDA Green Energy transaction*
Best Quasi–Sovereign Sukuk - Pakistan, *Power Holding (Pvt) Limited*
Best Structured Financing - Pakistan, *Avari Hotels syndicated Islamic finance facility*
Best Syndicated Loan - Pakistan, *Pakistan Mobile Communications Limited syndicated term finance facility*

Asset Triple A Asia Infrastructure Awards
Renewable Energy Deal of the Year - Pakistan
Telecom Deal of the Year - Pakistan

Global Islamic Finance Awards
Shariah Authenticity Award
Shariah Auditor of the Year
Sukuk House of the Year

Islamic Finance Forum of South Asia (IFFSA) Awards
Gold Award - Islamic Finance Entity of the Year (Large) Gold Award - Islamic Finance Advisory Services Provider of the Year
Gold Award - Islamic Investment Bank of the Year
Gold Award - Islamic Bank of the Year - Large
Silver Award - Islamic Finance Deal of the Year

Asian Banking and Finance Corporate & Investment Banking Awards
Project Infrastructure Finance Deal of the Year - Pakistan

ICAP and ICMAP
Best Corporate Reports Awards - Banking sector 3rd Position

DIRECTORS' REPORT TO THE MEMBERS

بِسۡمِ اللّٰہِ الرَّحۡمٰنِ الرَّحِیۡمِ

On behalf of the Board of Directors, we are pleased to present the twenty-sixth Annual Report of Meezan Bank for the year ended December 31, 2022.

25 years of Islamic Banking

Alhamdullillah, 2022 was a year of reflection and celebration for Meezan Bank. Formed with the Vision of establishing '***Islamic banking as banking of first choice'*** in 1997 as Al Meezan Investment Bank, this year marked the silver jubilee of our organisation as we completed twenty-five years of providing Riba-free banking services to our customers. As we reflect on our journey from being the smallest commercial bank in the country to one of the largest and most valued customer franchises, we must, first and foremost thank Allah SWT for his Blessings without which none of this would have been possible. At the same time, we are grateful for the extraordinary efforts and dedication of our current and past Directors of the Board, Members of the Shariah Board, Senior Management and employees in making this Vision a reality. We are fortunate that through Meezan Bank, the seed of Islamic banking has been sowed in Pakistan, and are proud of our efforts in growing the Islamic Banking Industry (IBI).

Meezan Bank is the youngest bank in Pakistan to have attained the prestigious AAA Credit Rating in just 19 years of operations and also has the highest market cap amongst all the banks listed on the Pakistan Stock Exchange.

Having laid down the foundations of Islamic banking in Pakistan to eliminate Riba from the country, our Bank's successful endeavors have acted as a catalyst for developing landscape for Shariah-compliant banking and financing solutions for customers through innovation and capacity building across the IBI. We have historically conducted awareness sessions at all forums for the promotion of the Islamic finance and also played our pioneering role in development of Islamic banking certifications at leading education institutions to foster and enrich Islamic bankers in the country. As a direct result of these steps, today the Islamic Banking Industry has grown from a single institution to six full-fledged Islamic banks and fifteen Islamic banking windows of conventional banks. Many of the prominent Islamic banking ambassadors have been nurtured and trained with us in one way or the other. The market share of dedicated Islamic banks and Islamic banking windows now stands at 21%.

We sincerely acknowledge and appreciate the efforts of the Government of Pakistan (GoP) and the State Bank of Pakistan (SBP) for developing the IBI in Pakistan. The Honourable Federal Shariat Court (FSC)'s much awaited verdict on Riba, to complete conversion of the financial system to a Shariah-compliant interest-free system in five years, is an important milestone for us. We wish to place on record our appreciation for the formation of Steering Committee by the GoP's Finance Division for implementation of FSC's decision. We feel immense joy in informing you that the Chairman of our Shariah Board, Justice (Retd.) Muhammad Taqi Usmani and our Founding President and CEO, Mr. Irfan Siddiqui have been nominated as members of this Steering Committee to provide strategic guidance and support, aid in capacity building and monitor the progress in implementation of the FSC's verdict on a Riba-free Pakistan. The Board acknowledges the extraordinary contributions of our Chairman Shariah Board and our President & CEO towards the promotion of Islamic banking. We firmly believe that we owe our success to the blessings of Allah (SWT) and strong adherence to our Core Values of Shariah-compliance, Integrity and Service Excellence.

Economic Overview

2022 started on high hopes as the world economy started to rebound on recovery from the COVID-19 pandemic. However, this optimism was short-lived and soon ended with the emergence of the Russia–Ukraine conflict that trigged a downward spiral in global macroeconomic environment and led to a commodity super cycle (including oil) affecting economies around the world. For emerging markets like Pakistan, the economic challenges were further exacerbated due to a turn in the global interest rate cycle. Resultantly, Pakistan's economy, after posting a GDP growth of 6.0% in fiscal year 2022, slowed down with significant contraction in latter part of the year.

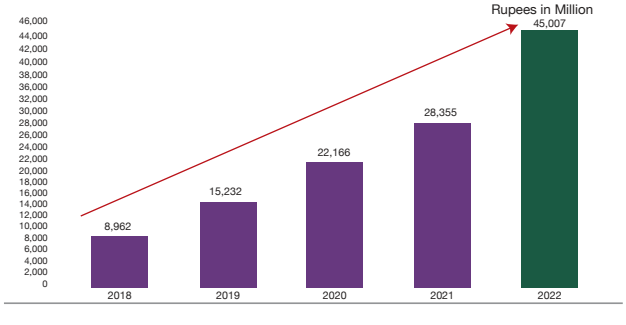
The economic challenges were further amplified with the convergence of domestic political unrest and unprecedented catastrophic floods that rendered more than 30 million people homeless and washed away thousands of cattle and agriculture crops, resulting in balance of payments pressures, fiscal slippages and high inflation. Inflation rose from 12.3% at the beginning of the year to 24.5% in December 2022. In response to the rising inflation in the country, the State Bank of Pakistan (SBP) also tightened its monetary policy stance thereby raising the policy rate (benchmark rate) in a staggered manner from 9.75 percent at the beginning of 2022 to 16 percent by the end of 2022 - a cumulative rise of 625 basis points. In January 2023, the benchmark rate was further increased to 17 percent. The exit from the FATF grey list was overshadowed by the concerns on macro-economic stability. The national bourse also witnessed a decline and lost 9 percent of its value, closing at 40,420 points compared to a level of 44,596 points in 2021.

The Federal Government is striving to control non-essential imports, enforcing austerity measures and striking a balance between fiscal prudence and economic relief for the masses. The resumption of IMF program will unlock the financial support from friendly countries and other multilateral institutions. In another positive development, Pakistan was able to secure total pledges of around $10 billion in the International Conference on Climate Resilient Pakistan which took place in January 2023.

Our Performance

By the grace of Allah (SWT), despite deteriorating economic indicators, we continued our growth trajectory and delivered strong financial results. Profit After Tax increased by 59% over the previous year to Rs 45 billion from Rs 28.4 billion with Return on Equity clocking at over 40%. We have consistently maintained return on equity above the industry average and have focused on value creation for our shareholders. The basic earnings per Share – increased to Rs 25.15 from Rs 15.84 per share on enhanced share capital of Rs 17.9 billion.

Profit After Tax



Dividend per Share

We are pleased to inform you that the Board has approved Rs 3.00 (30%) per share final cash dividend for the fourth quarter of 2022. This brings the total cash dividend payout for the year to Rs 8.50 (85%) per share including Rs 5.50 (55%) interim cash dividends paid during the year. This is in addition to the issuance of 10% bonus shares during the year. Alhamdulillah, we have maintained our tradition of unbroken dividend pay-outs since the date of our listing on the Stock Exchange.

Most Valuable Bank by Market Capitalization

During the year 2022, Meezan Bank remained the most valuable bank in Pakistan, in terms of market capitalization, which highlights investors' confidence on our Bank's management, our performance and growth potential.

Rs in Million

Profit and Loss Account	2022	2021
Profit / return earned on financing, investments and placements	232,121	110,072
Return on deposits and other dues expensed	(110,417)	(41,151)
Net spread earned	**121,704**	**68,921**
Fee, commission and other income	14,553	10,193
Foreign exchange income	3,617	3,158
Dividend income and gain / (loss) on securities - net	933	1,541
Non-funded and other income	**19,103**	**14,892**
Total Income	**140,807**	**83,813**
Operating and other expenses	(48,245)	(35,324)
Profit before provisions	**92,562**	**48,489**
Provisions and write offs - net	(4,177)	(993)
Profit before taxation	**88,385**	**47,496**
Taxation	(43,378)	(19,141)
Profit after taxation	**45,007**	**28,355**
Earnings per share - on enhanced capital - Rs	25.15	15.84

Profitability

Net Spread

Return on financings, investments, and placements increased to Rs 232 billion from Rs 110 billion last year – higher by 111% driven by substantial rise in earning assets and a higher underlying benchmark policy rate. The average policy rate during the year increased from 7.29% to 13.20%. The return on deposits and borrowings also increased to Rs 110 billion from Rs 41 billion in 2021 – higher by 168% due to an increase in average deposits and borrowings volume and an increase in depositors' profit rates.

28% Growth in Non-funded income - Driven by Rise in Trade Volumes & Digital Initiatives

Fee, commission and other income posted a robust uptick of 43% to Rs 14.6 billion from Rs 10.2 billion last year, led by an increase in debit cards, trade and branch banking related income. In 2022, more than 400,000 cards were added to our debit card portfolio, growing the portfolio size to over 2.8 million cards. Overall spend on debit cards also grew from Rs 78 billion to Rs 149 billion, a rise of 90%, with NFC transactions increasing by 8 times. Similarly, Inter Bank Fund Transfers (IBFT) and Utility Bill Payments (UBP) volumes reached a total throughput of Rs 2 trillion and Rs 400 billion respectively with transactions count growing by 83% and 82%. Our state-of-the-art mobile banking app continues to provide a seamless platform for customers to carry out their digital transactions in a secure and efficient manner. Meezan Bank's mobile banking application remained the industry leader, with an unbeatable 4.9 rating on both Google Play Store and Apple App Store throughout the year. Nearly 1.4 million 'financially active' customers used our mobile application to conduct more than 166 million digital transactions in 2022.

Our trade business volume reached Rs 2.2 trillion compared to Rs 1.7 trillion a year ago. We consider trade finance business a key segment as it not only contributes to fee income but also attracts current account balances which in turn drive higher profitability. Our extensive network of correspondent banks aids us in aggressively competing for trade business. Foreign exchange income also rose by 15% due to strong trade flows, prudent risk mitigation and concerted sales efforts. On an overall basis, non-funded income recorded a 28% growth, closing at Rs 19.1 billion.

Operating expenses

Operating and other expenses also increased by 37% to Rs 48.2 billion from Rs 35.3 billion, primarily due to an increase in costs associated with the opening of 60 new branches during the year; a substantial rise in inflation; steep rupee devaluation and investment in IT-related initiatives. Notwithstanding this increase in expenses, our income efficiency ratio improved to 34% from 42% last year due to our continued focus on cost rationalization, process automation and an efficient operating cycle.

Taxation – Contribution to the National Exchequer

The Federal Government, through Finance Act 2022, raised the tax rate on banking companies to 49% for the year 2022 (39% normal tax and 10% Super Tax) versus 39% in 2021 (35% normal tax and 4% Super Tax). As a result of this increase in tax rate and due to growth in our profitability, we have recorded a higher tax charge of Rs 43.4 billion for 2022 (2021: Rs 19.1 billion).

Furthermore, Federal Government increased additional penal tax rate for banks failing to maintain Gross Advance to Deposit Ratio (ADR) above 50% level. However, we did not attract this additional penal tax, due to our efficient tax strategy to maintain ADR at 50% plus levels.

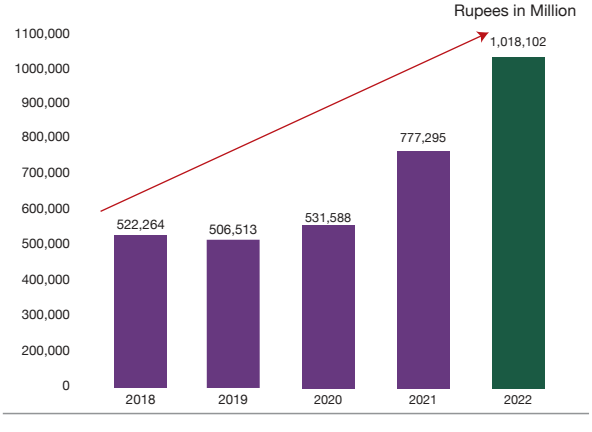
During 2022, we also collected, withheld, and deposited Rs 21.9 billion (2021: Rs 16.4 billion) in the National Exchequer, on account of Income Tax / Federal Excise Duty / Provincial Sales Tax on Services as withholding tax agent on behalf of the Federal Board of Revenue and Provincial Tax Authorities.

Balance Sheet Insights

Sizable growth in financings and investment portfolio augmented our total assets, which crossed the Rs 2.5 trillion mark as compared to Rs 1.9 trillion in 2021- an increase of 35% or Rs 674 billion. A snapshot of key business results achieved during the year is as under:

Key Business Results	2022	2021	Variation
Investments			
Sovereign	Rs 1.26 trillion	Rs 594 billion	112% ▲
Others	Rs 22 billion	Rs 26 billion	(15%) ▼
	Rs 1.28 trillion	Rs 620 billion	107% ▲
ADR (Gross Advance to Deposits) -%	61%	53%	15% ▲
Islamic Financing and Related Assets - Gross	Rs 1.02 trillion	Rs 777 billion	31% ▲
Deposits	Rs 1.66 trillion	Rs 1.46 trillion	14% ▲
Total Assets	Rs 2.57 trillion	Rs 1.90 trillion	35% ▲
Equity	Rs 115.3 billion	Rs 86.6 billion	33% ▲
Capital Adequacy ratio	18.42%	17.81%	3% ▲
Dividend per share:			
Cash Dividend - Rs	8.50	6.00	42% ▲
Bonus Issue	10%	15%	(50%) ▼
Branch Network	962 Branches	902 Branches	7% ▲
Presence	317 Cities	290 Cities	9% ▲
Trade Business (Imports and Exports)	Rs 2.18 trillion	Rs 1.69 trillion	29% ▲

Gross Financing



31% Growth in Gross Financings Portfolio

In line with our unwavering focus on maintaining a high-quality diversified asset portfolio spread across all segments including Corporate, Commercial & SME and Consumer, this year our gross financing portfolio crossed the Rs 1 trillion milestone and grew by 31% or Rs 241 billion without compromising on risk-acceptance parameters. Gross advances to deposits ratio (ADR) also rose to a comfortable level of 61% from 53% last year.

We continued to actively support the SBP-led initiatives for increasing financial inclusion and overall economic development of the country through participation under several refinance schemes and initiatives. These included Prime Minister's Kamyab Jawan Program, Islamic SME Asaan Finance (ISAAF), and Roshan Apna Ghar and Roshan Apni Car schemes for Non-Resident Pakistanis, to name a few. We have also extended our support to the agriculture sector and exceeded the SBP assigned targets of agriculture credit disbursement for 2021-22. The total exposure under various SBP refinance schemes has increased by more than 25%.

To support and promote affordable Islamic housing finance for the masses, we have joined hands with the Pakistan Mortgage Refinance Company (PMRC) this year. We have also introduced a new product – "Meezan Women First – Car Ijarah" to reduce the gender gap in financial inclusion. Concerning United Nations Environmental Social Governance Framework, we are actively extending solar financing to reduce the carbon footprint in the economy.

Non-Performing Financings and Provisions

During 2022, a specific provision charge of Rs 815 million and a reversal of Rs 1.48 billion was recorded against non-performing financings. In view of recent catastrophic floods and the risk of any potential non-performing financings arising given the current economic slowdown, an additional general provision of Rs 3.75 billion was made during the year which takes the non-performing financing coverage ratio to 166% - one of the highest in the banking industry. The portfolio infection ratio (non-performing financing

ratio) remains at one of the lowest levels of 1.3% versus the overall banking industry average of 7.6%. We believe our existing level of provision adequately covers the impact of IFRS-9 implementation. Accordingly, we do not foresee any financial impact as a result of the adoption of IFRS-9 with effect from January 01, 2023.

Growth in Investments

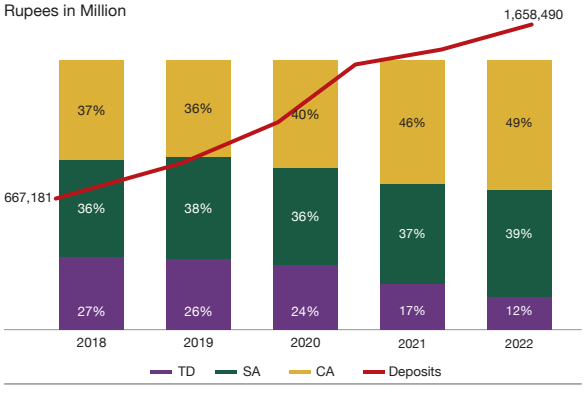
Our investment portfolio grew by 107% to Rs 1.28 trillion from Rs 620 billion last year. The issuance of GoP Ijarah Sukuk at regular intervals enabled us to increase the size of our investment book and reduce dependency on inter-bank secured placements under Bai Muajjal. During the year, an additional Rs 706 billion were invested in GoP Ijarah Sukuk taking the total GoP Ijarah Sukuk portfolio to Rs 1.1 trillion from Rs 398 billion. Out of the total investment portfolio, 98% represents investment in Federal Government / Government Guaranteed Securities.

The implementation of SBP's Shariah-compliant Open Market Operations (OMO-Injections) and Shariah-compliant Standing Ceiling Facility has immensely helped the Islamic Banking Industry to manage its day-to-day liquidity more efficiently, for which we remain grateful to the Government of Pakistan and the SBP.

Growth in Deposits

While the banking industry's deposits recorded a growth of 7% in 2022, our deposits grew by 14% to Rs 1.66 trillion from Rs 1.46 trillion as at December 2021, with a market share of 7.4% in the banking industry. More importantly, the deposit growth stemmed from Current Account (CA) deposits which grew to Rs 819 billion - recording a growth of Rs 152 billion or 23% over last year. Current Accounts now represent 49% of total deposits – almost half of our total deposit book, while Saving Accounts (SA) represent 39% of total deposits, reflecting a growth of 18%. The CASA deposits now account for 88% of total deposits, amounting to Rs 1.46 trillion. Our focus on continuously innovating our product offering and ensuring unparalleled and seamless service delivery to our customers through both digital and physical channels has enabled us to achieve these milestones and has contributed in the shape of higher brand loyalty, customers' trust and satisfaction.

Growth in Deposits



Roshan Digital Account (RDA)

Alhamdulillah, we continue to lead the RDA inflows in the industry. Till the end of 2022, we received around USD 1.4 billion since inception with a market share of around 25% in terms of RDA inflows in the industry and a total of more than 83,000 accounts. We now have a dedicated Roshan Digital Centre – another industry first, inaugurated by the then SBP Governor (Acting). This Centre is specifically designed to dedicatedly cater to the ever-growing needs of our overseas customers through innovative means. During 2022, the following milestones were achieved for RDA:

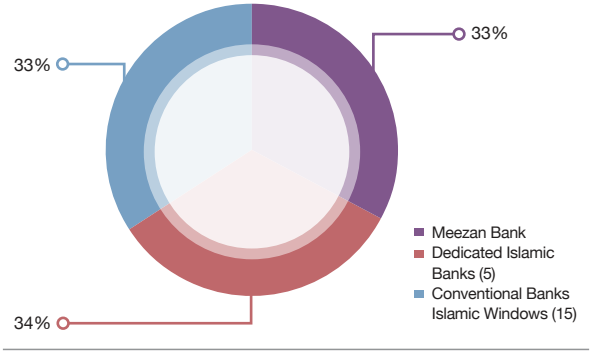
- USD $ One billion plus inflow since inception;
- Highest number of Roshan Equity Accounts – Rs 3 billion worth of deposits; and
- Over Rs 1 billion disbursement of Car Ijarah to our RDA customers since inception.

We will continue our active engagement with the SBP to create awareness about RDA and offer Shariah-compliant products to overseas Pakistanis for their banking needs.

Islamic Banking Industry

Islamic banking continues to strengthen its roots in Pakistan with Meezan Bank as the market leader, offering a complete range of Islamic banking products and services. The share of Islamic Banking Industry deposits now stands at 21% of the total banking industry deposits. Meezan Bank's share of deposits amongst dedicated Islamic banks operating in Pakistan is approximately 49% while its share of the Islamic banking industry as a whole, including Islamic banking windows of conventional banks in Pakistan is 33%.

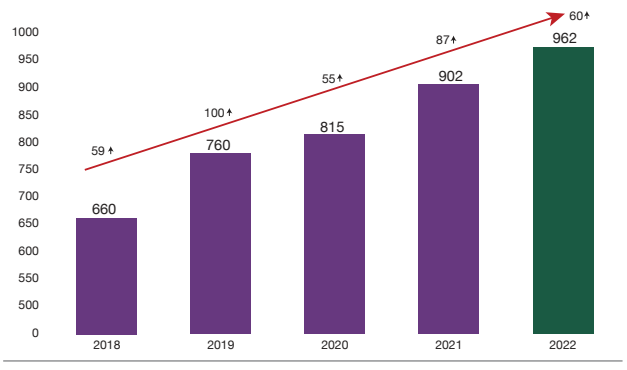
Share of Meezan Bank in Islamic Banking Industry - based on deposits



Growth in Branch Network

Our Bank follows a hybrid growth model underpinned by expanding its physical presence in underserved areas of the country whilst simultaneously augmenting its digital footprint through innovative offerings and smooth channel migration. With this spirit, another sixty branches in twenty-seven new cities were added to our network during the year. Our geographical network now stands at 962 branches in 317 cities (2021: 902 Branches in 290 cities). We believe that continued expansion in both physical and digital space is important, owing to the large, diversified, and geographically dispersed unbanked population of the country.

Branch Network



ATM Network

In addition to the branch network, we operate with an extensive network of 1,000 plus ATMs across the country. We are the 3rd largest bank in Pakistan to acquire off-us transactions despite a relatively smaller ATM network compared to other banks. This shows the trust and confidence of other banks' customers in the up-time and availability of cash at Meezan Bank's ATMs at all times.

Merchant Acquiring Business

We continued to deepen our presence in the digital space through its merchant acquiring initiative. In 2022, we processed transactions worth Rs 22.2 billion through our POS machines and within the first year of launch, expanded its acquiring footprint to over 254 cities in Pakistan. Our acquiring business also increased to 11,000 plus POS machines deployed with merchants across Pakistan.

Credit Rating

VIS Credit Rating Company Limited has reaffirmed our entity ratings at 'AAA/A-1+' (Triple A/ A-One Plus) which denotes the highest credit quality with negligible risk factors. The outlook on the assigned ratings is 'Stable'.

Capital Adequacy Ratio

We remain adequately capitalized with Capital Adequacy Ratio (CAR) of 18.42% - significantly above the minimum regulatory requirement of 12.00% for 2022. It is worth highlighting that our Common Equity Tier-I (CET-I) to total risk weighted assets ratio is almost twice the minimum regulatory requirement of 8% after witnessing an increase of 189 basis points in 2022 – reflective of the quality of our regulatory capital:

Capital Adequacy Ratio (CAR)	Dec 31, 2022	Dec 31, 2021	Minimum Requirement
Common Equity Tier I – (CET I)	14.78%	12.89%	8.00%
Tier I	15.69%	14.00%	9.50%
CAR	18.42%	17.81%	12.00%

Human Capital

Alhamdulillah, we continued to recognise potential talent in the economy and created 1,300 plus new employment opportunities in both rural as well as urban areas. Our human capital now comprises more than 15,000 resources. We believe in building a dynamic and professionally competent workforce capable of providing a world-class banking experience to our customers.

Continuing with the philosophy of developing and nurturing quality talent, we continued our hybrid learning model using a blended approach (including Virtual Instructor Led Trainings-VILT as well as face-to-face training modules) covering more than 12,000 staff via 1,100 plus internal and over 200 external trainings ranging from Islamic banking to role-based, technical and soft skills workshops. Apart from this, we have been actively participating in webinars and awareness sessions for our customers, staff and general public at large to bring Shariah-compliant offerings to the doorstep of every individual.

Performance of Subsidiary – Al Meezan Investment Management Limited

Our subsidiary, Al Meezan Investment Management Limited (Al Meezan) is the largest Asset Management Company (AMC) in Pakistan with Assets under Management (AUMs) crossing Rs 282 billion as at December 31, 2022, including Separately Managed Accounts (SMAs) for corporate and high net worth individuals - with an investor base of over 183,000 customers. These AUMs represent over 16% of the total mutual funds industry and 40% of the Shariah-compliant mutual funds industry. Al Meezan also manages the largest Voluntary Pension Fund in Pakistan called Meezan Tahaffuz Pension Fund with net assets of around Rs 15 billion as at December 31, 2022.

This year, Al Meezan received the prestigious 'Best Asset Management Company of the Year 2022' award at the CFA Society Pakistan's 19th Annual Excellence Awards. The award was given in recognition of the company's efforts to provide best in class Shariah-compliant innovative investment solutions to its investors, further cementing its position as the leading AMC in Pakistan. Al Meezan has a track record of over 27 years in fund management operations and has the unique privilege of being the first Asset Management Company (AMC) in Pakistan to be awarded the highest management quality rating of AM1 by both VIS and PACRA.

Al Meezan has made its products and services easily accessible through a physical network of 25 branches across 15 cities in Pakistan while also utilizing digital avenues and additional distribution network of Meezan Bank branches. Al Meezan offers a comprehensive

product suite of nineteen (19) Open Ended Mutual Funds, one (1) Voluntary Pension scheme and multiple investment plans, managing investments in multiple asset categories like money market, income, commodity, equity, dedicated equity, balanced and asset allocation. Al Meezan has recently launched a Shariah-compliant fixed term fund as well, expanding its comprehensive product suite.

Future Outlook and Strategy
Meezan Bank remains committed to contributing to the economic growth and stability of the country by strengthening the IBI and assisting the government to shift towards Shariah-compliant banking solutions in line with the SBP's vision to increase the market share of the IBI to 30% from its current level of around 21% over the next three years.

We intend to maintain our share of IBI deposits and follow a balanced-growth strategy for deposits and financings in the year ahead. We are ready to further diversify our exposures in different sectors of the economy while keeping all the risk acceptance parameters in check. Acknowledging our national obligation, active participation in SBP-led initiatives for increasing financial inclusion would also remain an area of focus. We will continue to maintain our financial stability ratios above the regulatory requirements and will further strengthen our equity base in line with our future growth plans.

Expansion will continue in line with our hybrid growth strategy – acknowledging the importance of both physical and digital outreach of the country. We will continue to invest in technology and offer the best-in-class digital services to our customers and maintain our distinction as the frontrunner in the banking industry in this domain. We will InshaAllah launch our Shariah-compliant alternative to Credit Card and employ a new high-tech Card Management System which will provide innovative solutions to our customers along with state-of-the art upgraded version of Customer Relationship Management System.

Auditors
The present auditors, A. F. Ferguson & Co., Chartered Accountants, a member firm of the PwC network, retire and being eligible, offer themselves for reappointment. As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 the Board and the Audit Committee have recommended the appointment of A. F. Ferguson & Co., Chartered Accountants as auditors of the Bank, for the year ending December 31, 2023.

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

Best Bank of the Year 2021– Large Size Banks by the CFA Society of Pakistan
Alhamdulillah, Meezan Bank has won the prestigious 'Best Bank of the Year 2021 – Large Size Banks' award by the CFA Society of Pakistan for the third consecutive year. In addition to the above, Meezan Bank has also been recognized with the following awards:

- Best Islamic Bank of the Year 2021
- Best Digital Banking Services 2021

Best Islamic Retail Bank – Global Award by Islamic Finance News (IFN) Malaysia
Alhamdulillah, Meezan Bank has been recognized by Islamic Finance News (IFN) of REDmoney Group - Malaysia as the Global Best Islamic Retail Bank, for the year 2022. Meezan Bank has also swept the IFN 2022 Country Awards by winning all six categories for Pakistan:

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

It is worth mentioning that this achievement has made Meezan Bank one of only two banks in the 21 countries participating in these polls that have the prestigious distinction of winning all local categories.

Best Consumer Bank – 2022 by Pakistan Banking Awards
This year, Meezan has won the highly coveted 'Best Consumer Bank – 2022' Award by the Pakistan Banking Awards – one of the most prestigious recognitions in Pakistan's banking industry. This award is given to the bank with the most efficient service delivery and attention to customer requirements. The Bank had previously been recognized as the Best Bank in Pakistan in 2018 and 2020.

The Pakistan Banking Awards are organized by the Institute of Bankers, Pakistan in collaboration with DAWN Media Group and A. F. Ferguson & Co., Chartered Accountants, a member firm of the PwC network, under the patronage of the State Bank of Pakistan and adjudicated through an eminent jury of highly respectable luminaries with substantial experience in the financial sector.

We bow our heads to Allah (SWT) in thankfulness for such outstanding rewards for our meager efforts. At the same time, we express our deepest gratitude to our customers for trusting us with their banking needs.

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

- Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019;
- Profit after tax amounting to Rs 4.5 billion has been transferred to Statutory Reserves for the year 2022 as required under Banking Companies Ordinance, 1962;
- Risk management framework of the Bank;

- Statement made by the Management relating to internal controls over financial reporting along with overall internal controls;
- The pattern of Shareholding as at December 31, 2022; and
- Corporate Social Responsibility.

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

S. No.	Name of Directors	Category
1.	Mr. Riyadh S.A.A. Edrees	Non-Executive Director
2.	Mr. Faisal A.A.A. Al-Nassar	Non-Executive Director
3.	Mr. Bader H.A.M.A. AlRabiah	Non-Executive Director
4.	Mr. Mubashar Maqbool	Non-Executive Director
5.	Mr. Naveed Iftikhar Sherwani	Non-Executive Director
6.	Mr. Faisal Fahad AlMuzaini	Non-Executive Director
7.	Mr. Mohamed Guermazi	Non-Executive Director
8.	Ms. Nausheen Ahmad	Independent Director / Female Director
9.	Mr. Mohammad Abdul Aleem	Independent Director
10.	Mr. Yousef S.M.A. AlSaad	Independent Director
11.	Mr. Irfan Siddiqui - President & CEO	Executive Director / Deemed Director

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

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

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

1. Human Resources, Remuneration and Compensation Committee
2. Risk Management Committee
3. Audit Committee
4. Information Technology Committee
5. IFRS 9 Implementation Oversight Committee

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

Remuneration of Board members is recommended by the Board and approved by shareholders in the General Meeting. However, in accordance with the Code of Corporate Governance, it is ensured that no director takes part in deciding his / her own remuneration. The Bank does not pay any remuneration to non-executive directors except fee for attending the meetings. In order to retain the best talent, the Bank's remuneration policies are structured in line with the SBP regulations, prevailing industry trends and business practices. For information on remuneration of Directors and CEO in 2022, please refer notes to the financial statements.

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

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

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

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

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

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

The SBP Guidelines require that at least once in every three years, the evaluation should be conducted by an external independent evaluator. The Bank engaged Pakistan Institute of Corporate Governance (PICG) as an independent evaluator to conduct this evaluation in 2018 and 2021 while for 2022 this exercise is conducted by adopting an in-house approach using quantitative techniques, as per SBP guidelines.

Acknowledgement
The Board would like to express its sincere thanks and gratitude to the State Bank of Pakistan, the Ministry of Finance and the Securities and Exchange Commission of Pakistan for their continuous commitment to establish a viable Islamic financial system in the country.

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

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

On behalf of the Board

Riyadh S.A.A. Edrees
Chairman

Irfan Siddiqui
President & CEO

Karachi:
February 16, 2023

پالیسیوں کی تشکیل اسٹیٹ بینک آف پاکستان کے ریگولیشنز، صنعت کے موجودہ رجحانات اور کاروباری طریقوں کے مطابق کی جاتی ہے۔2022 میں ڈائریکٹرز اور CEO کے معاوضوں کی تفصیل کے لئے فنانشل اسٹیٹمنٹس کے نکات ملاحظہ کریں۔

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

بورڈ کی کارکردگی کی جانچ کا طریقہ کار

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

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

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

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

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

اسٹیٹ بینک کی ہدایات کا تقاضہ ہے کہ ہر تین سال کے دوران کم از کم ایک مرتبہ جائزہ کاری کسی بیرونی آزاد جائزہ کار سے کروائی جائے۔سال 2018 اور 2021 میں بینک نے بطور آزاد جائزہ کار پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG) کی خدمات حاصل کیں جبکہ 2022 میں اس عمل کو اسٹیٹ بینک آف پاکستان کی ہدایات کے مطابق مقداری تکنیک کے ساتھ داخلی نکتہ نظر اختیار کر کے انجام دیا گیا۔

اظہار تشکر

بورڈ اسٹیٹ بینک آف پاکستان (SBP)، وزارت خزانہ اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کو ملک میں ایک قابل عمل اسلامی مالیاتی نظام کے قیام کے لئے کی گئی ان کی مسلسل کوششوں اور وابستگی کے لئے خراجِ تحسین پیش کرتا ہے۔

میزان بینک کی امتیازی کامیابیاں ہمارے متنوع صارفین کے فعال تعاون کے بغیر ممکن نہیں ہوسکتی تھیں، جس کے لئے ہم ان کے ممنونِ احسان رہیں گے۔ہم اپنی ٹیم کے ہر رکن کا ان کی محنت اور وابستگی کے لئے تہہ دل سے شکریہ ادا کرتے ہیں۔اللہ ﷻ ہماری پوری ٹیم اور ان کے اہلِ خانہ پر اپنی رحمت کا سایہ قائم رکھے۔ہم اپنے شریعہ بورڈ کے چیئرمین جسٹس (ریٹائرڈ) محمد تقی عثمانی صاحب، شریعہ بورڈ کے ممبران، حصص یافتگان، اضافی Tier I صکوک اور ثانوی صکوک (Tier II) یافتگان کا ان کی معاونت کے لئے شکریہ ادا کرنا چاہتے ہیں جنہوں نے میزان بینک کو اوّلین اور ممتاز ترین اسلامی بینک بنانے کے لئے مسلسل محنت کی ہے۔

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

ریاض الیس۔اے۔اے۔ادریس
چیئرمین

عرفان صدیقی
پریذیڈنٹ اینڈ سی ای او

کراچی:
16 فروری، 2023

- 31 دسمبر، 2022 تک حصص یافتگی کا خاکہ، اور
- کارپوریٹ سماجی ذمہ داری۔

ڈائریکٹرز

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

نمبر شمار	ڈائریکٹرز کے نام	درجہ
۱	جناب ریاض ایس. اے. ادریس	نان ایگزیکٹیو ڈائریکٹر
۲	جناب فیصل اے. اے. النصر	نان ایگزیکٹیو ڈائریکٹر
۳	جناب بدر اینچ. اے. ایم. اے. الربیعہ	نان ایگزیکٹیو ڈائریکٹر
۴	جناب مبشر مقبول	نان ایگزیکٹیو ڈائریکٹر
۵	جناب نوید افتخار شیروانی	نان ایگزیکٹیو ڈائریکٹر
۶	جناب فیصل فہد الموزینی	نان ایگزیکٹیو ڈائریکٹر
۷	جناب محمد گرمازی	نان ایگزیکٹیو ڈائریکٹر
۸	محترمہ نوشین احمد	انڈیپنڈنٹ ڈائریکٹر/خاتون ڈائریکٹر
۹	جناب محمد عبدالعلیم	انڈیپنڈنٹ ڈائریکٹر
۱۰	جناب یوسف ایس. ایم. اے. السعد	انڈیپنڈنٹ ڈائریکٹر
۱۱	جناب عرفان صدیقی۔ صدر اور CEO	ایگزیکٹو ڈائریکٹر/ڈیمڈ (Deemed) ڈائریکٹر

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

ڈائریکٹرز کے نام	درجہ	دورانِ مدت منعقدہ اجلاس	اجلاس میں شرکت کی تعداد
جناب ریاض ایس. اے. ادریس چیئرمین	نان ایگزیکٹیو ڈائریکٹر	4	4
جناب فیصل اے. اے. النصر وائس چیئرمین	نان ایگزیکٹیو ڈائریکٹر	4	4
جناب بدر اینچ. اے. ایم. اے. الربیعہ	نان ایگزیکٹیو ڈائریکٹر	4	4
جناب مبشر مقبول	نان ایگزیکٹیو ڈائریکٹر	4	4
جناب فیصل فہد الموزینی	نان ایگزیکٹیو ڈائریکٹر	4	4
جناب نوید افتخار شیروانی	نان ایگزیکٹیو ڈائریکٹر	4	4
جناب محمد گرمازی	نان ایگزیکٹیو ڈائریکٹر	4	4
جناب محمد عبدالعلیم	انڈیپنڈنٹ ڈائریکٹر	4	4
محترمہ نوشین احمد	انڈیپنڈنٹ ڈائریکٹر/خاتون ڈائریکٹر	4	4
جناب یوسف ایس. ایم. اے. السعد	انڈیپنڈنٹ ڈائریکٹر	3	3
جناب عرفان صدیقی۔ صدر اور CEO	ایگزیکٹو ڈائریکٹر	4	4

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

1- ہیومن ریسورس، ریمونریشن اینڈ کمپنسیشن کمیٹی

2- رسک مینجمنٹ کمیٹی

3- آڈٹ کمیٹی

4- انفارمیشن ٹیکنالوجی کمیٹی

5- IFRS 9 امپلی مینٹیشن اوورسائٹ کمیٹی (Implementation Oversight Committee IFRS 9)

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

بورڈ کے ممبران کا معاوضہ بورڈ کی جانب سے تجویز کیا جاتا ہے اور اس کی منظوری سالانہ اجلاس میں حصص یافتگان کی جانب سے دی جاتی ہے تاہم کوڈ آف کارپوریٹ گورننس کی تعمیل کے لئے اس بات کو یقینی بنایا جاتا ہے کہ کوئی ڈائریکٹر خود اپنے معاوضے کا تعین نہیں کرسکتا۔ بینک نان ایگزیکٹو ڈائریکٹرز کو سوائے اجلاسوں میں شرکت کرنے کی فیس کے اور کوئی معاوضہ نہیں دیتا۔ بہترین صلاحیتوں کے حامل افراد کو برقرار رکھنے کے لئے معاوضے سے متعلق

کموڈٹی، ایکویٹی، وقف ایکویٹی، بیلنسڈ اور ایسٹ ایلوکیشن میں سرمایہ کاریوں کا انتظام کرتی ہے۔ المیزان نے حال ہی میں جامد مدت کا شریعہ کمپلائنٹ فکسڈ ٹرم فنڈ بھی متعارف کروایا ہے جس سے اس کی جامع پروڈکٹ رینج میں اضافہ ہوا ہے۔

مستقبل کے آثار اور حکمت عملی

میزان بینک اسلامی بینکاری کی صنعت کو مستحکم بنا کر ملک کی معاشی ترقی اور استحکام میں اپنا کردار ادا کرنے اور شریعہ کمپلائنٹ بینکاری پر منتقلی کے لئے حکومت کے ساتھ تعاون جاری رکھنے کے لئے پُرعزم ہے، جو پاکستان میں اسلامی بینکاری کی صنعت کے حصہ کو موجودہ 21 فیصد سے بڑھا کر اگلے تین سالوں میں 30 فیصد تک لانے کے اسٹیٹ بینک آف پاکستان کے نصب العین کے مطابق ہے۔

ہم اسلامی بینکاری کی صنعت کے ڈپازٹس میں اپنا حصہ برقرار رکھنے کا ارادہ رکھتے ہیں اور سال کے آئندہ حصے میں ڈپازٹس اور فنانسنگز کے حوالے سے متوازن ترقی کی حکمت عملی پر عمل کریں گے۔ ہم تمام رسک ایکسپوژنس پیرامیٹرز کو مدنظر رکھتے ہوئے معیشت کے مختلف شعبوں میں اپنی رسائی بڑھانے کے لئے تیار ہیں۔ اپنی قومی ذمہ داری سمجھتے ہوئے مالیاتی شمولیت کے فروغ کے لئے اسٹیٹ بینک آف پاکستان کے زیر سرپرستی اقدامات میں فعال انداز میں شرکت بھی ہماری توجہ کا مرکز رہے گی۔ ہم اپنے مالیاتی استحکام کے تناسب کو ریگولیٹری تقاضوں سے زیادہ شرح پر برقرار رکھیں گے اور اپنی ایکویٹی بیس کو مزید مستحکم بنائیں گے، جو ہمارے مستقبل کی ترقی کے منصوبوں کے عین مطابق ہے۔

ملک میں فزیکل اور ڈیجیٹل رسائی، دونوں کی اہمیت کو پیش نظر رکھتے ہوئے ہماری ہائبرڈ گروتھ کی حکمت عملی کے مطابق توسیع کا سلسلہ جاری رہے گا۔ ہم ٹیکنالوجی میں سرمایہ لگانے اور اپنے صارفین کو اپنی نوعیت کی بہترین ڈیجیٹل خدمات فراہم کرنے کا سلسلہ جاری رکھیں گے، اور اس شعبے میں بینکاری صنعت میں سب سے آگے رہنے کا اپنا اعزاز برقرار رکھیں گے۔ ہم انشاء اللہ اپنا اسلامی کریڈٹ کارڈ جاری کریں گے اور ایک نئے ہائی ٹیک کارڈ مینجمنٹ سسٹم کا استعمال کرتے ہوئے اپنے صارفین کو کسٹمر ریلیشن شپ مینجمنٹ سسٹم کے جدید ترین طریقوں کے ساتھ جدت پر مبنی سولیوشنز فراہم کریں گے۔

آڈیٹرز

موجودہ آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس، جو PwC نیٹ ورک کی ایک ممبر فرم ہے، ریٹائر ہو گئے ہیں اور بوجہ اہلیت خود کو دوبارہ تقرری کے لئے پیش کر دیا ہے۔ جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کا تقاضا ہے، بورڈ اور آڈٹ کمیٹی نے اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کی 31 دسمبر، 2023 کو ختم ہونے والے سال کے لئے بینک کے آڈیٹرز کے طور پر دوبارہ تقرری کی تجویز دی ہے۔

ایوارڈز اور اعتراف کارکردگی

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

CFA سوسائٹی آف پاکستان کی جانب سے بیسٹ بینک آف دی ایئر 2021- ۔لارج سائز بینکس

الحمدللہ، میزان بینک نے مسلسل تیسرے سال CFA سوسائٹی آف پاکستان کی جانب سے بیسٹ بینک آف دی ایئر 2021- لارج سائز بینکس کا معتبر ایوارڈ حاصل کیا ہے۔ اس کے علاوہ میزان بینک کو درج ذیل اعزازات سے بھی نوازا گیا:

- بیسٹ اسلامک بینک آف دی ایئر- 2021
- بیسٹ ڈیجیٹل بینکنگ سروسز 2021

بیسٹ اسلامک ریٹیل بینک۔ اسلامک فنانس نیوز (IFN) ملائیشیا کی جانب سے گلوبل ایوارڈ

الحمدللہ، میزان بینک کو اسلامک فنانس نیوز (IFN)، REDMoney گروپ، ملائیشیا کی جانب سے 2022 کے لئے گلوبل بیسٹ اسلامک ریٹیل بینک کے اعزاز سے نوازا گیا۔ میزان بینک نے پاکستان کے لئے تمام چھ کیٹیگریز میں ایوارڈ جیت کر 2022 IFN کنٹری ایوارڈز میں سبقت برقرار رکھی۔

- بیسٹ اسلامک بینک ان پاکستان
- بیسٹ انویسٹمنٹ بینک ان پاکستان
- بیسٹ کارپوریٹ بینک ان پاکستان
- بیسٹ ریٹیل بینک ان پاکستان
- موسٹ انوویٹو بینک ان پاکستان
- بیسٹ ڈیجیٹل آفرنگ ان پاکستان

یہاں یہ بات بھی قابل ذکر ہے کہ اس کامیابی نے میزان بینک کو اس انتخاب میں حصہ لینے والے 21 ممالک کے ان دو بینکوں میں شامل کر دیا ہے جنہیں تمام مقامی کیٹگریز میں ایوارڈز جیتنے کا اعزاز حاصل ہوا ہے۔

پاکستان بینکنگ ایوارڈز کی جانب سے بیسٹ کنزیومر بینک۔ 2022

اس سال میزان نے پاکستان بینکنگ ایوارڈز، جو پاکستان کی بینکاری صنعت کے سب سے معتبر ایوارڈز ہیں، کی جانب سے زیادہ معتبر اور مطلوب بیسٹ کنزیومر بینک 2022 کا ایوارڈ حاصل کیا۔ یہ ایوارڈ بینک کو مؤثر انداز میں خدمات کی فراہمی اور صارفین کی ضروریات پر توجہ کے لئے دیا گیا۔ بینک کو اس سے قبل 2018 اور 2020 میں پاکستان کے بہترین بینک کا اعزاز حاصل ہوا تھا۔

پاکستان بینکنگ ایوارڈز کا انتظام انسٹیٹیوٹ آف بینکرز، پاکستان، ڈان میڈیا گروپ اور اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس، جو کہ PwC نیٹ ورک کی ممبر فرم ہے، کے اشتراک سے اسٹیٹ بینک آف پاکستان کی زیر سرپرستی کیا جاتا ہے اور ان کا فیصلہ مالیاتی شعبہ میں خاطر خواہ تجربہ کی حامل انتہائی معزز اور نامور شخصیات پر مشتمل جیوری کے ذریعے کیا جاتا ہے۔

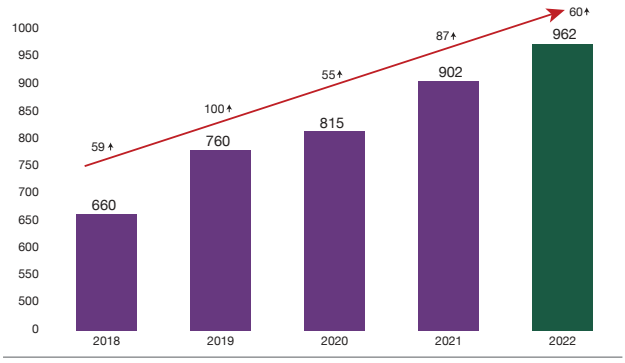
ہم اپنی ادنیٰ کاوشوں کے اتنے شاندار انعامات کے لئے اللہ ﷻ کے سامنے سربسجود ہیں۔ اس کے ساتھ ہی ہم اپنے صارفین کا بھی شکریہ ادا کرتے ہیں جنہوں نے اپنی بینکاری کی ضروریات کی تکمیل کے لئے ہم پر اعتماد کیا۔

تصدیق

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

- لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 سے مطابقت کا بیان،
- بینکنگ کمپنیز آرڈیننس 1962 کے تقاضوں کے تحت 2022 میں 4.5 ارب روپے بعد از ٹیکس منافع کی Statutory Reserves میں منتقلی،
- بینک کا رسک مینجمنٹ فریم ورک،
- انتظامیہ کا فنانشل رپورٹنگ سے متعلق داخلی کنٹرول، مع مجموعی داخلی کنٹرول سے متعلق بیان،

Branch Network



برانچ نیٹ ورک میں توسیع

ہمارا بینک ملک کے بینکاری کی سہولیات سے محروم علاقوں میں اپنی موجودگی بڑھا کر اور اس کے ساتھ ساتھ جدید پیشکش اور چینلز کی ہموار منتقلی کے ذریعے ڈیجیٹل سطح پر بینک کی موجودگی کو مستحکم بنا کر ایک ہائبرڈ گروتھ ماڈل پر عمل کرتا ہے۔ اس جذبہ کے ساتھ دوران سال ہمارے نیٹ ورک میں ستائیس نئے شہروں میں ساٹھ نئی برانچوں کا اضافہ کیا گیا۔ ہماری جغرافیائی موجودگی اب 317 شہروں میں 962 برانچوں تک وسیع ہوگئی ہے (290 شہروں میں 902 برانچیں: 2021)۔ ہم سمجھتے ہیں کہ ملک کی بینکوں کی سہولت سے فائدہ نہ اٹھانے والی بڑی، متنوع اور جغرافیائی طور پر بکھری ہوئی آبادی کی وجہ سے فزیکل اور ڈیجیٹل، دونوں سطحوں پر مسلسل توسیع کی ضرورت ہے۔

اے ٹی ایم نیٹ ورک

برانچ نیٹ ورک کے ساتھ ساتھ میزان بینک ملک بھر میں 1,000 سے زائد اے ٹی ایمز کے نیٹ ورک کا حامل ہے۔ میزان بینک دیگر بڑے بینکوں کے مقابلہ میں نسبتاً چھوٹے اے ٹی ایم نیٹ ورک کا حامل ہونے کے باوجود پاکستان میں off-us ٹرانزیکشنز حاصل کرنے والا تیسرا بڑا بینک رہا۔ اس سے میزان بینک کے اے ٹی ایمز کی فعالیت اور ان میں رقم کی موجودگی پر دیگر بینکوں کے صارفین کے بھروسے اور اعتماد کی عکاسی ہوتی ہے۔

مرچنٹ ایکوائرنگ بزنس

2022 میں ہم نے اپنے مرچنٹ ایکوائرنگ کے اقدامات کے ذریعے ڈیجیٹل سطح پر اپنی موجودگی میں اضافہ کا سلسلہ جاری رکھا۔ ہم نے اپنی پوائنٹ آف سیل مشینز کے ذریعے 22.2 ارب روپے کی ٹرانزیکشنز پراسس کیں اور اجراء کے پہلے ہی سال ایکوائرنگ بزنس پاکستان کے 254 شہروں تک وسیع ہوگیا۔ ہمارا ایکوائرنگ بزنس بھی 11,000 سے زائد پی او ایس مشینز تک وسیع ہوگیا جو پاکستان بھر کے مرچنٹ آؤٹ لیٹس پر نصب ہیں۔

کریڈٹ رینکنگ

VIS کریڈٹ رینکنگ کمپنی لمیٹڈ نے بینک کی 'AAA/A-1+' (ٹرپل اے/اے ون پلس) ریٹنگز کی دوبارہ تصدیق کی ہے جو نہ ہونے کے برابر رسک فیکٹرز کے ساتھ کریڈٹ کے ممکنہ حد تک اعلیٰ ترین معیار کی نشاندہی کرتی ہیں۔ تفویض کردہ ریٹنگز کے آثار 'مستحکم' ہیں۔

کیپٹل ایڈیکوسی ریشو

بینک 18.42 فیصد کیپٹل ایڈیکوسی ریشو (CAR) کے ساتھ ایک Adequately capitalized ادارہ ہے، بینک کا CAR سال 2022 کے لئے کم از کم لازمی شرح یعنی 12 فیصد سے کافی زیادہ ہے۔ یہ بات بھی قابل ذکر ہے کہ کل رسک ویٹڈ (Risk Weighted) اثاثوں پر ہمارا کامن ایکویٹی Tier-I (CET-I) کا تناسب 8 فیصد کی کم از کم ریگولیٹری ضروریات سے تقریباً دگنا ہے، جبکہ 2022 میں 189 بیسس پوائنٹس کا اضافہ بھی دیکھنے میں آیا۔ یہ شرح ہمارے ریگولیٹری کیپٹل کے معیار کی عکاسی کرتی ہے:

کیپٹل ایڈیکوسی ریشو (CAR)	31 دسمبر 2022	31 دسمبر 2021	کم از کم ضرورت
کامن ایکویٹی Tier I (CET I)	14.78%	12.89%	8.00%
Tier I	15.69%	14.00%	9.50%
CAR	18.42%	17.81%	12.00%

انسانی سرمایہ

الحمدللہ، ہم نے معاشی میدان میں اہل افراد کی قدر شناسی اور تلاش کا سلسلہ جاری رکھا اور دیہی اور شہری، دونوں علاقوں میں ملازمت کے 1,300 سے زائد مواقع پیدا کئے۔ ہمارا انسانی سرمایہ 15,000 سے زائد افراد پر مشتمل ہے۔ ہم ایک متحرک اور پیشہ ورانہ قابلیت کی حامل ورک فورس کی تیاری پر یقین رکھتے ہیں جو ہمارے صارفین کو عالمی معیار کی بینکاری کے تجربہ سے روشناس کروا سکے۔

معیاری ٹیلنٹ کی ترقی اور نشوونما کے فلسفے کو آگے بڑھاتے ہوئے ہم نے مخلوط انداز نظر (بشمول ورچوئل انسٹرکٹرز کی زیر نگرانی تربیت (VILT) اور اس کے ساتھ ساتھ روبرو تربیت کے ماڈیولز) اختیار کرتے ہوئے اپنا ہائبرڈ لرننگ ماڈل جاری رکھا جس میں اسلامی بینکاری سے لے کر رول بیسڈ، ٹیکنیکل اور سافٹ اسکلز ورکشاپس پر مشتمل 1100 سے زائد اندرونی اور 200 سے زائد بیرونی تربیتی سیشنز کے ذریعے 12,000 سے زائد ملازمین شامل ہوئے۔ اس کے علاوہ ہم اپنے صارفین، عملے اور بحیثیت مجموعی عوام الناس کے لئے ویبینارز اور آگاہی نشستوں میں فعال انداز سے شرکت کرتے رہتے ہیں تاکہ شریعہ کمپلائنٹ بینکاری خدمات ہر فرد تک پہنچائی جا سکیں۔

ذیلی کمپنی المیزان انویسٹمنٹ مینجمنٹ لمیٹڈ کی کارکردگی

ہماری ذیلی کمپنی، المیزان انویسٹمنٹ مینجمنٹ لمیٹڈ (المیزان) پاکستان کی سب سے بڑی ایسٹ مینجمنٹ کمپنی (AMC) ہے جس کے زیر انتظام اثاثے (AUMs) 31 دسمبر، 2022 تک 282 ارب روپے سے تجاوز کر گئے تھے، جس میں کارپوریٹ اور ہائی نیٹ ورتھ افراد کے لئے Seperately Managed Accounts (SMA) بھی شامل ہیں۔ المیزان کا انویسٹرز بیس 183,000 صارفین پر مشتمل ہے۔ المیزان کے زیر انتظام اثاثے (AUMs) میوچل فنڈز کی مجموعی صنعت کا تقریباً 16 فیصد اور شریعہ کمپلائنٹ میوچل فنڈز کی صنعت کا 40 فیصد حصہ بنتے ہیں۔ المیزان، میزان تحفظ پنشن فنڈ کے نام سے پاکستان میں سب سے بڑے رضاکارانہ پنشن فنڈ کا بھی انتظام کرتی ہے جس کے خالص اثاثے 31 دسمبر، 2022 تک تقریباً 15 ارب روپے تھے۔

اس سال المیزان نے CFA سوسائٹی پاکستان کے 19 ویں سالانہ ایکسیلنس ایوارڈز میں "بیسٹ ایسٹ مینجمنٹ کمپنی آف دی ایئر-2022" کا معتبر ایوارڈ حاصل کیا۔ یہ ایوارڈ کمپنی کو اپنے صارفین کو بہترین اور جدید ترین شریعہ کمپلائنٹ انویسٹمنٹ انوویٹو سولیوشنز پیش کرنے کی کوششوں کے اعتراف میں دیا گیا ہے، جس سے پاکستان کی صفِ اوّل کی ایسٹ مینجمنٹ کمپنی (AMC) کے طور پر اس کی حیثیت مزید مستحکم ہوگئی ہے۔ المیزان فنڈ مینجمنٹ آپریشنز میں 27 سالہ ٹریک ریکارڈ کی حامل ہے اور اسے پاکستان کی ایسی پہلی ایسٹ مینجمنٹ کمپنی (AMC) ہونے کا اعزاز بھی حاصل ہے جسے VIS اور PACRA دونوں کی جانب سے انتظامی معیار کی اعلیٰ ترین ریٹنگ AM1 سے نوازا گیا ہے۔

المیزان نے پاکستان کے 15 شہروں میں 25 برانچوں کے نیٹ ورک کے ذریعے فزیکل اور ڈیجیٹل، دونوں ذرائع سے اور میزان بینک کی برانچوں کے اضافی ڈسٹری بیوشن نیٹ ورک کے ذریعے اپنی پروڈکٹس اور خدمات کو قابل رسائی بنایا ہے۔ المیزان انیس (19) اوپن اینڈ میوچل فنڈز پر مشتمل پروڈکشن کا مکمل مجموعہ، ایک (1) رضاکارانہ پنشن اسکیم اور متعدد انویسٹمنٹ پلانز پیش کرتی ہے اور متعدد ایسٹ کیٹگریز جیسے کہ منی مارکیٹ، انکم،

IFRS-9 کے اطلاق سے ہونے والے اثرات کا مناسب انداز سے احاطہ کرلے گی، لہٰذا یکم جنوری 2023ء سے IFRS-9 کو اختیار کرنے سے بینک پر کسی قسم کے اثرات مرتب ہونے کا امکان نہیں ہے۔

سرمایہ کاریوں میں اضافہ

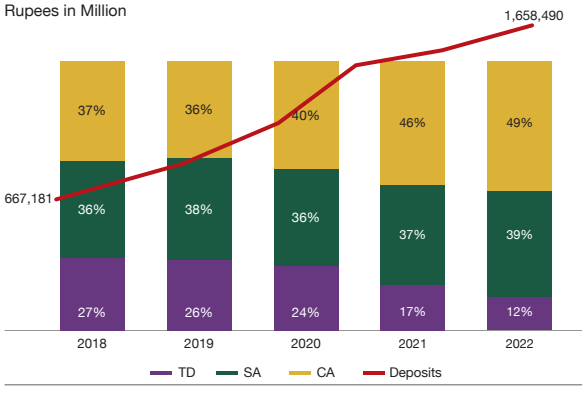
ہمارا سرمایہ کاری پورٹ فولیو گزشتہ سال کے 620 ارب روپے کے مقابلے میں 107 فیصد بڑھ کر 1.28 ٹریلین روپے ہوگیا۔ حکومت پاکستان کے اجارہ صکوک کے باقاعدہ وقفوں سے اجراء کی بدولت ہمارے سرمایہ کاری کھاتے میں اضافہ ہوا اور بینچ مقبل کے تحت انٹربینک سیکیورٹیز پلیسمنٹس پر ہمارا انحصار کم ہوا۔ دوران سال حکومت پاکستان کے اجارہ صکوک میں اضافی 706 ارب روپے کی سرمایہ کاری کی گئی جس سے ہمارا حکومت پاکستان کے اجارہ صکوک کا پورٹ فولیو 398 ارب روپے سے بڑھ کر 1.1 ٹریلین روپے ہوگیا۔ کل سرمایہ کاری پورٹ فولیو میں سے 98 فیصد حصہ وفاقی حکومت/حکومت کی ضمانت شدہ سیکیورٹیز میں سرمایہ کاری کا ہے۔

اسٹیٹ بینک آف پاکستان کے شریعہ کمپلائنٹ اوپن مارکیٹ آپریشنز اور شریعہ کمپلائنٹ اسٹینڈنگ سیلنگ فیسلٹی نے اسلامی بینکاری کی صنعت (IBI) کو اپنی روزمرہ لکویڈیٹی کی ضروریات مؤثر انداز میں منظم کرنے میں بھرپور مدد دی، جس کے لئے ہم حکومت پاکستان اور اسٹیٹ بینک آف پاکستان کے بے حد مشکور رہیں گے۔

جمع شدہ رقوم (ڈپازٹس) میں اضافہ

اس وقت جب بینکاری صنعت کی کل جمع شدہ رقوم میں 2022 میں 7 فیصد اضافہ ریکارڈ کیا گیا، ہماری جمع شدہ رقوم دسمبر 2021 کے 1.46 ٹریلین روپے کے مقابلہ میں 14 فیصد اضافے کے بعد 1.66 ٹریلین روپے رہیں اور بینکاری صنعت میں ہمارا مارکیٹ شیئر 7.4 فیصد رہا۔ مزید اہم بات یہ کہ ڈپازٹس میں اضافہ کرنٹ اکاؤنٹ (CA) ڈپازٹس سے ہوا جو بڑھ کر 819 ارب روپے ہوگئے، جو گزشتہ سال کے مقابلے میں 152 ارب روپے یا 23 فیصد زیادہ ہیں۔ کرنٹ اکاؤنٹس اب کل ڈپازٹس کا 49 فیصد یعنی کل ڈپازٹس کا تقریباً نصف حصہ ہیں، جبکہ سیونگ اکاؤنٹس (SA) کل ڈپازٹس کا 39 فیصد ہیں جو 18 فیصد اضافہ کی عکاسی کرتے ہیں۔ کرنٹ اکاؤنٹس سیونگ اکاؤنٹس (CASA) ڈپازٹس اب کل ڈپازٹس کا 88 فیصد حصہ ہیں اور 1.46 ٹریلین روپے پر مشتمل ہیں۔ اپنی پروڈکٹس میں مسلسل جدت لانے اور اپنے ڈیجیٹل اور روایتی، دونوں ذرائع سے صارفین کو بے مثال اور بلاکاوٹ خدمات کی فراہمی پر مسلسل توجہ نے ہمیں یہ سنگ میل حاصل کرنے کے قابل بنایا ہے اور صارفین کی برانڈ سے وفاداری، اعتماد اور اطمینان کی شکل میں اپنا حصہ ڈالا ہے۔

Growth in Deposits



روشن ڈیجیٹل اکاؤنٹ (RDA)

الحمدللہ، ہم نے بینکاری صنعت میں روشن ڈیجیٹل اکاؤنٹ میں رقوم کی آمد کے حوالے سے بھی اپنی صفِ اوّل کی حیثیت برقرار رکھی ہے۔ روشن ڈیجیٹل اکاؤنٹ کے آغاز سے 2022 کے اختتام تک ہم نے تقریباً 1.4 ارب امریکی ڈالر وصول کئے اور آر ڈی اے میں رقوم کی آمد کے اعتبار سے ہمارا مارکیٹ شیئر بینکاری صنعت میں کل 83,000 سے زیادہ اکاؤنٹس کے ساتھ تقریباً 25 فیصد رہا۔ اب بینکاری صنعت میں پہلی بار ہمارا ایک مکمل وقف روشن ڈیجیٹل سینٹر بھی ہے جس کا افتتاح اسٹیٹ بینک آف پاکستان کے اس وقت کے گورنر (قائم مقام) نے کیا تھا۔ یہ سینٹر ہمارے بیرون ملک مقیم پاکستانیوں کی بڑھتی ہوئی بینکاری ضروریات کی جدید طریقوں سے تکمیل کے لئے خاص طور پر قائم کیا گیا ہے۔ 2022 کے دوران روشن ڈیجیٹل اکاؤنٹ کے لئے درج ذیل سنگ میل عبور کئے گئے:

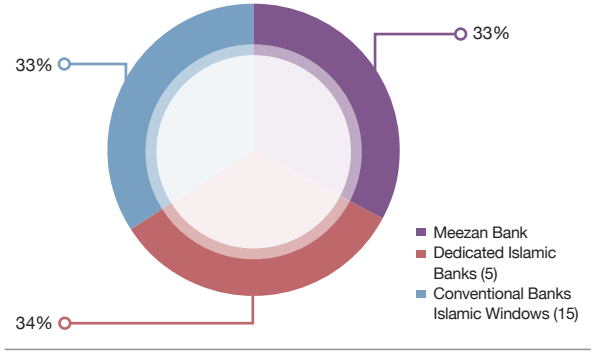
- آغاز سے اب تک 1 ارب امریکی ڈالر سے زائد کی آمد؛
- آغاز سے اب تک ہمارے روشن ڈیجیٹل اکاؤنٹ صارفین کو کاراجارہ کی مد میں 1 ارب روپے کی فراہمی۔
- روشن ایکویٹی اکاؤنٹس کی سب سے زیادہ تعداد۔ 3 ارب روپے مالیت کے ڈپازٹس؛ اور

ہم اسٹیٹ بینک آف پاکستان کے ساتھ مل کر روشن ڈیجیٹل اکاؤنٹ کے بارے میں آگاہی پیدا کرنے اور بیرون ملک مقیم پاکستانیوں کو ان کی بینکاری ضروریات کی تکمیل کے لئے شریعہ کمپلائنٹ پروڈکٹس کی پیشکش میں فعال کردار ادا کرتے رہیں گے۔

اسلامی بینکاری کی صنعت

اسلامی بینکاری کی صنعت نے پاکستان میں اپنی بنیادیں مستحکم کرنے کا سلسلہ جاری رکھا ہے اور میزان بینک شریعہ کمپلائنٹ پروڈکٹس اور خدمات کی جامع رینج کی پیشکش کے ساتھ مارکیٹ میں صف اوّل کی حیثیت کا حامل ہے۔ اسلامی بینکاری کی صنعت کے ڈپازٹس کا حصہ اب کل بینکاری صنعت کے ڈپازٹس میں 21 فیصد ہے۔ پاکستان کے مکمل طور پر اسلامی بینکاری کے لئے وقف بینکوں میں میزان بینک کے ڈپازٹس کا حصہ تقریباً 49 فیصد ہے جبکہ مجموعی طور پر اسلامی بینکاری کی شاخوں میں میزان بینک کے ڈپازٹس کا حصہ 33 فیصد ہے۔

Share of Meezan Bank in Islamic Banking Industry - based on deposits



مزید برآں وفاقی حکومت نے 50 فیصد سے زائد مجموعی ADR (Advance to Deposit Ratio) برقرار نہ رکھنے والے بینکوں کے لئے اضافی تعزیراتی ٹیکس شرح میں بھی اضافہ کر دیا۔ تاہم ہماری 50 فیصد سے زائد ADR برقرار رکھنے کی مؤثر ٹیکس حکمت عملی کی وجہ سے ہم پر یہ اضافی تعزیری ٹیکس لاگو نہیں ہوتا۔

بینک نے سال 2022 میں فیڈرل بورڈ آف ریونیو اور صوبائی ٹیکس اتھارٹیز کے ود ہولڈنگ ٹیکس ایجنٹ کے طور پر خدمات (Services) پر ایکم ٹیکس/فیڈرل ایکسائز ڈیوٹی/پروونشل سیلز ٹیکس کی مد میں 21.9 ارب روپے اکٹھے کئے اور قومی خزانے میں جمع کروائے (16.4 ارب روپے: 2021)۔

بیلنس شیٹ کا جائزہ

فنانسنگز اور سرمایہ کاری پورٹ فولیو میں قابل ذکر نمو سے ہمارے کل اثاثوں میں اضافہ کیا جو 2021 کے 1.9 ٹریلین روپے کے مقابلے میں بڑھ کر 2.5 ٹریلین سے زائد ہو گئے، جو کہ 674 ارب روپے یا 35 فیصد کا اضافہ ہے۔ دوران سال حاصل ہونے والے اہم کاروباری نتائج کا خاکہ درج ذیل ہے:

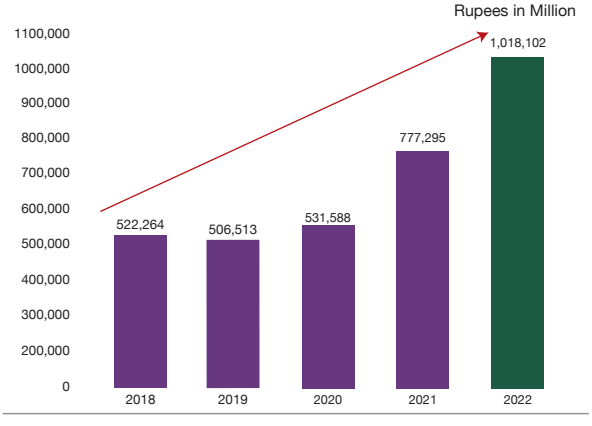
اہم کاروباری نتائج	2022	2021	تبدیلی کی شرح
سرمایہ کاریاں			
خودمختار (Sovereign)	1.26 ٹریلین روپے	594 ارب روپے	▲ 112%
دیگر	22 ارب روپے	26 ارب روپے	▼ (15%)
	1.28 ٹریلین روپے	620 ارب روپے	▲ 107%
ADR (مجموعی ایڈوانسز ٹو ڈپازٹ ریشو)	61%	53%	▲ 15%
اسلامی فنانسنگز اور متعلقہ اثاثے۔ مجموعی	1.02 ٹریلین روپے	777 ارب روپے	▲ 31%
جمع شدہ رقوم	1.66 ٹریلین روپے	1.46 ارب روپے	▲ 14%
کل اثاثے	2.57 ٹریلین روپے	1.90 ٹریلین روپے	▲ 35%
ایکویٹی	115.3 ارب روپے	86.6 ارب روپے	▲ 33%
کیپیٹل ایڈیکوایسی ریشو	18.42%	17.81%	▲ 3%
فی حصص ڈیویڈنڈ			
نقد ڈیویڈنڈ۔ روپے	8.50	6.00	▲ 42%
بونس حصص کا اجراء	10%	15%	▼ (50%)
برانچ نیٹ ورک	962 برانچیں	902 برانچیں	▲ 7%
موجودگی	317 شہر	290 شہر	▲ 9%
تجارتی کاروبار (درآمدات و برآمدات)	2.18 ٹریلین روپے	1.69 ٹریلین روپے	▲ 29%

مجموعی فنانسنگز پورٹ فولیوز میں 31 فیصد اضافہ

معیشت کے تمام شعبوں بشمول کارپوریٹ، کمرشل اور ایس ایم ای، اور کنزیومر شعبوں میں منقسم اعلیٰ معیار کا متنوع پورٹ فولیو برقرار رکھنے پر ہماری مرکوز کوششوں کی وجہ سے اس سال ہمارے مجموعی فنانسنگز پورٹ فولیو نے رسک ایکسپینس پیرامیٹرز پر سمجھوتہ کئے بغیر 241 ارب روپے سے 31 فیصد بڑھ کر 1 ٹریلین روپے کا سنگ میل عبور کر لیا۔ بینک کا مجموعی ایڈوانسز ٹو ڈپازٹ ریشو (ADR) بھی گزشتہ سال کے 53 فیصد کے مقابلے میں تسلی بخش حد تک بڑھ کر 61 فیصد ہو گیا ہے۔

ہم نے متعدد ری فنانس اسکیمز اور اقدامات کے تحت مالیاتی شمولیت کے فروغ اور ملک کی مجموعی معاشی ترقی کے لئے اسٹیٹ بینک آف پاکستان کی زیر سرپرستی اقدامات میں سرگرمی سے تعاون کا سلسلہ جاری رکھا ہے۔ ان میں سے چند اقدامات میں وزیراعظم کامیاب جوان پروگرام، اسلامک ایس ایم ای آسان فنانس (ISAAF) اور روشن اپنا گھر اور روشن اپنی کار اسکیمز برائے بیرون ملک مقیم پاکستانی شامل ہیں۔ ہم نے زرعی شعبہ کو بھی تعاون فراہم کیا ہے اور 22-2021 میں زرعی قرضوں کے لئے اسٹیٹ بینک کے لازمی ہدف سے زیادہ کی فنانسنگ جاری ہے۔ اسٹیٹ بینک آف پاکستان کی مختلف ری فنانس اسکیمز کے تحت بینک کی جاری کردہ فنانسنگز میں 25 فیصد سے زیادہ کا اضافہ ہوا ہے۔

Gross Financing



ہم نے اس سال عوام الناس کے لئے کم قیمت اسلامک ہاؤسنگ فنانس میں تعاون اور فروغ کے لئے پاکستان مورگیج ری فنانس کمپنی (PMRC) سے بھی اشتراک کیا ہے۔ ہم نے مالیاتی شمولیت میں صنفی امتیاز کو ختم کرنے کے لئے ایک نئی پروڈکٹ 'میزان وومن فرسٹ۔ کاراجارہ' بھی متعارف کروائی ہے۔ اقوام متحدہ کے ماحولیاتی سماجی انتظام کے بنیادی ڈھانچہ کے معاملہ میں ہم معیشت سے کاربن کم کرنے کے لئے سولر فنانسنگ کی فراہمی میں توسیع کا سلسلہ جاری رکھے ہوئے ہیں۔

غیر فعال فنانسنگز اور پرووژنز

سال 2022 کے دوران غیر فعال فنانسنگز کی مد میں 815 ملین روپے کا خصوصی پرووژن چارج اور 1.48 ارب روپے کا Reversal ریکارڈ کیا گیا۔ حالیہ تباہ کن سیلاب اور موجودہ معاشی سست روی کی وجہ سے ممکنہ غیر فعال فنانسنگز کے پیش نظر دوران سال اضافی 3.75 ارب روپے عمومی پرووژنز کے لئے مختص کئے گئے جس سے غیر فعال فنانسنگز کا کوریج ریشو 166 فیصد ہو گیا، جو بینکاری صنعت میں سب سے زیادہ شرحوں میں سے ایک ہے۔ پورٹ فولیو انفیکشن ریشو (غیر فعال فنانسنگز کی شرح) مجموعی بینکاری صنعت کی اوسط شرح 7.6 فیصد کے مقابلے میں کم ترین شرحوں میں سے ایک یعنی 1.3 فیصد پر برقرار ہے۔ ہمیں یقین ہے کہ ہماری پرووژنز کی موجودہ شرح

فی حصص ڈیویڈنڈ

ہمیں آپ کو یہ بتاتے ہوئے خوشی محسوس ہورہی ہے کہ بورڈ نے 2022 کی چوتھی سہ ماہی کے لئے 3.00 روپے (30 فیصد) حتمی نقد ڈیویڈنڈ کی منظوری دی ہے، جس سے سال کے دوران نقد ڈیویڈنڈ کی ادائیگی 8.50 روپے (85 فیصد) ہوگئی ہے کیونکہ سال کے دوران 5.50 روپے (55 فیصد) عبوری نقد ڈیویڈنڈ ادا کئے گئے تھے۔ اس کے علاوہ سال کے دوران 10 فیصد بونس حصص بھی جاری کئے گئے ہیں۔ الحمدللہ، ہم نے اسٹاک ایکسچینج میں اندراج کے بعد سے بلاتعطل ڈیویڈنڈز کی ادائیگیوں کا ریکارڈ برقرار رکھا ہے۔

مارکیٹ کیپٹلائزیشن کے لحاظ سے سب سے زیادہ قدر کا حامل بینک

سال 2022 کے دوران میزان بینک مارکیٹ کیپٹلائزیشن کے لحاظ سے سب سے زیادہ قدر کا حامل بینک رہا، جس سے بینک کی انتظامیہ، اس کی کارکردگی اور ترقی کی صلاحیت پر سرمایہ کاروں کے اعتماد کا اظہار ہوتا ہے۔

روپے ملین میں

نفع نقصان کھاتہ	2022	2021
فنانسنگز، سرمایہ کاری اور تعین سے حاصل شدہ آمدنی/منافع	232,121	110,072
جمع شدہ رقوم پر منافع کی ادائیگی اور دیگر واجب الادا مصارف	(110,417)	(41,151)
اصل منافع	**121,704**	**68,921**
فیس، کمیشن کی آمدنی اور دیگر آمدنی	14,553	10,193
غیر ملکی کرنسی میں لین دین کی آمدنی	3,617	3,158
ڈیویڈنڈ کی آمدنی اور سیکیورٹیز پر منافع/(نقصان)۔ اصل	933	1,541
نان۔فنڈ ڈ اور دیگر آمدنی	**19,103**	**14,892**
کل آمدنی	**140,807**	**83,813**
انتظامی اور دیگر اخراجات	(48,245)	(35,324)
پرووِیژنز سے قبل منافع	**92,562**	**48,489**
پرووِیژنز اور قرضوں کی معافی۔ اصل	(4,177)	(993)
منافع قبل از ٹیکس	**88,385**	**47,496**
ٹیکس	(43,378)	(19,141)
منافع بعد از ٹیکس	**45,007**	**28,355**
فی حصص آمدنی۔ اضافہ شدہ سرمائے پر۔ روپے	25.15	15.84

منافع جات

اصل منافع

فنانسنگز، سرمایہ کاریوں اور تعین پر منافع گزشتہ سال کے 110 ارب روپے کے مقابلہ میں بڑھ کر 232 ارب روپے ہوگیا۔ 111 فیصد کا یہ اضافہ آمدنی پیدا کرنے والے اثاثوں میں خاطر خواہ اضافے اور زیادہ بنیادی بنچ مارک پالیسی شرح کی وجہ سے ہوا۔ دورانِ سال اوسط پالیسی شرح 7.29 فیصد سے بڑھ کر 13.20 فیصد ہوگئی۔ جمع شدہ رقوم (Deposits) اور قرضوں پر منافع بھی 2021 کے 41 ارب روپے کے مقابلے میں بڑھ کر 110 ارب روپے ہوگیا۔ اس 168 فیصد اضافہ کی وجہ اوسط ڈپازٹس اور قرضوں کے حجم اور ڈپازٹرز کی شرح منافع میں اضافہ تھی۔

تجارتی حجم میں اضافے اور ڈیجیٹل اقدامات کے باعث نان فنڈ ڈ آمدنی میں 28 فیصد اضافہ

بینک کی فیس، کمیشن کی آمدنی اور دیگر آمدنی گزشتہ سال کے 10.2 ارب روپے کے مقابلہ میں 43 فیصد اضافے کے بعد 14.6 ارب روپے ہوگئی، جس میں ڈیبٹ کارڈ، تجارت اور برانچ بینکنگ سے متعلقہ آمدنی نے بڑا حصہ ڈالا۔ 2022 میں ہمارے ڈیبٹ کارڈ پورٹ فولیو میں 400,000 کارڈز کا اضافہ ہوا جس سے پورٹ فولیو کا حجم بڑھ کر 2.8 ملین کارڈز تک پہنچ گیا۔ ڈیبٹ کارڈز سے خرچ کی گئی رقم بھی 78 ارب روپے سے بڑھ کر 149 ارب روپے ہوگئی، جو کہ 90 فیصد اضافہ ہے، جبکہ NFC ٹرانزیکشنز میں بھی 8 گنا اضافہ ہوا۔ اسی طرح انٹر بینک فنڈ ٹرانسفر (IBFT) اور یوٹیلٹی بل پیمنٹس (UBPS) کے حجم بھی بالترتیب 2 ٹریلین اور 400 ارب روپے تک پہنچ گئے جس میں ٹرانزیکشنز کی تعداد میں بالترتیب 83 فیصد اور 82 فیصد کا اضافہ ہوا۔ ہماری جدید ترین موبائل بینکنگ ایپ صارفین کو اپنی ڈیجیٹل ٹرانزیکشنز محفوظ اور موثر طریقے سے انجام دینے کے لئے ایک ہموار پلیٹ فارم فراہم کررہی ہے۔ میزان بینک کی موبائل بینکنگ ایپلی کیشن پورا سال Google Play Store اور Apple App Store دونوں پر ناقابلِ شکست 4.9 ریٹنگ کے ساتھ بینکاری صنعت میں سرفہرست رہی۔ تقریباً 1.4 ملین 'مالیاتی طور پر فعال' صارفین نے 2022 میں 166 ملین سے زیادہ ڈیجیٹل ٹرانزیکشنز کے لئے ہماری موبائل ایپلی کیشن کا استعمال کیا۔

ہمارے تجارتی کاروبار کا حجم جو ایک سال پہلے 1.7 ٹریلین روپے تھا، اس سال بڑھ کر 2.2 ٹریلین روپے ہوگیا۔ ہم تجارتی مالیاتی کاروبار کو اپنے کاروبار کا ایک اہم حصہ سمجھتے ہیں جو نہ صرف فیس کی آمدنی میں معاون ہوتا ہے بلکہ کرنٹ اکاؤنٹ بیلنسز کو بھی اپنی جانب متوجہ کرتا ہے جس کے نتیجے میں زیادہ منافع حاصل ہوتا ہے۔ ہمارے Correspondent بینکوں کا وسیع نیٹ ورک تجارتی کاروبار کے حصول میں ہماری معاونت کرتا ہے۔ مستحکم ٹریڈ فلو، رسک کی محتاط تخفیف اور Concerted Sales کی کوششوں کی وجہ سے بینک کی زرمبادلہ کی آمدنی میں بھی 15 فیصد اضافہ ہوا۔ مجموعی طور پر بینک کی نان فنڈ ڈ آمدنی میں 28 فیصد اضافہ ریکارڈ کیا گیا جو 19.1 ارب روپے پر بند ہوئی۔

انتظامی اخراجات

انتظامی اور دیگر اخراجات بھی 35.3 ارب روپے کے مقابلے میں 37 فیصد اضافے کے بعد 48.2 ارب روپے ہوگئے۔ دوران سال 60 نئی برانچز کھولنے سے متعلقہ اخراجات، افراطِ زر میں نمایاں اضافہ، روپے کی قدر میں زبردست کمی اور آئی ٹی سے متعلقہ اخراجات میں سرمایہ کاری جیسے عوامل اس اضافہ کی وجہ بنے۔ اخراجات میں اس اضافے کے باوجود بینک کا اہم انفیشنسی ریشو (Income Efficiency Ratio) گزشتہ سال کے 42 فیصد کے مقابلے میں بہتر ہوکر 34 فیصد ہوگیا، جس کی وجہ Cost rationalization، پراسس آٹومیشن اور موثر آپریٹنگ سائیکل پر مسلسل توجہ تھی۔

ٹیکس۔ قومی خزانے میں حصہ

وفاقی حکومت نے فنانس ایکٹ، 2022 کے ذریعے بینکنگ کمپنیوں پر ٹیکس کی شرح کو 2022 کے لئے 49 فیصد تک بڑھادیا ہے (39 فیصد نارمل ٹیکس اور 10 فیصد سپر ٹیکس)، جبکہ 2021 میں یہ شرح 39 فیصد تھی (35 نارمل ٹیکس اور 4 فیصد سپر ٹیکس)۔ ٹیکس کی شرح میں اس اضافے اور ہمارے منافع جات میں اضافے کے نتیجے میں ہمارا ٹیکس چارج سال 2022 میں بڑھ کر 43.4 ارب روپے ہوگیا (19.1 ارب روپے: 2021)۔

ڈائریکٹرز کی رپورٹ برائے ممبران

بِسۡمِ اللّٰہِ الرَّحۡمٰنِ الرَّحِیۡمِ

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 دسمبر، 2022 کو مکمل ہونے والے سال کے لئے میزان بینک کے تفصیلی مالیاتی نتائج پر مبنی 26 ویں سالانہ رپورٹ پیش کرنے میں مسرت محسوس کرتے ہیں۔

اسلامی بینکاری کے 25 سال

الحمدللہ، سال 2022 میزان بینک کے لئے خوشگوار یادوں اور جشن کا سال تھا۔ میزان بینک 1997 میں المیزان انویسٹمنٹ بینک کے طور پر اسلامی بینکاری کو بینکاری کا پہلا انتخاب بنانے کے عزم کے ساتھ قائم کیا گیا تھا اور اس سال ہم نے اپنے صارفین کو رہا سے پاک بینکاری خدمات کی فراہمی کے پچیس سال مکمل کر لئے۔ ملک کے سب سے چھوٹے کمرشل بینک سے پاکستان کے سب سے بڑے اور قابل قدر کنسٹرفرنچائز میں سے ایک بننے تک کے سفر پر غور کریں تو ہمیں سب سے پہلے اللہ ﷻ کا شکر ادا کرنا چاہئے جس کی رحمت کے بغیر یہ کامیابیاں ممکن نہ تھیں۔ اس کے ساتھ ساتھ ہم اپنے موجودہ اور سابقہ ڈائریکٹرز، شریعہ بورڈ کے ممبران، اپنی انتظامیہ اور ملازمین کی غیر معمولی کوششوں اور لگن کے لئے بھی شکر گزار ہیں، جنہوں نے اس خواب کو حقیقت بنانے میں مدد دی۔ یہ ہماری خوش قسمتی ہے کہ میزان بینک کے ذریعے پاکستان میں اسلامی بینکاری کی بنیاد ڈالی گئی اور ہمیں اسلامی بینکاری کی صنعت (IBI) کے فروغ کی اپنی کوششوں پر فخر ہے۔

میزان بینک پاکستان کا سب سے کم عرصے میں باوقار AAA کریڈٹ ریٹنگ حاصل کرنے والا بینک ہے جس نے اپنے آپریشنز کے صرف 19 سال میں یہ ریٹنگ حاصل کی اور پاکستان اسٹاک ایکسچینج میں درج تمام بینکوں کے درمیان سب سے زیادہ ریکیپ بھی رکھتا ہے۔

ہمارے بینک نے نہ صرف ملک سے ربا کے خاتمے کے لئے اسلامی بینکاری کی بنیادیں استوار کیں بلکہ ہماری کامیاب کوششوں نے پوری اسلامی بینکاری صنعت میں جدت اور تعمیر استعداد کے ذریعے صارفین کے لئے شریعہ کمپلائنٹ بینکاری اور فنانشل سولیوشنز کی راہ ہموار کرنے کے لئے قائدانہ کردار ادا کیا۔ ہم نے اسلامی فنانس کی ترقی کے لئے تاریخی طور پر تمام فورمز پر آگاہی اجلاسوں کا انعقاد کیا ہے اور معروف تعلیمی اداروں میں اسلامک بینکنگ سرٹیفکیشنز کے فروغ کے لئے اہم کردار ادا کیا ہے تاکہ ملک میں اسلامی بینکاروں کی حوصلہ افزائی اور ان کی تعداد میں اضافہ کیا جائے۔ ان اقدامات کا براہ راست نتیجہ یہ ہوا ہے کہ اسلامی بینکاری کی صنعت واحد ادارے سے ترقی پا کر چھ مکمل اسلامی بینکوں اور روایتی بینکوں کی پندرہ اسلامی بینکاری شاخوں تک وسیع ہوگئی ہے۔ اسلامی بینکاری کے بہت سے ممتاز سفیروں نے کسی نہ کسی طریقے سے ہمارے ساتھ نشوونما اور تربیت حاصل کی ہے۔ مکمل اسلامی بینکوں اور روایتی بینکوں کی اسلامی شاخوں کا مارکیٹ شیئر اب 21 فیصد ہوگیا ہے۔

ہم پاکستان میں اسلامی بینکاری صنعت (IBI) کی ترقی اور ترویج کے لئے حکومت پاکستان (GoP) اور اسٹیٹ بینک آف پاکستان (SBP) کی کوششوں کو سراہتے ہیں اور ان کی قدر کرتے ہیں۔ معزز وفاقی شرعی عدالت (FSC) کا مالیاتی نظام کو پانچ سال کے اندر مکمل شریعہ کمپلائنٹ اور سود سے پاک کرنے کا فیصلہ جس کا بہت عرصے سے انتظار تھا، ہمارے لئے ایک اہم سنگ میل ہے۔ ہم حکومت پاکستان کے فنانس ڈویژن کی جانب سے اس فیصلے کے نفاذ کے لئے اسٹیئرنگ کمیٹی کی تشکیل کو باقاعدہ طور پر سراہتے ہیں اور اس بات کو ریکارڈ پر لانا چاہتے ہیں۔ ہمیں آپ کو یہ اطلاع دینے میں انتہائی خوشی محسوس ہورہی ہے کہ ہمارے شریعہ بورڈ کے چیئرمین، جسٹس (ریٹائرڈ) محمد تقی عثمانی اور ہمارے بانی صدر اور سی ای او، جناب عرفان صدیقی کی تزویراتی رہنمائی اور تعاون کی فراہمی، تعمیر استعداد میں معاونت اور ربا سے پاک پاکستان کے لئے وفاقی شرعی عدالت کے فیصلے کے نفاذ میں پیش رفت کی نگرانی کے لئے اس اسٹیئرنگ کمیٹی کا ممبر نامزد کیا گیا ہے۔

بورڈ اسلامی بینکاری کے فروغ کے لئے ہمارے چیئرمین شریعہ بورڈ اور ہمارے صدر اور سی ای او کی غیر معمولی کاوشوں کا اعتراف کرتا ہے۔ ہم اس بات پر پختہ یقین رکھتے ہیں کہ ہماری یہ کامیابی اللہ ﷻ کی رحمت اور شریعہ کمپلائنس، دیانت داری اور اعلیٰ ترین معیار خدمت کی بنیادی اقدار کی مرہون منت ہے۔

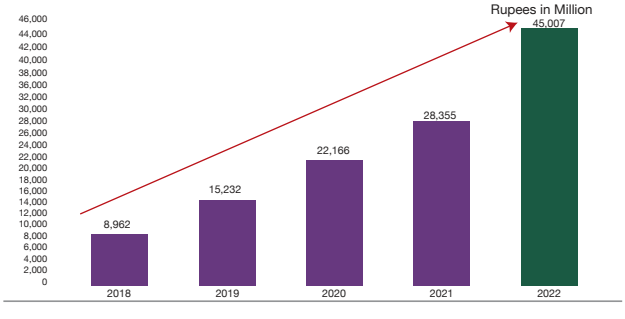
معاشی جائزہ

سال 2022 معاشی اعتبار سے بلند امیدوں کے ساتھ شروع ہوا تھا کیونکہ عالمی معیشت COVID-19 کی عالمی وبا کے بعد دوبارہ بحال ہونا شروع ہوگئی تھی۔ تاہم یہ خوش امیدی بہت قلیل مدتی تھی اور روس۔یوکرین تنازعہ کے ساتھ ہی ختم ہوگئی، جس نے عالمی معاشی منظرنامے میں گراوٹ کو جنم دیا اور اس کے نتیجے میں عالمی کموڈٹی سپر سائیکل (بشمول تیل) پیدا ہوا جس سے پوری دنیا کی معیشتیں متاثر ہوئیں۔ پاکستان جیسی ابھرتی ہوئی مارکیٹوں کے لئے عالمی شرح سود کے چکر میں تبدیلی کی وجہ سے معاشی چیلنجز مزید بڑھ گئے۔ نتیجتاً پاکستان کی معیشت مالی سال 2022 میں 6.0 فیصد شرح نمو ظاہر کرنے کے بعد سال کے باقی حصے میں نمایاں کمی کے ساتھ سست روی کی جانب گامزن رہی۔

ملکی سطح پر سیاسی عدم استحکام اور غیر معمولی تباہ کن سیلاب نے معاشی چیلنجز میں مزید اضافہ کر دیا۔ ہر طرف تباہی کی داستانیں چھوڑ جانے والا یہ سیلاب تین کروڑ سے زائد لوگوں کو بے گھر کر گیا اور ہزاروں مویشی اور فصلیں بہالے گیا، جس کا نتیجہ ادائیگیوں کے توازن میں دباؤ، fiscal slippages اور بلند افراط زر کی صورت میں برآمد ہوا۔ سال کے آغاز میں افراط زر کی جو شرح 12.3 فیصد تھی، وہ دسمبر 2022 تک بڑھ کر 24.5 فیصد ہوگئی۔ ملک میں بڑھتی ہوئی افراط زر کے پیش نظر اسٹیٹ بینک آف پاکستان (SBP) نے بھی اپنی مالیاتی پالیسی کے مؤقف کو سخت کرتے ہوئے پالیسی شرح (پیغ مارک شرح) میں اضافہ کر دیا اور پالیسی شرح جو 2022 کے آغاز میں 9.75 فیصد تھی، سال کے اختتام تک بڑھ کر 16 فیصد ہوگئی جو مجموعی طور پر 625 بیسز پوائنٹس اضافہ ہے۔ جنوری 2023 میں پیغ مارک شرح مزید بڑھا کر 17 فیصد کر دی گئی۔ اگرچہ فیٹف (FATF) کی گرے لسٹ سے نکلنا خوش آئند تھا تاہم میکرو اکنامک عدم استحکام کے خدشات نے اس کی اہمیت کم کر دی۔ ملکی بازار حصص میں بھی گراوٹ کا رجحان دیکھا گیا اور اس نے اپنی قدر 9 فیصد کم کر دی، اور 2021 کے 44,596 پوائنٹس کے مقابلے میں 40,420 پوائنٹس کی سطح پر بند ہوئی۔

وفاقی حکومت غیر ضروری درآمدات کو کنٹرول کرنے، کفایت شعاری کے اقدامات کے نفاذ، مالیاتی احتیاط پسندی اور عوام کے لئے معاشی ریلیف کے درمیان توازن قائم کرنے میں کوشاں ہے۔ آئی ایم ایف پروگرام کی بحالی سے دوست ممالک اور دیگر کثیر جہتی اداروں کی جانب سے مالیاتی تعاون کا دوبارہ آغاز ہوگا۔ ایک اور مثبت پیش رفت یہ ہوئی کہ پاکستان Intemational Conference on Climate Resilient Pakistan منعقدہ جنوری 2023 میں تقریباً 10 ارب ڈالر کی امداد کے وعدے حاصل کرنے میں کامیاب رہا۔

Profit After Tax



ہماری کارکردگی

اللہ ﷻ کی رحمت سے، انتہائی غیر معاشی اشاریوں کے باوجود ہم نے اپنی ترقی کی رفتار کو جاری رکھا اور مستحکم مالیاتی نتائج پیش کئے۔ بعد از ٹیکس منافع گزشتہ سال کے 28.4 ارب روپے کے مقابلہ میں 59 فیصد اضافہ کے ساتھ 45 ارب روپے ہوگیا اور ایکویٹی پر منافع 40 فیصد تک پہنچ گیا۔ ہم نے تسلسل کے ساتھ ایکویٹی پر منافع کو بینکاری صنعت کی اوسط سے زیادہ پر برقرار رکھا ہے اور اپنے حصص یافتگان کے لئے تعمیر قدر (Value Creation) پر توجہ مرکوز رکھی ہے۔ 17.9 ارب روپے کے اضافہ شدہ حصص کے سرمائے پر فی حصص آمدنی 15.84 روپے فی حصص سے بڑھ کر 25.15 روپے فی حصص ہوگئی ہے۔



Performance

BUSINESS AND OPERATIONS REVIEW

Business Review

Despite deteriorating macroeconomic indicators and political uncertainty, the Bank continued its growth momentum during the year with total assets crossing Rs 2.5 trillion - a 35% growth over the preceding year. The supportive liquidity management framework adopted by the State Bank of Pakistan (SBP) enabled the Bank to channel its excess liquidity into Government of Pakistan (GoP) Ijarah Sukuk which led to an increase in the Bank's investment book by approximately Rs 660 billion. The Bank maintained its strategic focus of mobilizing deposits across all sectors of the economy whilst maintaining its Gross Advances to Deposits Ratio (ADR) above 50%. Key highlights of the Bank's business activities are as follows:

	2022	2021
Total Assets	Rs 2.57 trillion	Rs 1.9 trillion
Islamic Financing & Related Assets – Gross	Rs 1.0 trillion	Rs 777 billion
Investments	Rs 1.28 trillion	Rs 620 billion
Deposits	Rs 1.66 trillion	Rs 1.46 trillion
Due to Financial Institutions	Rs 573 billion	Rs 220 billion
Total Equity	Rs 115 billion	Rs 87 billion
Total Branches	962	902

GROWTH IN 2022

35% Total Assets

31% Islamic Financing & Related Assets - Gross

107% Investments

14% Deposits

160% Dues to Financial Institutions

33% Total Equity

7% Total Branches

Notwithstanding the ongoing economic slowdown as a result of monetary contraction, the Bank was able to grow its financing portfolio by 31% while keeping all asset quality parameters in check. The Bank's gross financing assets crossed the Rs 1 trillion mark for the first time and is now the third largest financing portfolio in the industry. The biggest contributor to this increase was the Bank's Corporate & Institutional Banking segment with growth being well distributed across public-sector entities and private sector blue-chip companies. Commercial and SME portfolio also showed a healthy growth driven by the Bank's strategy to bring Shariah-compliant banking solutions to the doorstep of small and medium size enterprises – which represent a sizable share in overall GDP of the country. Consumer Financing segment of the Bank maintained its growth momentum in early 2022 but showed considerable slow-down in the latter part of the year due to changes in Prudential Regulations and supply chain disruptions in the automobile sector.

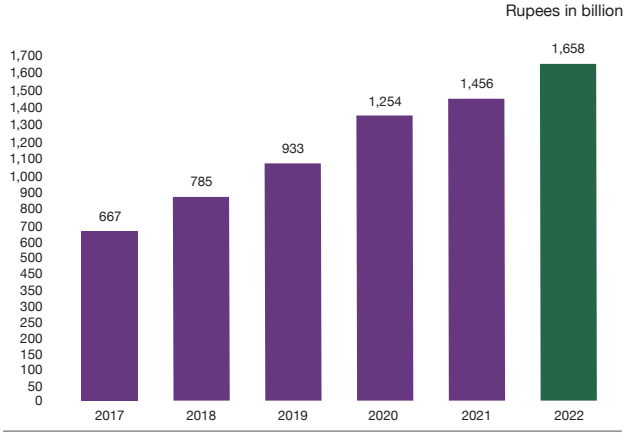
It is pertinent to note that there was no increase in the overall non-performing financing (NPL) portfolio despite a significant rise in overall size of the financing book with economic headwinds and catastrophic flood plaguing the country during the year. Instead, the Bank witnessed a decline in NPLs which reduced to Rs 13.6 billion from Rs 14.5 billion last year, with the NPL infection ratio improving further to 1.3%. This not only demonstrates the resilience of the Bank's customer base but also the robustness of its credit & risk assessment process and swift follow-up and prompt recovery mechanism. The Bank continued to build up for any potential NPLs and further beefed up its additional general provision which now stands at Rs 9.1 billion. The NPL coverage ratio has increased to 166% from 133% last year, which is one of the highest in the banking industry.

The Bank's investment portfolio recorded a two-fold increase following fresh investment in GoP Ijarah Sukuk. The Bank's variable rate GoP Ijarah Sukuk now amount to Rs 854 billion while it also holds Rs 256 billion of fixed rate Ijarah Sukuk. The Bank's portfolio of Bai Muajjal with other financial institutions decreased to Rs 35 billion from Rs 238 billion in 2021 as it deployed its liquidity in GoP Ijarah Sukuk. The Bank also increased its borrowing from SBP through Shariah-compliant Mudarabah based Open Market Operations (OMO).

The Current and Savings Account (CASA) deposits base of the Bank grew to Rs 1.46 trillion which is even higher than the Bank's total deposits a year ago. The Bank's CASA deposits have grown by 21%, representing 88% of deposit mix. The Bank rationalized its deposit mix and reduced its fixed deposit portfolio by 20% from last year. Nonetheless, similar to previous years, the Bank's overall deposits growth of 14% outpaced the overall industry deposit growth of 7%.

Driven by the growth in the Bank's business activities and increase in underlying SBP policy rate, the Bank's Profit After Tax grew to Rs 45 billion as compared to 28 billion last year – up by 59%, contributed by rise in both funded and non-funded income. Net spread grew to Rs 122 billion from Rs 69 billion in 2021 with non-funded income registering a 48% growth, closing at Rs 19.1 billion as compared to Rs 14.9 billion in 2021. Trade finance, branch banking and debit card related incomes were key drivers of the increase in non-funded income. The substantial growth in profitability enabled the Bank to build up its reserves and contributed to its strong equity base, which would enable it to sustain its growth trajectory. The Bank's total equity grew to Rs 115 billion, up by 33% from last year, after distribution to its shareholders out of current year's profits.

Deposits



Credit Rating

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

AAA
Youngest AAA credit rating bank in Pakistan

Retail Banking

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

In order to facilitate senior citizens, widows and differently-abled persons, Meezan Bank has launched dedicated bank accounts that offer higher Shariah-compliant returns on deposits in Pak Rupees only.

PROGRESS IN 2022

88%
CASA Mix

Launch of
Meezan Senior Citizen Account

*USD 1.4 billion
Leading in RDA total inflows

Four Fold
Freelancer Account Portfolio

Launch of
Meezan Digital Accounts

*Rs 1 billion
Disbursed for Roshan Apni Car

*Since inception

Prime Minister's Initiative of Roshan Digital Account (RDA)

Meezan Bank has maintained its lead position in terms of total inflows in Roshan Digital Accounts (RDA) and received around USD 1.4 billion since inception, which is 25% of the market share. The Bank closed the year 2022 with more than 83,000 accounts. Major highlights for Roshan Digital Accounts during 2022 were:

- USD 1 billion plus inflows since inception
- Top Bank for achieving the highest number of Roshan Equity Accounts
- More than Rs 1 billion disbursed for Roshan Apni Car since inception

Meezan Digital Accounts

In 2022, Meezan Bank launched an end-to-end digital account opening facility called Meezan Digital Account, which allows customers to conveniently open an account online without having to visit a branch. This is a major step towards the Bank's digital journey which will facilitate account opening process in an efficient manner. Over 29,000 accounts were opened during the year, ranging from current to basic savings accounts including:

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

Freelancer Accounts

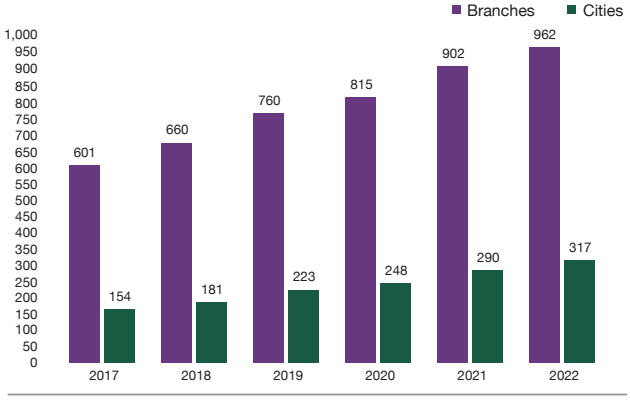
As part of its efforts towards financial inclusion and to support the growing talent pool of entrepreneurs in Pakistan, the Bank is providing conducive banking services to Freelancers and has opened more than 12,000 freelancer accounts, quadrupling this portfolio in 2022.

Branch Network

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

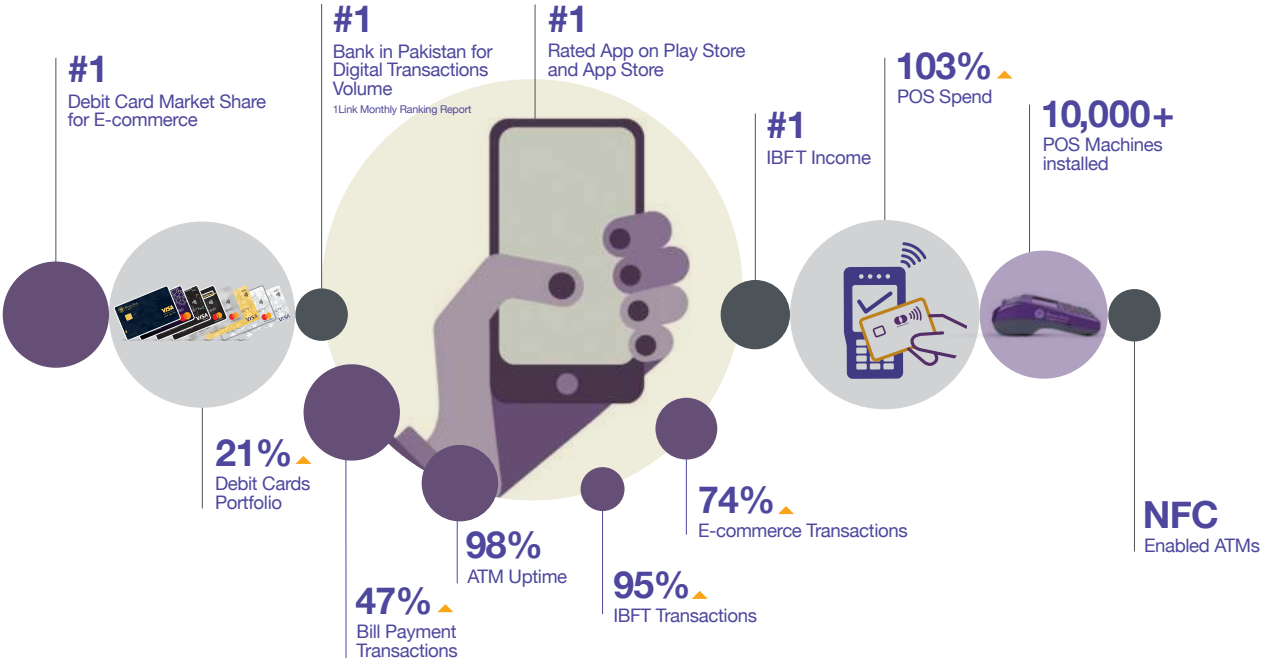
The Bank added 60 new branches to its network, taking the total network size to 962 branches in 317 cities across Pakistan. The growing 'brick & mortar' network is complemented by a comprehensive array of digital services including Meezan Internet Banking and Mobile App, which is the top-rated mobile application in the country's banking industry, as well as other Alternate Distribution Channels.

Branch Network



Alternate Distribution Channels

In addition to the traditional brick-and-mortar banking network, Meezan Bank provides convenient and instant access to banking services through a wide range of Alternate Distribution Channels (ADCs). Being one of the leading banks in the country, Meezan Bank has state-of-the-art ADC infrastructure as an integral part of its digital banking infrastructure.



The successful launch of Meezan Visa Infinite Debit Card and an effective build-up of Acquiring Business are some of the landmark achievements in addition to various other initiatives taken in 2022.

RAAST Payments

State Bank of Pakistan launched an instant payments gateway to offer free of cost, faster and safer payments to all citizens of Pakistan by the name of Raast. Meezan Bank, in line with its efforts to promote and grow digital payments, adopted Raast and offered it to all customers through its Mobile App and Internet Banking, free of cost. Raast offers world class convenience to customers whereby they can easily send and receive funds on cell phone numbers in a matter of seconds. Raast functions on latest payment standards (ISO 20022) that allows for a superior payment experience and real time settlement between banks. During the year, Meezan Bank processed 276,000 transactions amounting to over Rs. 13 billion.

ATM Network

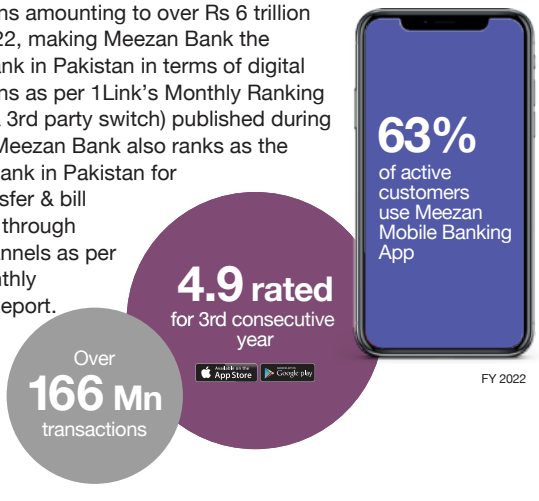
Meezan Bank's ATM network crossed 1,000 touchpoints during the year to grow to 1,061 ATMs across Pakistan, including 115 off-site ATMs. Meezan Bank's ATMs offer an unparalleled customer experience with 98% up-time throughout the year.

All the Bank's ATMs are biometric enabled and EMV-compliant enabling customers to transact through their thumb impression even without a physical debit card. NFC acceptance on ATMs was also launched in 2022, permitting customers to withdraw their cash with just a tap of their debit card on Meezan Bank's ATMs. Meezan Bank also offers the highest withdrawal limit of Rs 100,000 in a single transaction through its ATMs, which is an additional convenience to its customers. The Bank dispensed over Rs 1.4 trillion in cash through its ATM network during 2022, which was 34% higher than the previous year. Meezan Bank also acquires the highest number of Cash Withdrawal transactions per ATM from other banks' customers, making it the most favourite ATM network for the banking customers of Pakistan.

Mobile App & Internet Banking

The Bank's customers can access its banking services 24/7 from the comfort of their homes and elsewhere through Meezan Mobile Banking App and Internet Banking. Meezan Mobile Banking App has consistently maintained its leadership position as the top-rated banking App in the country throughout the year, having an impressive user rating of 4.9 out of 5.0 third year in the row on both Google Playstore and Apple App Store.

63% of the Bank's active customers are using Meezan Mobile Banking App for their day-to-day banking needs and have performed over 166 million financial transactions amounting to over Rs 6 trillion during 2022, making Meezan Bank the leading bank in Pakistan in terms of digital transactions as per 1Link's Monthly Ranking Reports (a 3rd party switch) published during the year. Meezan Bank also ranks as the topmost bank in Pakistan for funds transfer & bill payments through digital channels as per 1Link Monthly Ranking Report.



Debit Cards

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



Meezan Bank has been awarded the 'Fastest Growing Debit Cards Portfolio in Pakistan' by Visa for the year 2022. Visa is the Largest International Payment Scheme operating in Pakistan.

With a spend volume of Rs. 149 billion during the year, Meezan Bank is the industry leader in customers' usage of Debit cards. The Bank is also the market leader in e-commerce usage on its Debit Cards with more than 38% share of the industry spend as per the SBP's Payment Systems Review for fiscal year 2021-22. The Bank's volume of e-commerce transactions grew by an impressive 74% over last year. POS spend also surged by 103% by value during the year whereas the cards portfolio grew by 21%.

Meezan Bank launched **Meezan Visa Infinite Card** during the year. This card aims to provide a world-class, Shariah-compliant payment product to its high-net-worth customers. This is the top-most debit card available in Pakistan, offering one of the highest limits and a wide range of features and discounts, both locally and internationally, to the Bank's premium customers. The card also offers exclusive travel perks including access to over 1,000 VIP Airport Lounges globally, 24-hour concierge access and discount on car rentals, in addition to various other international offers by Visa.



Meezan Aura Card (Shariah-compliant alternative to Credit Card)

The soon to be launched Meezan Aura Card is a state of the art Shariah-compliant alternative to conventional Credit Cards that will provide best-in-class experience to customers for their short-term credit and transactional needs. Meezan Aura Card, developed as a Charge Card, will offer upto 50 days of credit period without any interest. Additionally, customers will be able to earn reward points and carry out transactions while traveling internationally, which is not possible through a Debit Card. Currently, the product is in soft launch phase and would soon be available commercially to all customers of Meezan Bank who fulfil the Bank's underwriting criteria.

POS Terminals

2022 was the first full year for Merchant Acquiring Business after its launch in late 2021. During the year, Meezan Bank showed tremendous growth in the deployment of POS machines all across Pakistan. By covering 272 cities within the first year, Meezan Bank became the fastest bank to expand geographically in this domain. During the year, more than 10,000 POS terminals were installed at over 7,000 unique merchants - majority of whom started accepting digital payments for the first time. This way the Bank is making a significant contribution in digitizing the payments landscape of Pakistan while eliminating cash and documenting retail transactions in line with the long-term strategic vision of SBP. Meezan Bank remains committed to growing the footprint of digital acceptance in Pakistan.

E-Commerce Payment Gateway

Meezan Bank launched a state-of-the-art e-commerce Payment Gateway in 2021 and enabled over 300 e-commerce merchants during the year 2022. Meezan Bank's e-commerce Payment Gateway uses the latest technology and offers a wide range of checkout experiences on the websites of the Bank's clients. Meezan Bank also entered into strategic alliances with various digital payment aggregators who utilize the Bank's payments infrastructure to onboard a large number of merchants and thus help in growing digital payments at a much faster pace in Pakistan.

Digital Fund Transfers

Meezan Bank's customers can transfer funds to both Meezan and other banks' customers through its Mobile App and Internet Banking, both of which include the RAAST payment option as well. During the year, IBFT (Interbank Fund Transfer) transactions through digital channels increased by over 95%, primarily driven by the Bank's Mobile App. Meezan Bank received the highest amount of funds via IBFT during 2022 - amounting to Rs 3.08 trillion. Meezan Bank also ranked highest in IBFT income, second highest in IBFT sending transactions by value and third highest in IBFT sending transactions by volume, ahead of all commercial banks in Pakistan.

Bill Payments

Meezan Bank offers one of the largest bill payments portfolio to its customers, comprising over 2,000 bill payment options for Utility Bills, Top-ups, Internet Bundles, Challans, FBR Taxes, School Fees, University Fees, Club Fees, Vouchers, Credit Card payments and many others. In 2022, the Bank processed over 33 million bill payment/top-up transactions, amounting to Rs 442 billion.

MEEZAN ACQUIRING BUSINESS

1st Islamic bank to launch acquiring business in Pakistan

1st Islamic bank to launch an e-commerce Payment Gateway

1st Acquirer to launch all four schemes simultaneously

1st Bank with 100% NFC Terminals across Pakistan

272 cities
Fastest geographic penetration

Collaboration with FinTechs

The Bank believes in active collaboration with FinTech start-ups and has developed a range of API based payment services for its Fintech partners, including BIN sponsorship services with local and international payment schemes. Meezan Bank serves as the settlement bank as well as acts as a Trustee for various FinTechs. Some of the Bank's key Fintech partners are:

Home Remittance

Meezan Bank plays a vital role in driving home remittances through banking channels under both Pakistan Remittance Initiative (PRI) and non-PRI arrangements. In 2022, the flow of remittances was under pressure amid global economic challenges worldwide. Pakistan was no exception to this global economic meltdown as remittances steadily dwindled throughout the year. Despite these challenges, Meezan Bank achieved a revenue growth of 10%. To augment the Home Remittance business, the Bank maintained its focus on improving customer experience by leveraging technology, digitization and automation of processes and tapping of additional payment corridors. Additionally, the Bank's relationship with MTOs, exchange companies and remittance partners helped in fetching Roshan Digital Accounts (RDA) business which contributed to the Bank's leadership position in the segment.

Financing Portfolio

The Bank offers a comprehensive array of Shariah-compliant financing solutions to cater to working capital finance, import, export refinance, commodity operations financing, long-term finance, documentary credit requirements, and project-based financing needs of a large number of clients. The Bank's performance in various types of financing segments has been as follows:

PROGRESS IN 2022

Corporate Banking

2022 — Rs 763 billion

2021 — Rs 573 billion

Portfolio **33%** ▲

NPF under **1.5%**

Investment Banking

Rs 1.47 trillion
Transactions since inception

Rs 272 billion
Transactions during 2022

7 MW Solar Power
projects financed during 2022

Commercial Banking

Rs 174 billion
Portfolio

Rs 1,055 billion
Trade Volume

NPF under **2%**

Corporate Banking

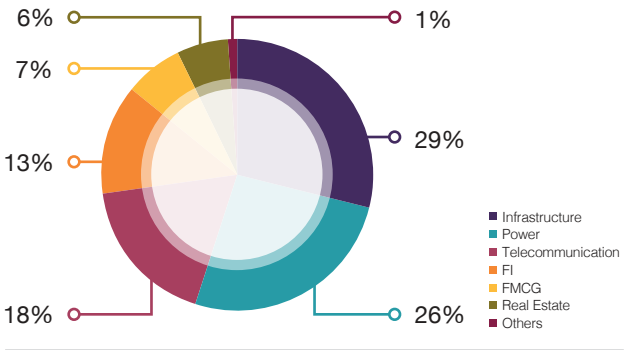
Meezan Bank provides Shariah-compliant innovative business solutions to a large number of corporate clienteles comprising private and public sector entities as well as multinationals. A focused business strategy to diligently build a high quality and well-diversified portfolio has enabled the Bank to grow its Corporate Banking portfolio from Rs 573 billion in 2021 to Rs 763 billion in 2022 - a substantial growth of 33%.

Investment Banking

Meezan Bank is one of the most active Investment Banking players in Pakistan. Since its inception, the Bank has led arrangement and advisory mandates for a significant number of project finance, syndications and capital market transactions amounting to over Rs 1.47 trillion. During 2022, the Bank negotiated and led transactions worth over Rs 272 billion, comprising debt arrangement and advisory deals (equity advisory) in diverse sectors including infrastructure, power, telecommunications, real estate and textiles.

Sectoral breakdown of the transactions led by the Bank is depicted here:

Sector Wise Breakdown



The Bank executed numerous large-scale infrastructure transactions under public-private partnership structure, thus playing a pivotal role in paving the path for attracting local and foreign investors for development of much-needed infrastructure projects in the country. Being mindful of the United Nations Environmental, Social and Governance (ESG) framework, the Bank has always given priority to initiatives that focus on ESG as a strategic direction and has aligned its focus on renewable energy / green banking projects in line with its aim of combatting climate change and reducing dependence on costly imported fuels. Meezan Bank is engaged with numerous clients for providing financing for large and small-scale renewable energy projects, which will contribute in improving the energy mix of the country. During the year, Meezan Bank extended financing for a total of 7 mega-watt solar power captive projects to various corporate entities.

Meezan Bank's capabilities in the field of Islamic Finance are widely recognized and acknowledged by numerous local and international bodies through various awards and accolades. Awards and recognitions and key transactions of the year are highlighted below.

Key Transactions

Din Energy Limited Mandated Lead Arranger & Adviso, Musharakah Agent	Running Musharaka Facility	Rs **670** million
Hyundai Nishat Mandated Lead Arranger & Advisor and Shariah Structuring Agent	Syndicated Long Term Islamic Finance Facility	Rs **1,000** million
Burj Solar Energy (Private) Limited Mandated Lead Arranger & Shariah Advisor, Investment Agent	Syndicated Long Term Islamic Finance Facility	Rs **1,000** million
Globe Residency REIT – Naya Nazimabad Financial Advisor, Shariah Advisor	Musharaka	Rs **1,300** million
Masood Textile Mills Limited Mandated Lead Arranger & Shariah Structuring Bank, Investment Agent	Syndicated Short-term Working Capital Financing Facility	Rs **1,500** million
Ismail Industries Limited Mandated Lead Advisor & Arranger, Shariah Structuring Bank and Investment Agent	Syndicate Islamic Finance Facility	Rs **4,000** million
Hub Power Company Limited Mandated Lead Arranger & Financial Advisor & Investment Agent	Series of Short Term Sukuk	Rs **4,500** million
Ismail Industries Limited Mandated Lead Advisor & Arranger	Working Capital Facility	Rs **5,000** million
Ghotki Kandhkot Road & Bridge Company Private Limited Mandated Lead Arranger & Advisor, Investment Agent, Shariah Advisor	Syndicated Bridge Finance Facility	Rs **5,000** million
Pak Gulf Construction Private Limited Mandated Lead Arranger & Financial Advisor, Investment Agent & Accounts Bank	Syndicated Finance Facility for Five Star Deluxe Hotel	Rs **6,202** million
Engro Polymer & Chemicals Limited Mandated Lead Arranger & Shariah Advisor, Investment Agent	Syndicated Long Term Islamic Finance Facility	Rs **8,750** million
Transworld Associates Mandated Lead Advisor & Arranger, Investment Agent and Shariah Structuring Bank	Syndicated Long Term Islamic Finance Facility	Rs **11,100** million
Pakistan National Shipping Corporation Limited Mandated Lead Advisor & Arranger	Syndicated Long Term Islamic Finance Facility	Rs **11,825** million
Sui Southern Gas Company Limited Mandated Lead Advisor & Arranger and Shariah Structuring Agent	Syndicated Term Finance Facility	Rs **15,000** million
Sui Southern Gas Company Limited Mandated Lead Advisor & Arranger and Shariah Structuring Agent	Syndicate Finance Facility	Rs **21,000** million

K-Electric Limited Mandated Lead Advisor & Arranger, Investment Agent and Shariah Structuring Bank	Series of Rated, Unsecured, Privately Placed Short Term Sukuk	Rs **28,500** million
Pakistan-Kuwait Investment Company (Private) Limited Long Term Islamic Finance Facility	Lead Arranger & Shariah Advisor	Rs **30,000** million
Pakistan Telecommunications Limited Mandated Lead Arranger & Arranger and Shariah Structuring Advisor	Syndicated Term Finance Facility	Rs **35,000** million
Pakistan Mobile Communications Limited Mandated Lead Advisor & Arranger	Syndicated Term Finance Facility	Rs **40,000** million

Key Awards and Recognitions

Key Awards for the year 2022 are as follows:

Islamic Finance News – Malaysia
Best Investment Bank - Pakistan

Asian Banking and Finance Corporate & Investment Banking Awards
Innovative Islamic Deal of the Year - Pakistan

The Asset Triple A Islamic Finance Awards
Best Islamic Investment Bank - Pakistan
Sukuk Adviser of the Year - Pakistan
Best Green Financing - Pakistan
Cherat Cement Company 1.4 billion rupees facility Mandated lead adviser and arranger
Best Syndicated Loan - Pakistan
Pakistan Mobile Communications 10.5 billion rupees Islamic syndicated term finance facility Shariah adviser, mandated lead adviser and arranger

Islamic Finance Forum of South Asia (IFFSA) Awards
Gold Award for Islamic Investment Bank of the Year



DEVELOPING ISLAMIC CAPITAL MARKETS!

Meezan Bank, being an Islamic Financial Institution, does not invest in non-Shariah-compliant shares. However, investment can be made in companies which are Shariah-compliant as per the criteria set by Shariah scholars. Islamic Indices are also available at PSX which consist of various Shariah-compliant companies. Currently, there are two Islamic Indices, under the name of KMI 30 Index and PSX-KMI All Share Index. KMI 30 Index reflects the performance of thirty most liquid Shariah-compliant stocks, whereas PSX-KMI All Share Index reflects all available Shariah-compliant stocks.

These Indices have the following objectives:

- To create awareness for the general public regarding Shariah-compliant shares
- To provide investors relevant benchmark for returns on Shariah-compliant equity investments.

List of Shariah-compliant companies on PSX website is updates semi-annually.

Commercial Banking

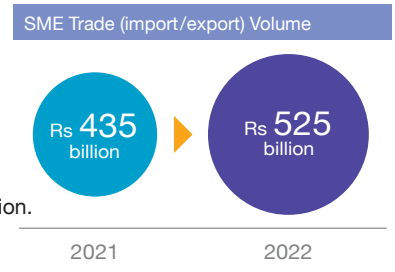
Including Small & Medium Enterprises (SME) and Agriculture Finance

Meezan Bank recognizes the fact that in order to achieve its Vision of establishing 'Islamic banking as banking of first choice...' it must increase the outreach of Islamic banking well beyond the blue-chip corporate sector. In this regard, the Bank has developed a very clear focus on developing the Small and Medium sized entities (SMEs) as well as commercial and agriculture sector enterprises, which represent a sizeable sector of the country's economy and act as the economy's backbone. The consistent growth of the Bank's Commercial Banking business over the years reflects the level of trust and confidence the Bank has built with its customers in this sector.

Meezan Bank's Commercial Banking portfolio has shown a remarkable growth of 28% during the year and stood at Rs 174 billion at year-end 2022. Non-performing financings in this segment remained less than 2% during the year despite the supply chain disruption in the country during the recent floods which highlights the Bank's prudent credit approach.

Small & Medium Enterprises & Supply Chain

In the backdrop of economic challenges, Meezan Bank managed to maintain the size of its SME portfolio in 2022 while simultaneously reducing its portfolio infection ratio. SME Trade (import/export) volume recorded an uptick of 20% from Rs 435 billion in 2021 to Rs 525 billion in 2022.



The Bank's portfolio under Prime Minister's Youth Entrepreneurship Scheme stood at Rs 1.26 billion in 2022, while its Supply Chain Financing portfolio grew by 59% to Rs 3.67 billion.

Digital Supply Chain Financing

In 2022, Meezan Bank launched digital financing under supply chain structure in collaboration with a multinational corporation. This is the first ever Shariah-compliant and end-to-end digital supply chain financing platform in the industry.

Meezan Bank has engaged Islamic B2B FinTechs to streamline operational capabilities and move towards digital delivery of supply chain financing. As a first step, the Bank has integrated with Haball platform with exclusive product proprietary rights. It allows over 500 distributors of CCBPL to access Shariah-compliant financing to improve their working capital and expand their operations. Such technology will also provide instant liquidity to SMEs and rural clients by onboarding sub-distributors and retailers associated with the value chain.



Launch event of 1st Digital Supply Chain Financing Platform.

Commercial Vehicles Financing

The Bank disbursed Rs 3.5 billion in Commercial Vehicle financing, bringing its portfolio to Rs 6.8 billion. The Bank's focus was on passenger transportation and Liquid/Dry cargo transportation segments. Non performing financings of this segment were lower than 1%.

Rs 3.5 billion disbursed

Agriculture Finance

Meezan Bank provides products that cater to the needs of the entire Agri value chain and non-crop sector activities such as dairy, livestock, poultry and allied activities. The Bank's agriculture financing portfolio grew by 23.28% during the year.

Meezan Bank's share among Islamic banks in the Agriculture Credit Market is approximately 50%. The Bank has signed financing programs with rice and sugar mills for providing banking services to the rural communities of Sindh and Baluchistan so that they can acquire new technology that can enable these communities to improve their efficiency in the agriculture sector.

23.28% ▲
Agriculture Financing Portfolio

50% share
among Islamic
Agriculture Credit Market

Meezan Bank exceeded State Bank's assigned agriculture credit disbursement and closing portfolio targets for 2021-22. Under Agri Value Chain finance, Meezan Bank has partnered with sugar mills and crop input providers to ensure proper utilization of financing without collateral. The Bank has also actively participated in SBP's initiatives including Regional Agriculture Credit Committees of Sindh, Baluchistan, KPK, AJK, GB and South Punjab.

Consumer Finance

Meezan Bank is the pioneer in providing Shariah-compliant consumer financing in the country and offers a diverse range of consumer asset products to its customers. The Bank's performance of this important business vertical during 2022 is detailed below:

PROGRESS IN 2022

Car Ijarah Portfolio
12% ▲

Housing Finance Portfolio
21% ▲

1st Position
in Govt. Hajj Application Collection

Car Ijarah

Car Ijarah enjoys market leadership position in Auto Finance Industry with 12% growth in 2022, the Bank has an active portfolio of Rs 62.4 billion with more than 34,500 vehicles on road.

Meezan Roshan Apni Car

Launched only a year ago under the State Bank's initiative to facilitate Non-Resident Pakistanis, the Bank financed over 260 units in 2022, amounting to more than Rs 950 million.

Meezan Easy Home

The Bank witnessed robust growth in regular housing finance during the year and was able to increase its portfolio by Rs 3.5 billion over the year with an outstanding portfolio of Rs.20 billion as of Dec 31, 2022.

Meezan Bank and Pakistan Mortgage Refinance Company (PMRC), a Mortgage Liquidity Facility established by the State Bank of Pakistan, have signed a Master Musharakah agreement to facilitate and promote affordable housing finance in the country. Under this agreement, PMRC will provide Meezan Bank with concessional funds at a fixed rate for a period of five years. These funds will be utilized to support the housing value chain. With the acquisition of Rs 5 billion in funds, Meezan Bank aims to enhance access to affordable and Shariah-compliant housing finance in Pakistan by offering more favorable rates.

Under the female inclusion initiative of the State Bank, Meezan Bank is providing house finance at preferential rates to female customers along with additional benefits to reduce the gender gap in financial inclusion. More than 200 female customers have availed Easy Home under Meezan Women First with financing amount of over Rs 1.2 billion.

Mera Pakistan Mera Ghar

During 2021, Government of Pakistan (GoP) launched a massive drive for the revival of housing industry in the Country under the initiative named Mera Pakistan Mera Ghar (MPMG). Meezan Bank has shown excellent performance in GoP's MPMG initiative with portfolio size of Rs 6.3 billion as of December 31, 2022.

Roshan Apna Ghar

Launched in late 2021 by the State Bank of Pakistan under the Roshan Digital initiative, Roshan Apna Ghar is a financing scheme that allows Non-Resident Pakistanis to avail housing finance without having to visit a bank's branch. Meezan Bank has developed its Roshan Apna Ghar portfolio to over Rs 300 million as of December 2022 and continues to be one of the leading banks in both number of applications and disbursements under this initiative.

Meezan Solar Financing

Meezan Bank introduced a solar financing product in August 2021, called 'Meezan Solar' under the State Bank of Pakistan's Islamic Finance for Renewable Energy (IFRE) scheme. The Bank offers financing of complete solar panel systems to residential users as part of its efforts to contribute towards reduction of carbon emission and has an active portfolio of more than 300 customers worth more than Rs 270 million.

Labbaik Hajj & Umrah

Meezan Labbaik is a Halal & Riba-free travel solution for Hajj & Umrah that was initiated by the Bank as a Corporate Social Responsibility project. Meezan Bank secured 1st position among 14 banks in the Government's Hajj application collection initiative 2022 and also launched the first ever Data collection portal for Government Hajj applications with all types of payments integration (i.e., Internet Banking, ATM, Mobile App, 1Link & Branch counter).

Trade Business

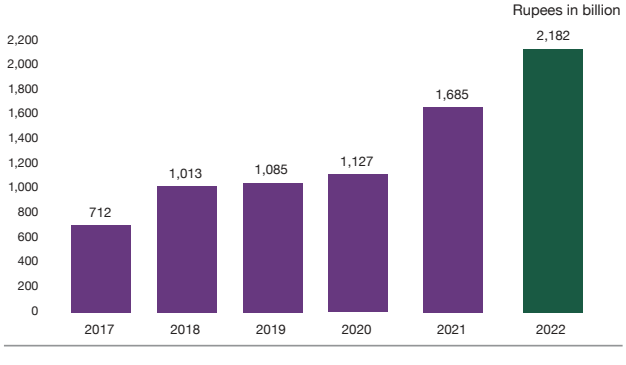
Islamic banking is ideally suited to cater to the trade finance needs of customers and the Bank's trade business (Import & Export) performed outstandingly during 2022 despite economic challenges. The Bank's trade business volumes touched an all-time high of over Rs 2 trillion which was almost 30% higher than last year.

PROGRESS IN 2022

Rs 2 trillion
Trade Business Volume

30% ▲
Trade Business Volume

Trade Business



Shariah Advisory Services

Meezan Bank regularly facilitates banking as well as non-banking financial institutions (NBFIs) and development financial institutions (DFIs) including mutual funds, stock exchanges, Takaful companies, microfinance companies and other corporate entities, both locally and internationally, by providing Shariah advisory and Shariah related technical services and support.

The Bank's Shariah advisory services include a comprehensive suite of Shariah-compliant product development, pool management, risk management framework and advisory services related to Sukuk structuring, catering to tailor-made requirements of customers and meeting complex business needs.

In 2022, the Bank, along with other services, developed and delivered Islamic trade finance and takaful products for Pakistan's EXIM Bank, including export credit takaful products for the very first time in the country – a significant highlight of the year.

Meezan Bank is also providing Shariah specific technical advisory services and support to one of the leading DFIs in the country to launch their Islamic window operations. The scope of these services covers delivery of a complete suite of end-to-end Shariah-compliant products and services including Shariah-governance framework, credit and risk management policies, Shariah-compliance manual and Shariah audit framework. The Bank also conducted trainings for their staff on the principles of Islamic banking and finance.

The Bank has also developed various innovative and first-of-their-kind Sukuk structures, including Asset-light Sukuk based on royalty payment and purchase and sale of digital inventory of airtime, which received an overwhelming response from the market.

The Bank continues to provide Shariah Advisory services to one of the cooperative finance institutes in Australia and has also developed a car financing product for them.

Further details about Shariah Advisory initiatives of the Bank are provided in the Shariah Board Report 2022, which is included in this Annual Report.

Developed
Asset Light Sukuk Structures

Developed and delivered
Islamic trade finance products for EXIM Bank of Pakistan

Treasury

Meezan Bank has maintained its dominance in the local foreign exchange and money markets as an active market maker and formidable player. 2022 was marked with extreme volatility in exchange rate; stemming from the aftermath of the floods, local political uncertainty and a reeling post-COVID global economy further dampened by the effects of the Russia-Ukraine war. During 2022, the Bank curtailed potential exchange losses through its prudent exchange rate risk management.

The Bank was able to capture a significant portion of the total Sukuk issued by GoP during the year, which in turn allowed it to optimize the risk profile of its investment portfolio while maximizing earnings. The implementation of Shariah-compliant Mudarabah based Open Market Operations - Injections facility (OMO) has enabled Islamic banks to generate funding from the SBP for their requirements. Meezan Bank was a key player in the introduction of this facility as well as a major participant.

Financial Institutions and Correspondent Banking

In 2022, the Bank's Correspondent Banking network grew to 661 correspondents in more than 70 countries. The Bank's Nostro network supports 18 different currencies, facilitating its clients to efficiently conduct trade payments and international remittances. The Bank has expanded its Nostro network to include another Chinese Yuan account with the Bank of China.

661 Correspondents

18 different currencies

Over
70 countries

The Bank's back-to-back guarantee business has grown with a large number of international banks including Credit Industriel et Commercial Bank (France), Emirates Islamic and Bank of America. Beneficiary of these guarantees include both government and private entities.

Notwithstanding the foreign exchange difficulties being faced in Pakistan, the Bank was able to meet the expectations of regulators as well as its customers of having substantial confirmation lines from its correspondents for opening LCs. The Bank managed to leverage its correspondent banking relationships to provide large-sized import LC confirmation to its customers without placing cash collateral abroad.

Details of the Bank's Correspondent Banking Network are available on our website: www.meezanbank.com

Transaction Banking

Meezan Payroll Partner

The Bank has launched a comprehensive payroll management solution that provides features such as payroll disbursement, pension disbursal, staff reimbursement and bonus processing and provides a one-stop banking solution for clients' daily banking and payroll needs.

Meezan Bank's Subsidiary - Al Meezan Investment Management Limited

Meezan Bank's subsidiary, Al Meezan Investment Management Limited (Al Meezan) is the largest Shariah-compliant Asset Management Company (AMC) in Pakistan, with Assets Under Management (AUM) of over Rs 283 billion as at December 31, 2022. Al Meezan enjoys one of the longest (over 27 years) and most consistent performance records among AMC's in Pakistan. Apart from asset management, Al Meezan is also licensed to render Investment Advisory Services and manage Voluntary Pension Schemes (VPS).

54.63% ▲
Assets Under Management

Over **183,000** Investors

Shariah-compliant Segment Share
40.45%

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

Al Meezan's Achievements in 2022

- AUMs increased by 54.63% in CY22
- Funds and Plans launched during the year
  - Launched Meezan Fixed Term Fund (MFTF)- Pakistan's first Shariah Compliant Fixed Term Fund.
  - Launched Meezan Mahana Munafa Plan (MMMP) under Meezan Daily Income Fund (MDIF)- Exclusively for customers of Meezan Bank Limited
- Investor base of over 183,000 investors
- Share in Mutual Fund Industry stood at 16.91% as at December 31, 2022
- Share in Shariah-compliant Segment stood at 40.45% as at December 31, 2022

Al Meezan exhibits a strong Islamic asset management franchise with a healthy AUM profile with sizeable retail AUMs, adequate governance & control framework, a stable & professional management team and well-defined investment processes and strong customer confidence evident from its 183,000 plus strong investor base.

Al Meezan is rapidly growing its presence across Pakistan with 25 branches in 15 cities, supplemented by Meezan Bank's countrywide branch network. Investors can conveniently open their account through Al Meezan's account opening service and easily manage all their investment needs through their mobile application and online portal (Meezan Funds Online). Al Meezan's digital reach goes beyond borders with its services being offered digitally to overseas Pakistanis through the RDA initiative.

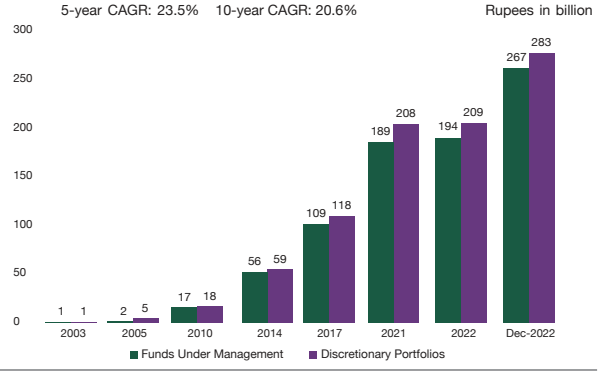
Al Meezan offers a comprehensive product suite of 20 mutual funds including a VPS scheme, multiple investment plans spanning across various asset classes and Separately Managed Accounts (SMA) customized to the unique needs of the clients. Al Meezan also maintained the highest Asset Management Quality rating of AM1 (AM-One) with stable outlook by both VIS & PACRA Credit Rating Companies.

Al Meezan has earned the following accolades during 2022:

Award	Awarded By
Asset Management Company of The Year	IFFSA Awards
Best Asset Management Company of Pakistan	CFA Society Pakistan
Best Islamic Asset Manager – Pakistan	Global Business Outlook (GBO)
Brand of the Year	Brands Foundation
Best Income Fund (Meezan Sovereign Fund MSF)	Lipper Award (Refinitiv)

AUMs of Al Meezan have increased significantly over the last few years, as shown below:

Assets Under Management of Al Meezan



Operations Review

An efficient support function infrastructure is a pre-requisite for any organization to deliver products and services that consistently meet the demands of its customers. At Meezan Bank, the support units work hand in hand with business to ensure that all transactions undertaken by the Bank are in accordance with the directives of its Resident Shariah Board Member (RSBM) and the Shariah Board (SB) as well as with the Bank's policies and procedures. Following is a brief introduction of the support units and their role in the organization.

Service Quality

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

A Service Board, chaired by the Bank's President & CEO and comprising senior level representation from key business and support units, meets regularly to review service delivery performance of the Bank and takes measures to ensure that the Bank delivers a superior banking experience to its customers. A dedicated Service Quality team, headed by a senior resource, regularly monitors the performance of branches on the service standards defined by the Service Board and evaluates branch service quality. The Bank also uses service evaluation techniques such as mystery shopping and customer satisfaction surveys for obtaining feedback for improving its products and services.

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

Information Technology and Digital Banking

A robust and resilient technology infrastructure serves as the backbone of banking business today. With a growing need for innovative financial solutions, changing customer behavior, emergence of fiercely competitive Fintech Players and a rapidly evolving regulatory environment, the dependence on technology platforms has grown more than ever before.

PROGRESS IN 2022

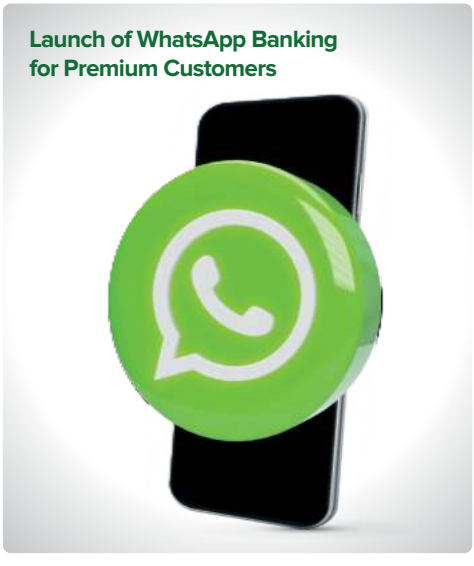
*100% up-time
Core Network & Data Centers

*99.2% up-time
Branch Network

*For ~100 Branches

Launch of
WhatsApp Banking

Launch of
Digital Onboarding



Meezan Bank has grown at a very fast pace ever since its inception and its technology infrastructure has always played a pivotal role in supporting its growing portfolio of products and services as the Bank grew and became the Best Bank in Pakistan to maintain a robust IT infrastructure, Bank has invested in Software Defined Wide Area Network (SD-WAN) Infrastructure in Primary & DR Data, ensuring 100% Data Center & Core Network uptime.

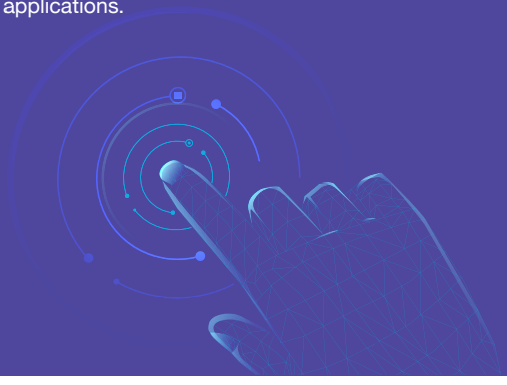
Today Meezan Bank leverages the power of world-class technology solutions to successfully process millions of transactions every day to win the confidence and trust of its customers. One of the Bank's key achievements during the year is the use of mobile technologies, data analytics capabilities and process automation to introduce new products and services at a faster pace while maintaining excellent customer satisfaction levels. The initiative of Digital Onboarding has further strengthened the account opening process and is helping customers to open their accounts in a seamless manner through the mobile app. With the introduction of WhatsApp banking customers can now easily get basic banking services with convenience. The Bank has also entered in Merchant Acquiring and E-commerce payment gateway services to accelerate the adoption of digital payments.

Another key area of focus has been FinTech collaboration. The Bank has established partnerships with various FinTech companies to offer innovative and convenient digital financial services to its customers. These collaborations have resulted in the launch of various digital products such as mobile wallets, online lending platforms and other digital payment solutions.

The investment in upcoming technologies and partnerships with FinTech companies has helped the Bank to stay ahead of its competition and meet the evolving needs of its customers. This has further enhanced its business agility - with DevOps and Agile methods used to accelerate its software development processes. Moreover, with the adoption of automation tools, the Bank has developed In-house capability of performance testing for core applications.

The Bank is now focusing on the following strategies:

- Implementing artificial intelligence and machine learning technologies to improve efficiency and decision-making.
- Investing in cloud computing to improve scalability, availability and reduce costs.
- Continuously monitoring and assessing emerging technologies to identify new opportunities for innovation and growth.
- Implementing an enterprise-wide digital transformation initiative to improve customer experience and drive business growth.



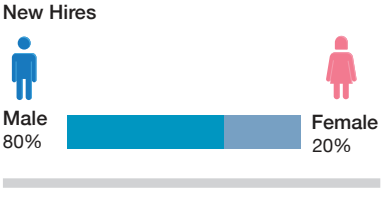
Human Resources

Meezan Bank believes in building a dynamic and professionally competent workforce that is fully capable of providing a world-class banking experience to its customers. The Bank now employs over 15,000 staff members. One additional element of Meezan Bank's contribution to the Islamic banking Industry is that a significant number of people working in other Islamic banking institutions, both locally and internationally, have been trained and groomed in Islamic banking during their association with Meezan Bank and are therefore Meezan Alumni.

Staff Head Count

Region	2022	2021
Head Office	3,326	2,828
Central	4,732	4,363
South	3,233	3,096
North	1,845	1,723
Total	13,136	12,010





In 2022, the Bank inducted 3,030 staff, out of which 905 were inducted through countrywide batch-hiring. Batch hiring enables the Bank to develop a pipeline of trained human resources for its continuously growing network. The Bank also maintained its focus on induction of female staff to achieve diversity and inclusion in its workforce.

The Bank firmly believes in providing career growth opportunities to its staff through internal job placements as well as through elevations. During the recent restructuring of the Bank's retail banking network, 3 new Regions and 26 new Area Offices were created and all these positions were filled through internal placements. A total of 646 elevations were made across the Bank at different levels during the year.

Another new initiative that the Bank has taken is introduction of 'Iddat leave With Pay' for its divorced or widowed female staff. The Bank also provides support to family members of its deceased staff by giving them a monthly payment for a period of 5 years from the staff's passing away.

Considering the inflationary trend in the country, the Bank introduced an ex-gratia payment for staff of level SVP & below to help ease the inflationary pressure to some extent. The Bank also announced an ex-gratia payment for all staff members, including trainees, on completion of 25 years of Islamic Banking and winning the 'Best Consumer Bank – 2022' Award by Pakistan Banking Awards and Best Bank of the Year 2021 award by CFA Society Pakistan.

The Bank has joined State Bank's initiative - "Young Islamic Banking Professionals (Y-IBP) Program" under which the Bank and SBP jointly hold Islamic banking awareness sessions at various universities with the aim to enhance students' Islamic finance knowledge and providing them internship opportunities at various departments of the Bank. The Bank has also launched an internship program named 'MEEZANSHIP Program' that provides internships of three to six months, which could lead to permanent employment, depending on the intern's performance.

Meezan Bank had launched its Employee Benevolent Fund Trust (EBFT) program in November 2012 for providing financial assistance to its employees and their families for medical, marriage and education related expenses on need and merit basis. This year the Bank has helped 272 families through EBFT.

272 families supported via EBFT

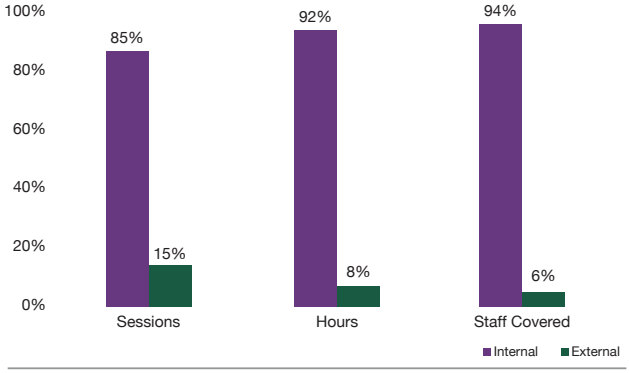
Launch of **MEEZANSHIP Program**

1,334 Internal & External Training Sessions

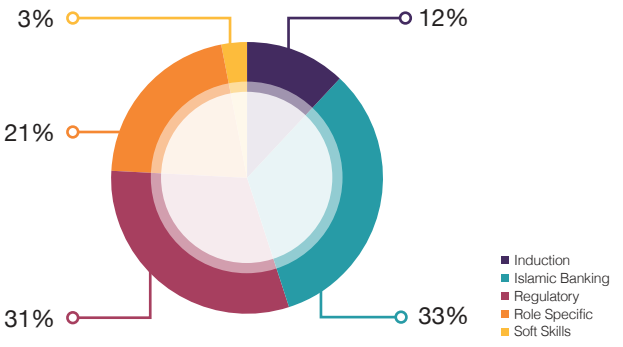
Learning & Development

The Bank continued its learning activities using a blended approach including Virtual Instructor Led Trainings (VILTs) and classroom trainings and organized 1,334 internal and external training sessions which ranged from induction programs to role-specific technical skills, Islamic banking knowledge, soft skills and sessions on regulatory compliance.

Internal / External Training Summary



Category Wise Staff Covered



The Bank also launched several new training programs such as:

- A three-day Islamic Banking Refresher for Senior Executives.
- A three-day Islamic Banking Refresher for existing staff.
- Train The Trainer (TTT) Program for In-house Shariah Trainers across Pakistan to brush up their training skills.
- 31 sessions on Banking on Equality (awareness of Gender sensitization and Persons with Disabilities) were conducted in main cities across Pakistan and were attended by over 1,600 staff members.

A detailed session on "Global Best Practices of Islamic Banks and Role of Senior Executives" was conducted by Sheikh Esam Mohamed Ishaq, Member Shariah Board of Meezan Bank.

The Bank has maintained its focus on function-specific Batch Trainings such as Compliance, Internal Audit, Operations, Information Technology, ACCA, Meezanship, etc.



Key Internal Training Programs

523
Regulatory Compliance

308
Role-specific trainings

205
Islamic banking & Shariah knowledge

75
Induction Trainings

21
Soft skills & leadership

Shariah Compliance

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

Some of the key functions that the Shariah Compliance Department undertakes are:



Secretariat to the Shariah Board

In 2022, the Shariah Compliance Department organized four meeting of the Shariah Board at regular intervals for obtaining timely approval of relevant proposals, agreements, manuals, process flows, contracts etc. The department also liaises between management and the Shariah Board - reviewing all proposals, agreements, manuals, process flows contracts, checklists etc submitted by different units of the Bank. SCD also reviews profit calculation on deposits pools and its distribution to depositors.



Product Support & Research

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

Shariah Compliance Review

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

Scope of Shariah-compliance Review

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

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

Industry visits and random reviews are also conducted by the department.

Internal and External Training

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

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

Contributions towards the Islamic Banking Industry in Pakistan

The Bank regularly acts as joint financial advisor for issuance of Government of Pakistan Sukuk to help address the liquidity management needs of the Islamic Banking industry. In 2022, the Bank as one of the Joint Financial Advisors of the Government of Pakistan issued Sukuk worth Rs 1.35 trillion.

Rs 1.35 trillion GoP Sukuk

One of Joint Financial Advisors

Shariah Audit

Meezan Bank has a dedicated and independent Shariah Audit department that plays a vital role in ensuring that all of the Bank's operations are carried out according to the rules and principles prescribed by its Shariah Board, Resident Shariah Board Member (RSBM) and the State Bank of Pakistan.



The Bank has a qualified team of Shariah Auditors and Advisers certified by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Certified Chartered Accountants and Shariah Scholars. The Bank's Shariah Audit expertise and effectiveness have been consistently recognised at international forums. Global Islamic Finance Awards (GIFA) UK recognised Meezan Bank as 'Shariah Auditor of the Year' for the fifth consecutive year and also awarded 'Shariah Authenticity Award' for 2022.

In line with the Bank's digital strategy and United Nations' Sustainable Development Goals, the Bank is in the process of digitizing its Shariah Audit processes, which would both enhance process efficiency and reduce its carbon footprint.

Information Security

Our Focus on Cyber Security

Cybersecurity is a top priority for the Bank and it has implemented strict measures to protect its customers' data and assets from cyber threats. Various initiatives have been taken to continuously improve the cyber security of the Bank's digital assets; engaging departments such as Information Technology, Information Security, Internal Audit, Compliance and Risk Management carrying diverse responsibilities within their scope. Cyber Security is managed through tools and systems as well as through process-level controls.

The Bank has achieved PCI DSS compliance, which is a global security standard for protecting cardholder data and has implemented a Standardized IT Network Infrastructure to ensure 100% Compliance Rating for PCI-DSS 3.2.1 certification. Additionally, advanced security systems such as firewalls, intrusion detection and prevention systems and encryption technologies have been implemented to safeguard against cyber threats.

There is also a dedicated team of cybersecurity experts which is responsible for monitoring and analysing potential threats and implementing necessary security measures using powerful security management tools to detect and prevent security attacks in progress. Local and international experts of security domains are also regularly engaged to review the Bank's information assets and controls and to conduct penetration test exercises.

Implementation of a real time fraud detection module that analyses specific transaction patterns for Mobile App has enabled the Bank to heighten its customers' trust on its services' security. The implementation of CTM 360 platform for digital risk protection has further enhanced the Bank's ability to be better equipped in detecting and responding to vulnerabilities and cyber threats. The Bank has also implemented New State-of-art High Performance Core Data Center Security Firewalls for protection of Core Business applications from Internal & External threats.

The Bank is fully cognizant of the significance of Cyber Security and will continue to invest in systems and resources to further strengthen its operations against any Cyber-threat.



Largest fan base
in Pakistan's banking industry

20th in World's Top 100 Banks
on Facebook by
'The Financial Brand'

3.5B+ Impressions
143% ▲
since 2021

Meezan Careers Facebook Page
48K+ Likes
16% ▲
since 2021

First dedicated Islamic Banking Channel
in the country

12.5M+ Impressions

The highest number of followers
amongst all banks in Pakistan



More than
150 Job Ads
An increase of
44%
since 2021

Find us here
/MeezanBank /MeezanBankLtd /company/meezan-bank-ltd
/MeezanBankLtd1 /meezanbanklimited

Digital Engagement

4.4M+
unique website visitors



2.3M+
Facebook Likes

304K+
LinkedIn Followers
(+39% from 2021)

25.7K+
Twitter Followers
(+47% from 2021)

32.2K+
YouTube Subscribers
(+13% from 2021)

108K+
Instagram Followers
(+12% from 2021)

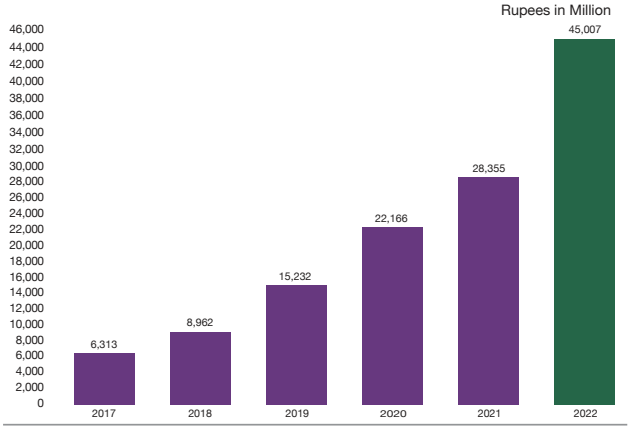
KEY FIGURES AT A GLANCE

	2022	2021	2020	2019	2018	2017
Profit and Loss Account						
Return on financing, investments and placements	232,121	110,073	106,589	94,270	48,625	36,427
Return on deposits and other dues expensed	110,417	41,152	41,740	47,731	20,457	15,684
Net Spread earned	**121,704**	**68,921**	**64,849**	**46,539**	**28,168**	**20,743**
Fee, commission, forex and other income	18,170	13,351	8,765	9,396	6,887	5,622
Gain / (loss) on securities - net and dividend income	933	1,541	1,307	(76)	575	2,002
Total income	**140,807**	**83,813**	**74,921**	**55,859**	**35,630**	**28,367**
Operating and other expenses	48,245	35,324	29,775	25,522	19,670	16,832
Profit before Provisions	**92,562**	**48,489**	**45,146**	**30,337**	**15,960**	**11,535**
Provisions / (reversals) and write offs - net	4,177	993	8,210	4,186	1,168	1,283
Profit before Taxation	**88,385**	**47,496**	**36,936**	**26,151**	**14,792**	**10,252**
Taxation	43,378	19,141	14,770	10,919	5,830	3,939
Profit after Taxation	**45,007**	**28,355**	**22,166**	**15,232**	**8,962**	**6,313**
Statement of Financial Position						
Islamic Financing and Related Assets - Gross	1,018,102	777,295	531,588	506,513	522,264	428,833
Total Assets	2,577,397	1,902,971	1,521,560	1,121,258	937,915	788,808
Total Deposits	1,658,490	1,455,886	1,254,431	932,579	785,477	667,181
Share Capital	17,896	16,269	14,147	12,861	11,692	10,629
Sub-ordinated sukuk	20,990	20,990	18,000	14,000	14,000	7,000
Total Shareholders Equity	115,321	86,558	69,155	59,015	40,333	35,077
Market Capitalization	178,139	218,188	147,754	122,348	108,022	71,321
Number of Staff	15,380	14,007	12,423	11,649	10,069	9,551
Number of Branches	962	902	815	760	660	601
Ratios						
Book Value (Rs)	64.44	53.2	48.9	45.9	34.5	32.3
Market Value per Share (Rs)	99.54	134.1	104.4	95.1	92.4	67.1
Price to Book Value Ratio	1.54	2.5	2.1	2.1	2.7	2.1
Cash Dividend (%)	85	60	60	50	35	30
Stock Dividend (%)	10	15	10	10	10	-
Right Shares at par (%)	-	-	-	-	-	6
Price Earning Ratio	3.96	8.46	6.7	8.8	13.3	12.1
Basic Earning per Share (Rs)	25.15	15.84	12.39	8.51	5.01	3.53
Net Spread to Gross Return (%)	52.43	62.6	60.8	49.4	57.9	56.9
Profit Before Tax to Gross Income (%)	35.18	38.0	31.7	25.2	26.4	23.3
Profit After Tax to Gross Income (%)	17.92	22.7	19	14.7	16	14.3
Operating & Other Expenses to Income before provisions (%)	34.26	42.2	39.7	45.7	55.2	59.3
Gross Financing / Advances to Deposit Ratio-ADR (%)	61.4	53.4	42.4	54.3	66.5	64.3
Investment to Deposit Ratio - IDR (%)	77.4	42.6	34.6	24.2	15.8	17.9
Capital Adequacy Ratio (%)	18.42	17.8	17.8	16.6	14.6	12.9
Return on Average Assets (%)	2.01	1.7	1.7	1.5	1	0.9
Return on Average Equity (%)	44.59	36.4	34.6	30.7	23.8	19.3

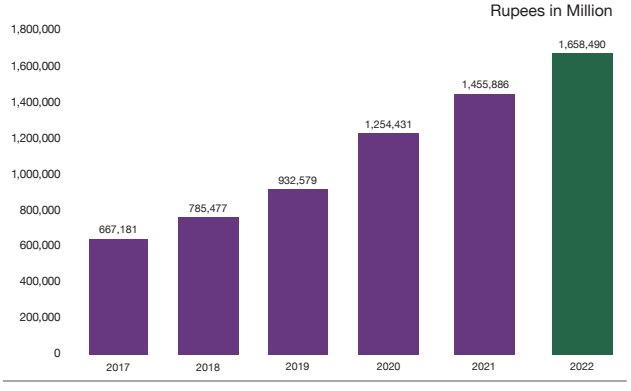
(Comparitive information has been reclassified / rearranged / restated for better presentation)

				Rupees in Million
2016	2015	2014	2013	2012
31,027	32,893	28,487	23,016	21,592
13,239	15,181	15,539	12,658	11,385
17,788	**17,712**	**12,948**	**10,358**	**10,207**
4,102	3,617	3,387	1,971	1,413
1,622	971	1,432	1,539	986
23,512	**22,300**	**17,767**	**13,868**	**12,606**
14,787	13,313	10,402	8,128	6,925
8,725	**8,987**	**7,365**	**5,740**	**5,681**
(218)	535	467	93	451
8,943	**8,452**	**6,898**	**5,647**	**5,230**
3,381	3,429	2,328	1,690	1,722
5,562	**5,023**	**4,570**	**3,957**	**3,508**
319,617	215,776	183,286	133,475	94,402
662,055	535,864	440,149	332,095	278,084
559,398	468,281	378,744	288,433	229,892
10,027	10,027	10,027	10,027	9,034
7,000	-	-	-	-
30,474	26,347	23,890	18,913	16,563
67,422	45,875	47,129	39,488	27,147
9,168	8,581	7,429	6,248	5,953
571	551	428	351	310
28.1	25.5	23.2	17.9	17.1
67.2	45.7	47	39.4	30.1
2.4	1.8	2	2.2	1.8
30	30	27.5	20	15
-	-	-	-	11
-	-	-	-	-
12.3	9.1	10.3	10	8.6
3.11	2.81	2.55	2.21	1.96
57.3	53.9	45.5	45	47.3
24.3	22.6	20.7	21.3	21.8
15.1	13.4	13.7	14.9	14.6
62.9	59.7	58.6	58.6	54.9
57.1	46.1	48.4	46.3	41.1
23.3	31.2	30.1	52.6	66.3
12.9	11	11.9	12.5	14.1
0.9	1	1.2	1.3	1.5
19.6	20	21.4	22.3	23.1

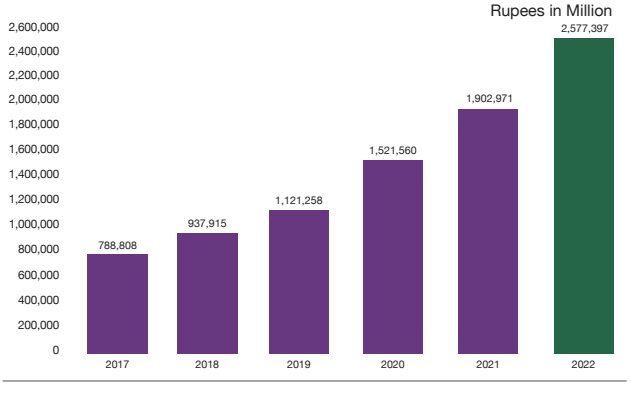
Profit After Taxation



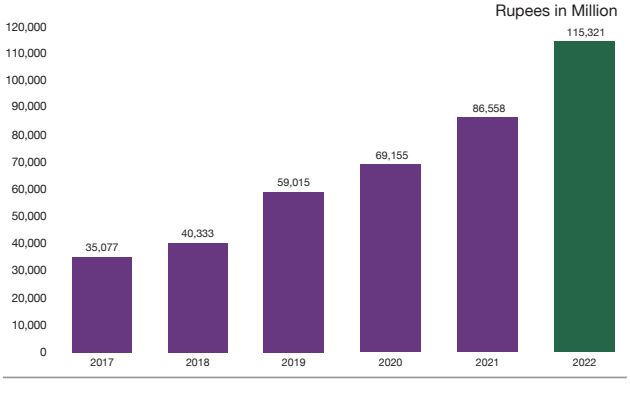
Total Deposits



Total Assets



Total Shareholders Equity



SIX YEARS' HORIZONTAL ANALYSIS

Statement of Financial Position / Profit & Loss Account

Rupees in Million

Statement of Financial Position

	2022	22 Vs 21	2021	21 Vs 20	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs 17	2017	17 Vs 16
Assets		%		%		%		%		%		%
Cash and balances with treasury banks	117,743	(31)	170,501	25	136,243	48	92,194	42	65,022	1	64,556	15
Balances with other banks	13,676	(17)	16,420	(16)	19,446	27	15,372	86	8,255	69	4,896	(59)
Due from financial institutions - net	34,964	(85)	238,402	(30)	342,069	53	223,689	21	184,815	26	147,229	14
Investments - net	1,283,210	107	620,132	43	434,208	92	225,646	82	123,743	4	119,238	(8)
Islamic financing and related assets - net	995,508	31	758,086	48	512,532	4	493,775	(4)	512,564	22	420,029	35
Fixed assets	40,427	19	33,958	44	23,568	1	23,285	77	13,129	16	11,364	34
Intangible assets	1,844	23	1,496	39	1,080	38	780	25	625	22	512	13
Deferred tax asset	4,646	2,555	175	(55)	390	100	-	(100)	983	-	-	-
Other assets - net	85,379	34	63,801	23	52,024	12	46,517	62	28,779	37	20,984	47
	2,577,397	**35**	**1,902,971**	**25**	**1,521,560**	**36**	**1,121,258**	**20**	**937,915**	**19**	**788,808**	**19**
Liabilities												
Bills payable	40,175	11	36,141	36	26,494	54	17,187	(28)	23,751	38	17,175	25
Due to financial institutions	573,326	160	220,414	133	94,501	125	42,047	15	36,408	(1)	36,813	15
Deposits and other accounts	1,658,490	14	1,455,886	16	1,254,431	35	932,579	19	785,477	18	667,181	19
Sub-ordinated Sukuk	20,990	-	20,990	17	18,000	29	14,000	-	14,000	100	7,000	-
Deferred tax liabilities	-	-	-	-	-	(100)	2,830	-	-	(100)	8	(99)
Other liabilities	169,095	104	82,982	41	58,979	10	53,600	41	37,946	48	25,554	42
	2,462,076	**36**	**1,816,413**	**25**	**1,452,405**	**37**	**1,062,243**	**18**	**897,582**	**19**	**753,731**	**19**
Net Assets	**115,321**	**33**	**86,558**	**25**	**69,155**	**17**	**59,015**	**46**	**40,333**	**15**	**35,077**	**15**
Represented by:												
Share capital	17,896	10	16,269	15	14,147	10	12,861	10	11,692	10	10,629	6
Reserves	28,188	20	23,393	15	20,424	12	18,207	20	15,161	13	13,369	38
Unappropriated profit	69,900	63	42,832	48	29,022	56	18,546	37	13,526	31	10,340	23
(Deficit) / surplus on revaluation of assets - net of tax	(663)	(116)	4,064	(27)	5,562	(41)	9,401	204 times	(46)	(106)	739	(68)
	115,321	**33**	**86,558**	**25**	**69,155**	**17**	**59,015**	**46**	**40,333**	**15**	**35,077**	**15**

Profit & Loss Account

	2022	22 Vs 21	2021	21 Vs 20	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs 17	2017	17 Vs 16
		%		%		%		%		%		%
Return on financing, investments and placements	232,121	111	110,073	3	106,589	13	94,270	94	48,625	33	36,427	17
Return on deposits and other dues expensed	(110,417)	168	(41,152)	(1)	(41,740)	(13)	(47,731)	133	(20,457)	30	(15,684)	18
Net spread earned	**121,704**	**77**	**68,921**	**6**	**64,849**	**39**	**46,539**	**65**	**28,168**	**36**	**20,743**	**17**
Fee, commission, forex and other income	18,171	36	13,351	52	8,765	(7)	9,396	36	6,887	23	5,622	37
Gain / (loss) on securities - net and dividend income	932	(40)	1,541	18	1,307	1,820	(76)	(113)	575	(71)	2,002	23
Total income	**140,807**	**68**	**83,813**	**12**	**74,921**	**34**	**55,859**	**57**	**35,630**	**26**	**28,367**	**21**
Operating and other expenses	(48,245)	37	(35,324)	19	(29,775)	17	(25,522)	30	(19,670)	17	(16,832)	14
Profit before Provisions	**92,562**	**91**	**48,489**	**7**	**45,146**	**49**	**30,337**	**90**	**15,960**	**38**	**11,535**	**32**
Provisions and write offs - net	(4,177)	321	(993)	(88)	(8,210)	96	(4,186)	258	(1,168)	(9)	(1,283)	(689)
Profit before taxation	**88,385**	**86**	**47,496**	**29**	**36,936**	**41**	**26,151**	**77**	**14,792**	**44**	**10,252**	**15**
Taxation	(43,378)	127	(19,141)	30	(14,770)	35	(10,919)	87	(5,830)	48	(3,939)	17
Profit after taxation	**45,007**	**59**	**28,355**	**28**	**22,166**	**46**	**15,232**	**70**	**8,962**	**42**	**6,313**	**14**

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

SIX YEARS' VERTICAL ANALYSIS

Statement of Financial Position / Profit & Loss Account

Rupees in Million

Statement of Financial Position

Assets	2022	%	2021	%	2020	%	2019	%	2018	%	2017	%
Cash and balances with treasury banks	117,743	4	170,501	9	136,243	9	92,194	8	65,022	7	64,556	8
Balances with other banks	13,676	1	16,420	1	19,446	1	15,372	2	8,255	1	4,896	1
Due from financial institutions - net	34,964	1	238,402	12	342,069	22	223,689	20	184,815	20	147,229	19
Investments - net	1,283,210	50	620,132	33	434,208	29	225,646	20	123,743	13	119,238	15
Islamic financing and related assets - net	995,508	39	758,086	40	512,532	34	493,775	44	512,564	55	420,029	53
Fixed assets	40,427	2	33,958	2	23,568	2	23,285	2	13,129	1	11,364	1
Intangible assets	1,844	-	1,496	-	1,080	-	780	-	625	-	512	-
Deferred tax asset	4,646	-	175	-	390	-	-	-	983	-	-	-
Other assets - net	85,379	3	63,801	3	52,024	3	46,517	4	28,779	3	20,984	3
Total Assets	**2,577,397**	**100**	**1,902,971**	**100**	**1,521,560**	**100**	**1,121,258**	**100**	**937,915**	**100**	**788,808**	**100**
Liabilities												
Bills payable	40,175	2	36,141	2	26,494	2	17,187	2	23,751	3	17,175	3
Due to financial institutions	573,326	22	220,414	12	94,501	6	42,047	4	36,408	4	36,813	5
Deposits and other accounts	1,658,490	64	1,455,886	76	1,254,431	82	932,579	83	785,477	84	667,181	84
Sub-ordinated Sukuk	20,990	1	20,990	1	18,000	1	14,000	1	14,000	1	7,000	1
Deferred tax liabilities	-	-	-	-	-	-	2,830	-	-	-	8	-
Other liabilities	169,095	7	82,982	4	58,979	4	53,600	5	37,946	4	25,554	3
	2,462,076	**96**	**1,816,413**	**95**	**1,452,405**	**95**	**1,062,243**	**95**	**897,582**	**96**	**753,731**	**96**
Net Assets	**115,321**	**4**	**86,558**	**5**	**69,155**	**5**	**59,015**	**5**	**40,333**	**4**	**35,077**	**4**
Represented by:												
Share capital	17,896	1	16,269	1	14,147	1	12,861	1	11,692	1	10,629	1
Reserves	28,188	1	23,393	2	20,424	2	18,207	2	15,161	2	13,369	2
Unappropriated profit	69,900	2	42,832	2	29,022	2	18,546	2	13,526	1	10,340	1
(Deficit) / surplus on revaluation of assets - net of tax	(663)	-	4,064	-	5,562	-	9,401	-	(46)	-	739	-
	115,321	**4**	**86,558**	**5**	**69,155**	**5**	**59,015**	**5**	**40,333**	**4**	**35,077**	**4**

Profit & Loss Account

	2022	%	2021	%	2020	%	2019	%	2018	%	2017	%
Return on financing, investments and placements	232,121	93	110,073	88	106,589	91	94,270	91	48,625	87	36,427	82
Return on deposits and other dues expensed	(110,417)	(44)	(41,152)	(33)	(41,740)	(36)	(47,731)	(46)	(20,457)	(37)	(15,684)	(36)
Net spread earned	**121,704**	**49**	**68,921**	**55**	**64,849**	**55**	**46,539**	**45**	**28,168**	**50**	**20,743**	**46**
Fee, commission, forex and other income	18,171	7	13,351	11	8,765	8	9,396	9	6,887	12	5,622	13
Gain / (loss) on securities - net and dividend income	932	-	1,541	1	1,307	1	(76)	-	575	1	2,002	5
Total income	**140,807**	**56**	**83,813**	**67**	**74,921**	**64**	**55,859**	**54**	**35,630**	**63**	**28,367**	**64**
Operating and other expenses	(48,245)	(19)	(35,324)	(28)	(29,775)	(25)	(25,522)	(25)	(19,670)	(35)	(16,832)	(38)
Profit before Provisions	**92,562**	**37**	**48,489**	**39**	**45,146**	**39**	**30,337**	**29**	**15,960**	**28**	**11,535**	**26**
Provisions and write offs - net	(4,177)	(2)	(993)	(1)	(8,210)	(7)	(4,186)	(4)	(1,168)	(2)	(1,283)	(3)
Profit before taxation	**88,385**	**35**	**47,496**	**38**	**36,936**	**32**	**26,151**	**25**	**14,792**	**26**	**10,252**	**23**
Taxation	(43,378)	(17)	(19,141)	(15)	(14,770)	(13)	(10,919)	(10)	(5,830)	(10)	(3,939)	(9)
Profit after taxation	**45,007**	**18**	**28,355**	**23**	**22,166**	**19**	**15,232**	**15**	**8,962**	**16**	**6,313**	**14**

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

REVIEW OF SIX YEARS' PERFORMANCE

The summary of financial performance of Meezan Bank Limited over the last six years (2017 – 2022) is as under:

Statement of Financial Position

Assets

Total Assets of the Bank crossed Rs 2.5 trillion in 2022 growing from Rs 789 billion in 2017 - a significant leap, taking Meezan Bank from a mid-sized entity to the league of big banks in Pakistan. The net financing portfolio has increased to Rs 995 billion from Rs 420 billion – up by Rs 575 billion representing a five year CAGR of 19%. Throughout this period, the Bank maintained its focus on channelising liquidity in all sectors of the economy. Corporate book led the growth in financing with the portfolio now totaling Rs 754 billion, representing more than 70% of the financing book. The Bank's SME / Commercial and Consumer portfolios also witnessed a healthy growth of 25% and 14% respectively. The Bank continues to have one of the lowest infection ratio of 1.3% in the industry demonstrating the superior quality and resilience of its financing portfolio.

The Bank's investment portfolio also recorded manifold growth closing at Rs 1.3 trillion from Rs 119 billion in 2017. As of December 31, 2022, the Bank's total investment in GoP Ijarah Sukuk amounted to Rs 1.1 trillion and Pakistan Energy Sukuk (guaranteed by the Federal Government) amounted to Rs 120 billion. The resumption of Government of Pakistan (GoP) Ijarah Sukuk auctions at regular intervals have addressed the chronic liquidity deployment challenges faced by the Islamic Banking Industry. This enabled the Bank to reduce the dependency on inter-bank secured placements under Bai Muajjal which decreased to Rs 35 billion (around 1% of the Balance sheet) compared to Rs 147 billion (19% of the balance sheet).

The Bank's fixed assets (excluding right-of-use assets recognized under IFRS 16) have also increased to Rs 29 billion in 2022 from Rs 11 billion in 2017 primarily due to the Bank's sizeable investment in its Branch network which reached 962 branches in 2022 as compared to 601 branches in 2017 – an increase of 361 branches during the period. This expansion in the branch network has reaped fruits for the Bank, as is evident from the strong growth in deposits and profits over the years. The Bank's significant investment in IT infrastructure and digital channels (including Internet Banking and Mobile App) also contributed to this growth in fixed and intangible assets.

Liabilities

Deposits of the Bank rose by 2.5 times from Rs 667 billion in 2017 to Rs 1.66 trillion in 2022, representing a five year CAGR of 20%. The Bank's commitment towards high standards of customer service coupled with a seamless digital banking experience has enabled this key achievement. More importantly, Current Account (CA) deposits recorded growth of Rs 584 billion or 2.47 times taking the total CA deposits to Rs 819 billion compared to Rs 236 billion in 2017. The CA mix in total deposits improved to 49% compared to 35% in 2017. Savings Account (SA) deposits also grew to Rs 641 billion from Rs 263 billion in December 2017 - a cumulative growth of 1.4 times. The Fixed deposits recorded a nominal growth of Rs 30 billion – representing 12% of the deposit mix as against 25% in 2017. This is in line with Bank's strategic focus on maintaining an optimal deposit mix focused on mobilising growth in CASA.

The introduction of SBP's Shariah Compliant Open Market Operation (OMO) and Standing ceiling facility at the start of 2022, enabled the Bank to manage its day-to-day liquidity more efficiently. As of December 31, 2022, the Bank's total borrowing from SBP under the SBP OMO amounted to Rs 364 billion. This was followed by Rs 135 billion under several SBP-subsidized refinancing schemes to targeted businesses and export-oriented industries. The total amount due to financial institutions amounted to Rs 573 billion compared to Rs 37 billion in 2017.

To support its robust growth and have a sound regulatory capital base in line with the strategic direction set by the Board of Directors, the Bank successfully issued subordinated Tier II Sukuk and the first-ever Shariah-compliant Additional Tier I Sukuk. As of December 31, 2022, the total sub-ordinated Sukuk stood at Rs 21 billion, comprising Rs 7 billion of Additional Tier I Sukuk and Rs 14 billion of Subordinated Tier II Sukuk. Alhamdulillah, all subordinated Sukuk issuances of the Bank received an overwhelming response from the investors and the Bank was able to issue these Sukuk at very competitive pricing under the Mudaraba arrangement which is indicative of the strong brand value and standing of the Bank. Accordingly, despite significant growth in total assets in the period from 2017 to 2022, the Bank's Capital Adequacy Ratio has increased to a comfortable level of 18.42% in 2022, compared to a minimum requirement of 12%.

Equity

Equity of the Bank also witnessed a multifold increase reaching Rs 115 billion compared to Rs 35 billion in 2017. The Bank is committed to maintaining a sound balance between depositors' liability and shareholders' funds so that an optimal debt to equity ratio is maintained. This optimal debt to equity ratio provides reasonable assurance to depositors about the safety and security of their funds and at the same time provides impetus to the management to invest these funds into profitable ventures without compromising the risk profile of the Bank. The Bank has maintained a record of unbroken payout since the date of listing on the Stock Exchange.

Profit and Loss account

The Bank's Profit After Tax has recorded seven times increase - from Rs 6.3 billion in 2017 to Rs 45 billion in 2022 with an average Return on Equity (ROE) of more than 30% while maintaining an unbroken payout to its shareholders.

In line with the growth in the Bank's deposit profile and increase in the underlying SBP policy rate, the net spread of the Bank rose to Rs 122 billion as compared to Rs 21 billion in 2017. Fee, foreign exchange and other income also grew significantly from Rs 5.6 billion in 2017 to Rs 18.2 billion in 2022, primarily due to the Bank's growing trade business which crossed Rs 2.1 trillion as compared to Rs 710 billion in 2017. The Bank's tremendous growth in digital banking business also played a significant role in this growth duly complemented by a significant increase in its customer base.

The Bank's operating expenses rose to Rs 48 billion in 2022 from Rs 17 billion in 2017. High inflation, rupee devaluation and continuous investment in physical and digital banking channels contributed to the increase in operating costs. The Bank now employs more than 15,000 staff across Pakistan, thereby creating more employment opportunities for the country's population. Despite the increase in operating expenses, the Bank's income efficiency ratio improved to 34% in 2022 from 59% in 2017.

In line with prudent practices, the Bank further strengthened its NPL coverage ratio which stood at 166% in 2022 as compared to 133% in 2017. The Bank's direct contribution to the national exchequer grew by 10 times with the total taxation charge (including super tax) for the year 2022 increasing to Rs 43.4 billion from Rs 3.9 billion in 2017 on account of higher profitability and taxation rates.

FINANCIAL ANALYSIS

Statement of Financial Position

The total assets of the Bank grew by 35% or Rs 674 billion to cross the Rs 2.5 trillion landmark from Rs 1.9 trillion in 2021. Investments and financings both witnessed significant growth during the year.

The Gross Financings portfolio crossed Rs 1 trillion – Rs 241 billion or 31% up from last year with the Gross Advance to Deposits ratio (ADR) of the Bank hovering above 61% versus 53% last year. This growth was well-distributed across large-sized corporates, small and medium-sized commercial entities and retail consumers with financial inclusion being a key focus. Active participation in the State Bank of Pakistan's (SBP) refinancing schemes also remained a top priority for the Bank as the total exposure under such schemes grew by more than 25%. The Bank has a market share of around 8.6% of overall banking industry financings.

The Bank's financing portfolio maintained its exemplary quality with the infection ratio falling to 1.3% compared to an average for the banking industry of around 7%. The Bank's coverage ratio stood at 166% - well above the banking industry average of 92%.

Investments portfolio also doubled to Rs 1.3 trillion from Rs 620 billion in 2021 mainly due to sizeable investment in Federal Government Securities – GoP Ijarah Sukuk which now represent Rs 1.1 trillion as compared to Rs 398 billion a year ago. The Bank's placements under Bai Muajjal reduced from Rs 238 billion in 2021 to Rs 35 billion in current year mainly due to surplus liquidity being deployed towards the regular auction of GoP Ijarah Sukuk.

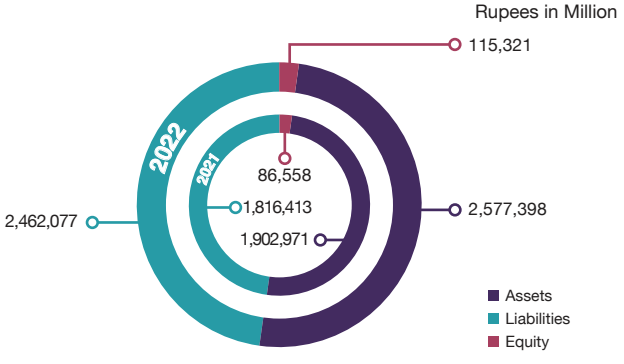
Continuing our tradition of outpacing the industry, yet again the Bank's deposits growth surpassed the banking industry deposit growth and registered an uptick of 14% versus 7% for the banking industry as a whole. Meezan Bank's deposit book now stands at Rs 1.66 trillion with Current Account (CA) and Savings Account (SA) deposits amounting to Rs 1.46 trillion – which is even higher than the total deposits of the Bank a year ago. The Bank has a market share of 7.4% of banking industry deposits with a CAGR growth of 34% since its inception. The major contribution of this growth is due to CASA deposits which grew by 21%, representing 88% of the deposit mix. The Bank's deposits depict a high level of granularity with individual depositors representing more than 60% of the deposit portfolio - a yardstick reflective of customers' preference and trust for choosing Meezan for their banking needs.

During the year, the Bank added 60 new branches to its network providing a vast coverage of 962 branches spread across 317 cities of the country supported by a network of 1,000 plus biometric-enabled card less ATMs. Apart from the physical infrastructure, the Bank has a strong presence in digital channels as well which can be witnessed by the continuous rise in the Bank's debit card spent and increase in Inter Bank Fund Transfers (IBFT) and Utility Bill Payments (UBPS) transactions respectively. The Bank's Mobile Banking App remained the industry leader, with an unbeatable 4.9 rating on both Apple Store and Google Play Store throughout the year.

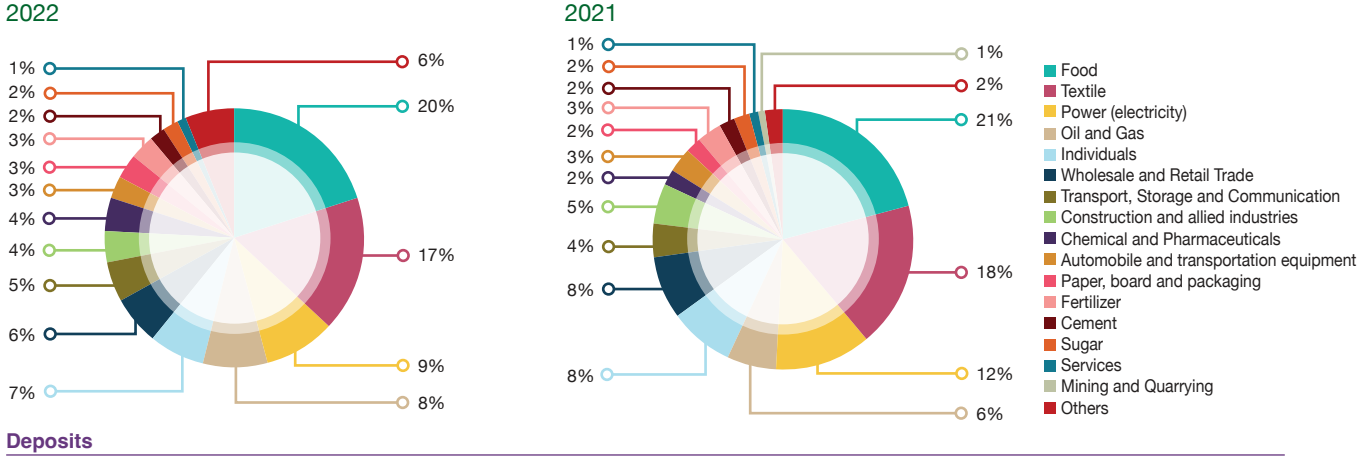
The Bank's equity increased to Rs 115 billion as compared to Rs 87 billion a year ago. The Board has approved a final cash dividend of Rs 3.00 per share (30%) bringing the total payout to Rs 8.50 per share (85%) as Rs 5.50 per share i.e. 55% interim cash dividend was paid in addition to issuance of 10% Bonus Shares during the year.

The Bank remains adequately capitalized with a Capital Adequacy Ratio of 18.42% over and above the minimum regulatory requirement of 12%.

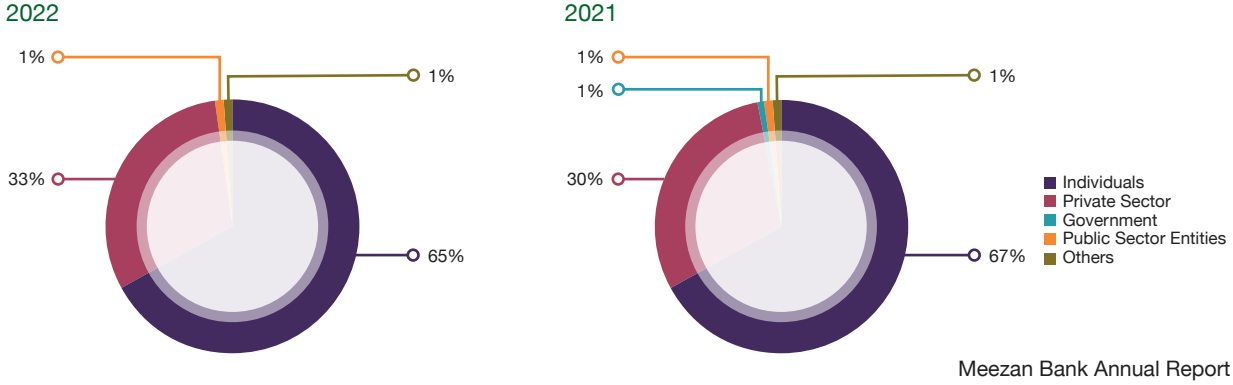
Statement of Financial Position



Islamic Financing and Related Assets (Gross)



Deposits



Profit and Loss Account

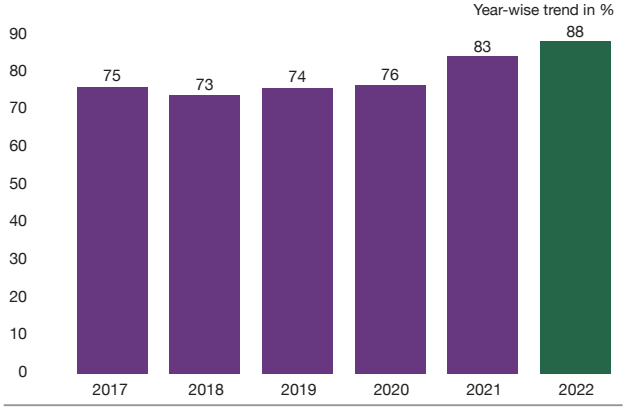
The Bank recorded a profit after tax of Rs 45 billion as compared to Rs 28.4 billion a year ago – a growth of 59%. The return on average equity increased to 45% while basic Earnings Per Share – on enhanced share capital of Rs 17.9 billion clocked Rs 25.15 per share as compared to Rs 15.84 per share in 2021.

The Bank's net spread grew by 77% primarily due to strong balance sheet growth and higher underlying benchmark rates, complemented by a surge in average current account balance which enabled the Bank to achieve a healthy net spread. Fee, commission and other income, increased by 43% from the last year with a major rise in trade, branch banking, and debit card-related fee income. On an overall basis, the Bank's non-funded income recorded a growth of 28% totaling Rs 19 billion as compared to Rs 15 billion in 2021.

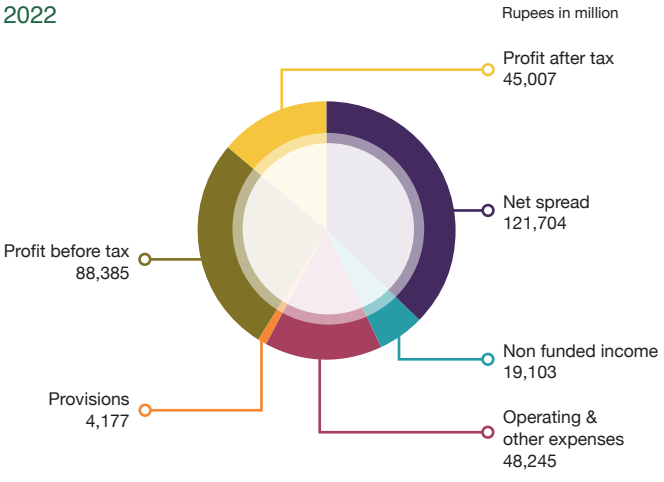
Operating and other expenses increased to Rs 48 billion from Rs 35.3 billion, primarily due to steep inflation, rupee devaluation, increase in costs associated with the opening of 60 new branches and investment in IT infrastructure. The Bank remained focused on cost optimisation by ensuring operational efficiencies and automation of processes to bring down its income efficiency ratio to a satisfactory level of 34% compared to 42% a year ago.

The total tax charge for the year, including super tax, increased to Rs 43.4 billion as compared to Rs 19.1 billion due to higher profitability and an increase in tax rates through Finance Act 2022. The effective tax rate of the Bank increased from 39% in 2021 to 49%. The Bank was able to maintain its Gross ADR at 50% plus levels which contributed to efficient tax management, as the Bank did not attract any ADR-related additional tax on its income from Federal Government Securities.

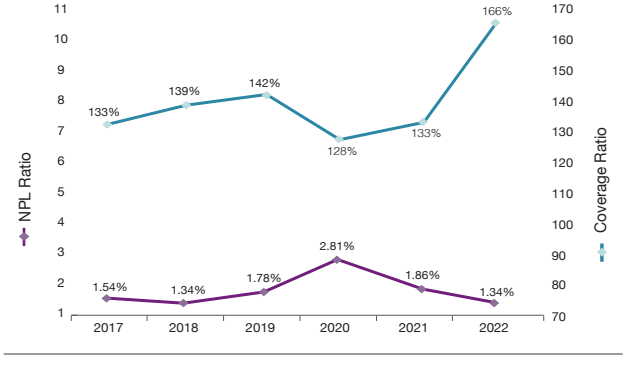
CASA to Total Deposit

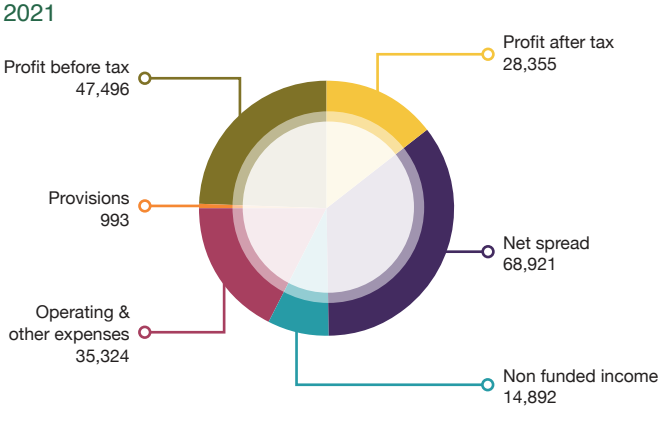


Profit and Loss



NPL and Coverage Ratios





DuPont Analysis

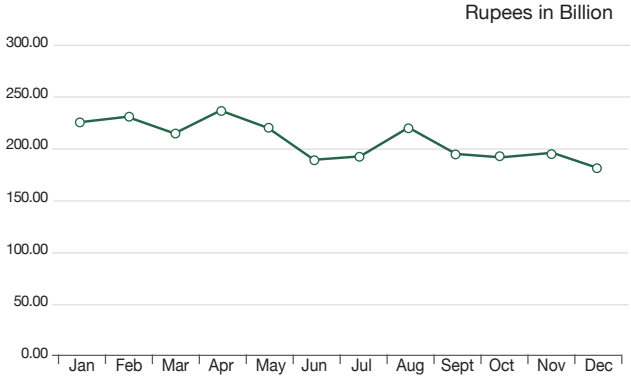
Description	2022	2021	2020	2019	2018	2017
Profit Margin - %	17.9%	22.7%	19%	14.7%	16%	14.3%
Asset turnover	0.11	0.07	0.09	0.10	0.06	0.06
Equity Multiplier - Times	22.2	22	20.6	20.7	22.9	22.1
ROE	44.6%	36.4%	34.6%	30.7%	23.8%	19.3%

Following are the main DuPont analysis highlights:

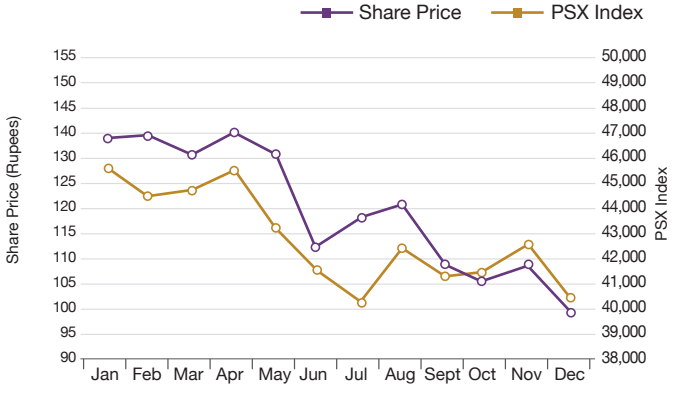
- The Bank's profit margin depict a decline in 2022 owing to increase in tax rates
- The asset turnover has increased during the current year
- The equity multiplier is directly dependent on the Bank's equity in relation to total assets
- The Bank's Return on Equity is dependent on above mentioned three factors

Market Statistics of Meezan Bank's Share during 2022

Market Capitalisation



Share Price Sensitivity



	Share Price			Daily average volume	Number of trading days	Market Capitalisation	
	High	Low	Closing			Share Capital	Value
	Rupees					Rupees in Million	
Fourth Quarter	117.97	98.20	99.54	871,075	64	17,896	178,139
Third Quarter	138.90	108.90	109.75	1,039,184	61	17,896	196,411
Second Quarter	147.40	109.01	112.98	1,228,058	60	16,269	183,811
First Quarter	148.07	123.15	130.96	646,505	63	16,269	213,063

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

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

ALLOCATION OF INCOME AND EXPENSES TO REMUNERATIVE DEPOSITORS' POOL

For the year ended December 31, 2022

	2022	2021
	Rupees in '000	
Income from financing activities	76,628,930	38,409,877
Income from investments	72,946,915	39,750,947
Income from placements with financial institutions	9,202,271	24,654,260
Other income attributable to pools	5,973,096	4,330,174
Total Income	164,751,212	107,145,258
Less: Directly attributable charges to pools including takaful (Note)	(2,197,829)	(1,794,432)
Less: Profit on assets allocated to IERS and other special pools	(48,158,641)	(26,729,388)
Less: Profit share allocated to bank's equity and other pools in Mudarabah pools	(24,501,071)	(23,527,530)
Gross distributable Income	89,893,671	55,093,908
Mudarib (Bank) share of profit before hiba	45,581,851	27,734,239
Less: Hiba from Mudarib (Bank) share	(7,846,233)	(564,181)
Net Mudarib (Bank) Share of profit	37,735,618	27,170,058
Rab-ul-Maal share of profit	52,158,053	27,923,850
Rab-ul-Maal share of profit is distributed as follows:		
Remunerative depositors' profit share in mudarabah pools	52,158,053	27,923,850

The Bank maintain following four remunerative general pools:

	Income earned	Profit share allocated to bank's equity and other pools in mudarabah pools	Mudarib share of profit	Hiba from Mudarib (Bank) share	Net Mudarib (Bank) Share of profit	Remunerative depositors's share in Mudarabah pool
	2022 Rupees in '000					
Rupee deposit pool	110,760,902	23,329,815	43,715,542	7,846,233	35,869,309	51,561,778
Dollar deposit pool	3,423,579	1,090,112	1,750,106	-	1,750,106	583,361
Pound deposit pool	158,838	59,207	89,665	-	89,665	9,966
Euro deposit pool	51,423	21,937	26,538	-	26,538	2,948
	114,394,742	24,501,071	45,581,851	7,846,233	37,735,618	52,158,053
	2021 Rupees in '000					
Rupee deposit pool	77,558,142	23,192,628	27,182,756	564,181	26,618,575	27,746,939
Dollar deposit pool	1,012,471	318,656	520,362	-	520,362	173,453
Pound deposit pool	37,280	9,865	24,673	-	24,673	2,742
Euro deposit pool	13,545	6,381	6,448	-	6,448	716
	78,621,438	23,527,530	27,734,239	564,181	27,170,058	27,923,850

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

STATEMENT OF VALUE ADDED AND DISTRIBUTED

Value Added	2022 Rupees in '000	%	2021 Rupees in '000	%
Profit / return on Islamic financings, investments and placements-net of provision	227,944,571	98.8%	109,079,717	97.4%
Fee and commission income	13,316,054	5.8%	9,352,808	8.3%
Dividend income	987,533	0.4%	1,192,467	1.1%
Foreign exchange income	3,617,274	1.6%	3,158,131	2.8%
Gain on securities and other income	1,182,327	0.5%	1,188,394	1.1%
	247,047,759		123,971,517	
Operating and other expenses excluding salaries, depreciation, amortisation and workers welfare fund	(16,381,620)	(7.1%)	(11,950,378)	(10.7%)
	230,666,139	100%	112,021,139	100%
Value allocated as follows:				
To Depositors / Financial Institutions				
Profit on deposits and other dues expensed	110,417,606	47.9%	41,151,438	36.7%
To Employees				
Salaries, allowances & other benefits	26,327,851	11.4%	19,660,123	17.6%
To Shareholders				
Cash Dividend	11,713,905	5.1%	9,514,013	8.5%
Bonus Shares	1,626,931	0.7%	2,122,084	1.9%
	13,340,836	5.8%	11,636,097	10.4%
To Government				
Workers Welfare Fund	1,910,344	0.8%	939,869	0.8%
Income tax	43,378,218	18.8%	19,140,588	17.1%
	45,288,562	19.6%	20,080,457	17.9%
To Expansion				
Depreciation & Amortisation - owned assets	3,581,193	1.6%	2,773,452	2.5%
Retained in business	31,665,774	13.7%	16,719,060	14.9%
	35,246,967	15.3%	19,492,512	17.4%
To promote development and welfare of the society				
Donations	44,317	-	512	-
	230,666,139	100%	112,021,139	100%

Statement of Value Added & Distributed 2022



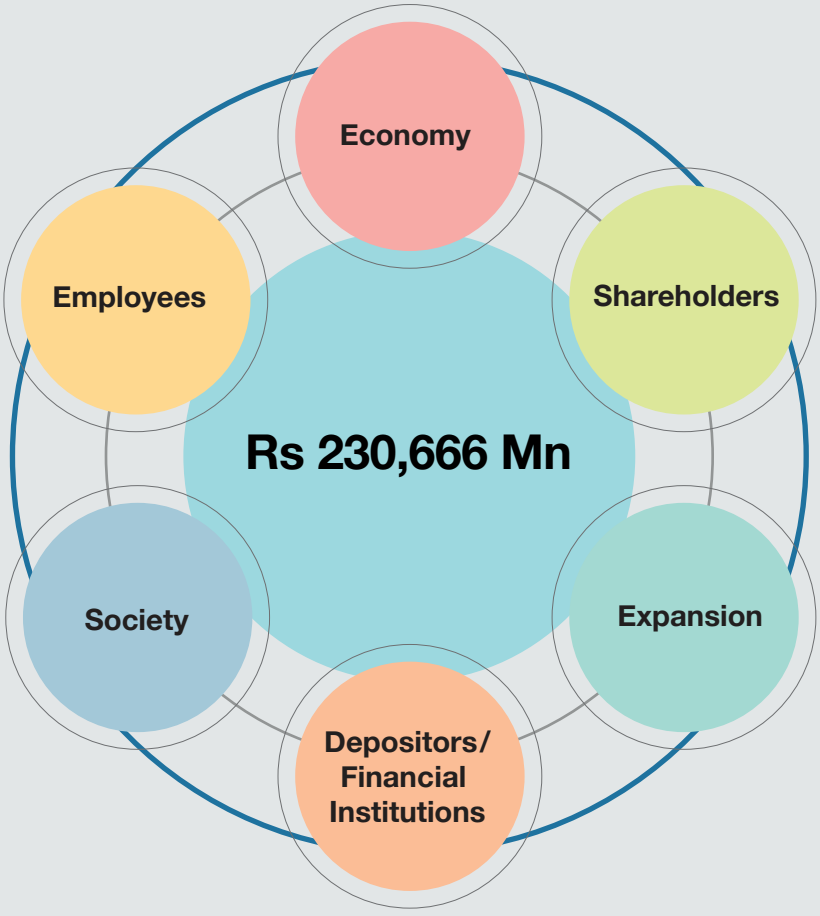
Statement of Value Added & Distributed 2021



To Depositors/Financial Insitutions | To Employees | To Shareholders | To Government | To Expansion | To Society

HOW WE DISTRIBUTE THE VALUE CREATED

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



Economy 19.6%

Rs 45,289 Million
A total of Rs 45,289 Mn in Income Tax & Workers Welfare Fund to the Govt., contributing to the development of the country's economy.

Shareholders 5.8%

Rs 13,341 Mn
We rewarded our equity shareholders with a cash dividend of Rs 8.50 (85%) per share and bonus shares at 10%.

Expansion 15.3%

Rs 35,247 Mn
Depreciation & amortization - owned assets retained in business.

Depositors/Financial Institutions 47.9%

Rs 110,418 Mn
Profit paid to depositors and financial institutions.

Society

Rs 44 Mn
Donations to promote development and welfare of the society.

Employees 11.4%

Rs 26,327 Mn
Salaries, allowances & other benefits to the Bank's employees amounted to Rs 26,327 Mn.

STATEMENT OF INVENTORY

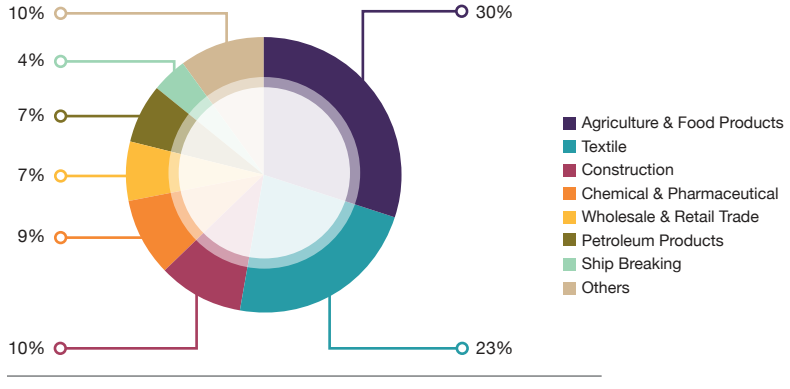
Meezan Bank Limited provides financing through various sale-based modes including Murabaha, Musawamah, Istisna, Tijarah, Salam, etc. Under these modes, the Bank either purchases the goods or gets them manufactured. Meezan Bank being a premier Islamic bank, has a diversified portflio, well spread amongst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

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

The goods lying unsold at the date of the financial statements are carried as inventory in the financial statements of the Bank. The sector wise detail of inventory held by the Bank as at December 31, 2022 is as follows:

Sector	Nature of Inventory	2022 Rs in '000	2021 Rs in '000
Agriculture & Food Products	Corn, Sugar, Soybean, Ghee, Canola, Rice (Grain, Paddy), Wheat, Syrups, Oil Cake, Edible Oil, Meat, Seed, Flour	13,043,810	10,365,216
Textile	Cotton (Raw Cotton, Bales, Fabric, Yarn), Bed Sheets, Garments, Home Textile Products (Towels, Pillow Covers, etc)	10,050,336	8,863,254
Ship Breaking	Ship Scrap	4,207,910	4,526,344
Chemical & Pharmaceutical	Chemicals, Medicines, Paints, Fertilizer, Polymers	3,886,820	4,053,760
Construction	Iron & Steel, Sanitary items & Fittings, Pipes, Cement Bags, Construction Equipment	3,151,229	2,822,306
Wholesale & Retail Trade	Rock Phosphate, Coal, Caps and Corks, Confectionary Items, Medical Machinery	3,000,000	2,698,779
Petroleum Products	High Speed Diesel, Low Sulphur Furnace Fuel Oil, High Sulphur Furnace Fuel Oil, Premium Motor Gasoline	1,878,835	299,953
Others	Poultry Feed, Float Glass, Copper Wire, Bottle Caps, Battery Lead Panels, Electronic Components, Sport Goods, Cars, ATM Machines, Fans, Furniture, Foam, Fiber, Auto Spare, Tractors, Cleaning Products, Finished Leather, Hardware Parts, Paper, Plastic Products, Packaging & Material (Chip Boards, Glass Vials, Glass Bottles)	4,626,294	6,696,526
Grand Total		**43,845,234**	**40,326,138**

Sector-wise Breakup



STATEMENT OF FINANCING PORTFOLIO INCOME

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

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

Rs in Million

Islamic mode of financing	2022 Amount	2022 %	2021 Amount	2021 %
Running Musharakah	24,652	27.5%	9,123	21%
Diminishing Musharakah	24,563	27.4%	12,297	28.4%
Istisna	8,110	9.0%	3,719	8.6%
Ijarah	7,038	7.8%	5,561	12.9%
Murabaha	6,148	6.9%	2,665	6.2%
Musawamah	4,916	5.5%	3,394	7.8%
Wakalah	4,002	4.5%	3,051	7%
Salam	1,699	1.9%	635	1.5%
Tijarah	1,412	1.6%	713	1.7%
Others	7,194	7.9%	2,173	4.9%
Total	89,734	100%	43,331	100%

A PRODUCT MATRIX THAT DISTINGUISHES US

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

SALE-BASED

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

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

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

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

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

PARTNERSHIP-BASED

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

RENT-BASED

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

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

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

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

SERVICE-BASED

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

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

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



Strategy & Resource Allocation

STRATEGIC OBJECTIVES

Meezan Bank's strategic focus is geared towards producing optimum performance in the present as well as readying the organization for the future. A primary strategic objective is to retain the trust of our customers by offering apt financial products and, increasingly important for today's competitive landscape, premium customer service round-the-clock. Meezan Bank optimizes its financial earnings by keeping a keen eye on micro and macroeconomic conditions, the various emerging trends in the financial market, as well as business opportunities which may be nurtured over time to provide benefit later. The focus, hence, is optimizing for the long run, and developing business relationships in all sectors that are resilient to market shocks.

The Bank also appreciates the increasingly important role technology is playing in finance and banking, and sizeable investments are being made in IT infrastructure as well as human resources to aid the organization in riding the wave.

With its focus on formulation and precise execution of strategy, Meezan Bank has identified several key metrics against which the organization routinely benchmarks its own performance. Ongoing detailed discussions on these metrics force Meezan Bank to compare each aspect of its organizational life against the very best, and is a constant motivator for pursuing excellence for the organization. This also allows Meezan Bank to recalibrate its efforts wherever required, redeploy resources, and generally respond to any market dynamic having an impact on the business. Likewise, Meezan Bank weighs all business decisions against its Vision, Mission and Core Values, and reaffirms its commitment to these enshrined statements of intent each step of the way.

LONG TERM OBJECTIVES

Establish Islamic banking as banking of first choice...

Protect and augment Meezan Bank's brand by maintaining its Core Values of Shariah-compliance, Integrity and Service Excellence

MEDIUM TERM OBJECTIVES

Establish itself as the best customer franchise by offering innovative, value-added services

Collaborate with educational institutes to nurture Islamic bankers

SHORT TERM OBJECTIVES

Provide financial solutions to fulfill needs and expectations of an increasingly technology-oriented customer base

Ensure consistent profitability to exceed shareholder and market expectations

STRATEGIES IN PLACE

Meezan Bank seeks to entrench its mutually beneficial relationship with all customer segments, and hence focuses on increased cross-selling and more meaningful wealth management. This is done traditionally as well as digitally, as digital banking has announced itself less as a disruptor and more as a harbinger of opportunities. Meezan Bank has invested heavily in digital platforms which allows us to serve customers better, more conveniently and accurately. With digital banking, both product development and service delivery have come to the forefront as the real differentiators between the good and the great. Meezan Bank strives to provide digital services in an increasingly digital world by looking at what the most dynamic and purposeful clientele of the Bank could wish for.

Meezan Bank will continue to lend judiciously while maintaining a good asset-to-deposit ratio. The organization has worked incredibly hard in cultivating progressive relationships with business entities in various sectors and industries, and sees itself as a partner to their commercial activities.

Meezan Bank continues to work towards establishing Islamic banking as banking of first choice. The Bank routinely conducts awareness sessions on Islamic banking throughout Pakistan, engaging audiences from all professions and age groups. Meezan Bank's efforts are quite evident from the growing Islamic banking market and increased demand towards Islamic banking products.



RESOURCE ALLOCATION

Human Capital

- Enhancing employee base
- Work-from-home facilitation
- Employee benefits

Manufactured Capital

- 60 New Branches
- 1,061 Biometric & Cardless services enabled ATMs
- Call Centres, Premium Banking and Consumer Finance Centres
- State-of-the-art Data Centres
- 38.6% share of e-commerce spend on debit cards in industry*
- Deployment of over 10,000 POS machines nationwide in the launch year and tapped over 250 cities across the country

Financial Capital

- Rs 45,007 million net profit
- Rs 115,321 million total equity

Natural Capital

- 74 branches including Head Office converted to Solar Power
- Cumulative solar capacity in FY22: 1.3 MW

Intellectual Capital

- Highest-rated Mobile App on Google Playstore & Apple App Store
- Highest Debit Card Spend in the Industry
- Largest E-commerce Share

Social and Relational Capital

- CSR initiatives executed through public-private partnerships
- Multiple Security Awareness & Financial Literacy Campaigns for customers
- 24.7 million awareness SMS sent in 14 different awareness campaigns to customers
- First dedicated Islamic Banking Youtube Channel in the country

*State Bank of Pakistan Report FY22

KEY PERFORMANCE INDICATORS AND FUTURE RELEVANCE

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

Category	Initiative	KPIs	Future Relevance
Maintain growth momentum and ensure profitability	Maintain upward trajectory in terms of deposits and quality financing portfolio; optimize returns on equity and assets, and maximize the impact of each rupee invested	▪ ROA ▪ ROE ▪ NFI ▪ CASA mix ▪ Deposits in PKR ▪ Financing mix ▪ ADR ▪ NPL	✓
Increase brand value, customer confidence and customer services	Ensure meaningful interaction with all business segments; protect and augment the organization's brand value by adhering to its lofty Shariah-compliance and customer care standards	▪ Brand Equity Index ▪ NPS	✓
Enhance interdepartmental coordination and controls	Enhance internal synergies and cross-functional coordination for increased efficiencies, ultimately enjoyed by customers as superior customer care	▪ Error rate ▪ Surveys ▪ Process flows reviewed / automated	✓
Enrich human and organizational capital	Empower, train and retain employees; provide a learning yet challenging environment for a rich career path	▪ Retention rate ▪ Employee Satisfaction Survey	✓

COMPETITIVE LANDSCAPE AND MARKET POSITIONING

Meezan Bank is part of a very competitive landscape, and the smallest macroeconomic adjustments or subtle microeconomic shifts can have immense bearing on the Bank's operations and profitability. Meezan Bank keeps a keen eye on these variables and strives to respond with alacrity.

SWOT Analysis

The pandemic necessitated the critical need to revisit the organizational SWOT framework, and review it in terms of the symptoms as well as the underlying causes of change. Meezan Bank is Alhamdulillah poised to make most from strengths and capitalize on opportunities, and in the same vein, overcome weaknesses to stave off threats. A summary of the analysis is given below:





Risk Management

RISK MANAGEMENT FRAMEWORK

The Bank manages its risks through a framework of sound risk management principles which includes identification of potential risks, establishment of risk tolerance and control limits, assessment of the impact of potential risks and formulation of policies, procedures and strategies to mitigate risks to the Bank while ensuring continuous monitoring and reporting to stakeholders as well. While the Board provides policy framework and sets strategic direction, the Bank's management is required to formulate procedures, establish organizational structure, introduce systems and monitoring tools to ensure their implementation.

The Board has constituted a Board Risk Management Committee, comprising Board members with well-defined terms of reference. The Board of Directors have also constituted a Board IT Committee which, amongst other IT and Digital Banking related matters, ensures that cyber security risk management strategies are designed and implemented. The Bank's risk governance is mainly exercised through the following management committees:

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

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

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

First Line of Defense

Business Units & Support Groups

Primarily responsible for risk identification and management in their respective fields of operations by ensuring compliance to all policies, procedures and regulations.

Second Line of Defense

Risk Management, Compliance & Other Control Functions

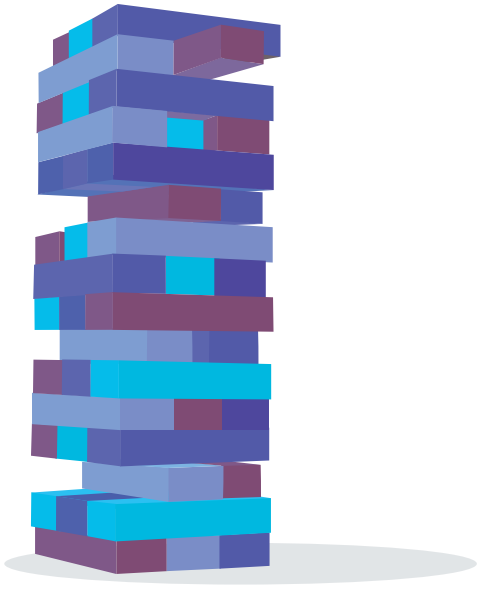
Establishing risk management standards/policies/frameworks and providing assurance on policy implementation and quality of controls.

Third Line of Defense

Internal Audit, Shariah Audit & Business Review Functions

Provide independent assurance and assessment on adequacy of Bank's internal controls.

Meezan Bank has been designated as Sample Domestic Systemically Important Bank (D-SIB) by State Bank of Pakistan for 2022-2023, after being identified as Designated D-SIB for last year. However, the Bank as sample D-SIB requires to hold an additional 0.5% capital, over and above minimum capital adequacy ratio prescribed by the regulator. The Bank has a comprehensive Recovery Plan in place for dealing with various crisis scenarios along with early warning signals and appropriate remedial actions during crises. The Bank has in place Board approved Internal Capital Adequacy Assessment Process and Risk Appetite Statement which is regularly reviewed and updated. The Bank has been continuously improving upon its stress testing framework to capture the impact of various shocks on the Bank's business portfolio, capital adequacy, liquidity and profitability. Moreover, Macro Stress Testing scenarios have also been developed to monitor the impact of change in macro-economic variables on the financial position of the Bank.



Risk Management Group (RMG) is mandated to implement this framework as a function, independent of commercial lines of business. RMG continued its efforts mainly focusing on improving policies and procedures, limit structuring and strengthening systems and controls. Under RMG, the credit risk function caters to corporate, investment banking, commercial & SME, agriculture, supply chain and consumer business segments. The Bank has in place automated financing approval system for corporate, commercial, SME, agriculture, and supply chain customers that has brought significant improvements in customer facilitation. Enterprise Risk Management (ERM) under RMG caters to market, liquidity, financial institutions, country, operational and business continuity risks. ERM function also deals with Basel, Capital Strategy Formulation & IFRS-9 implementation and development of risk related policy framework.

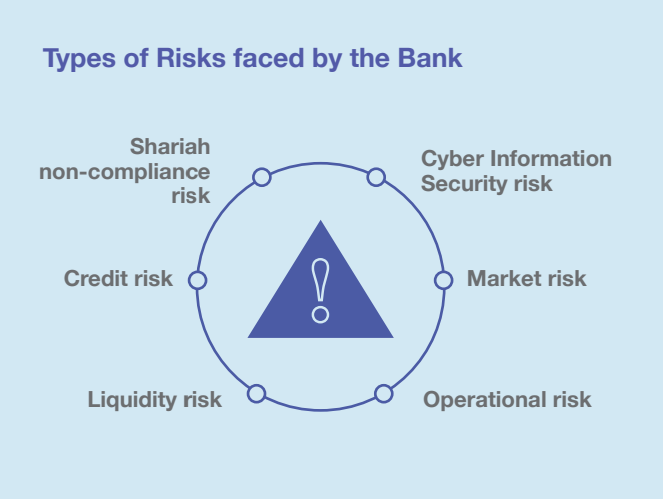
The Bank recognizes the importance of environmental, sustainability, compliance, reputational, strategic and information security risks as distinct types of risks and continuously improves upon to cater to these risks. Shariah Non-compliance Risk management principles and practices are also at the heart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

RISK AND OPPORTUNITY REPORT

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

Key Sources of Uncertainty

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



Year 2022 was a challenging year due to severe economic challenges including repayment of external debt, depleting FX reserves, rising interest rates and supply chain disruptions in the last quarter of the year. The challenges were exacerbated by floods in the country during the second half of the year.

Despite economic challenges, Meezan Bank continued its journey towards growth by increasing its deposit and financing base in selected sectors of the economy with prudent selection of customers, keeping in view the current economic environment, along with the growth in its branch network nationwide. Moreover, the Bank continued its role as an active player in increasing Roshan Digital Accounts deposit base. Continuous flow of GoP Ijarah Sukuk remained an element of relief to the Islamic banks in managing their excess liquidity.

Year 2023 is expected to be challenging as well. The management of fiscal account, external funding, higher inflation, FX reserve position and exchange rate coupled with rehabilitation of flood-affected areas, will be the key determinants for the economy of Pakistan and banking sector. Higher policy rate and economic slowdown may also increase the credit risk and weaken demand for financing and supply chain disruptions will put further stress on the economy.

Statement of Board of Directors on Risk Assessment

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

Materiality Approach

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

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

BUSINESS CONTINUITY MANAGEMENT

The Bank's Business Continuity Plans are developed in a way that enable management of the impact of any significant disruptions and ensure uninterrupted operations. The Bank has implemented well-defined, approved plans, effective decision-making processes, outlined description of distressed scenarios and roles and responsibilities of various functions, so as to ensure coordinated efforts among stakeholders and operational continuity in case of any disruption. Simultaneously, the Bank has also been able to leverage on its technology infrastructure and improve upon its IT Disaster Recovery Set-up, to develop the right contingency plans and mitigating actions beforehand.

The Business Continuity Management (BCM) framework at the Bank facilitates the continuance of business activities and safeguards the interests of the Bank's key stakeholders in the event of crisis situations by ensuring appropriate availability of systems. The implementation of the BCM Framework ensures safety of human resources, protection of critical assets and resumption of mission critical activities from alternate processing site(s) in case the primary site(s) are not accessible or available. At Meezan Bank, the first priority is always to ensure the safety of human life in case of any disaster.

The recent floods wreaked havoc in various parts of Pakistan. In such challenging times, Meezan Bank, through effective BCP structure, ensured continued banking services in flood-affected areas. Meezan Bank's ADC channels, strong IT support and Alternative Processing Sites arrangements enabled continued services to its valued customers.

RESPONDING TO CRITICAL CHALLENGES AND UNCERTAINTIES

Global economic situation and geopolitical turmoil, mainly Russia and Ukraine War has resulted in massive commodity price volatility, creating economic challenges world-wide. The global economic conditions have impacted Pakistan adversely. Higher profit benchmark rates, coupled with economic slowdown and supply chain disruptions, and high rate of inflation will result in adverse impact on paying capacity of financing customers which may translate into high-risk of Non-Performing Financing. Higher rates will also result in adverse impact on carrying value of fixed income investments. Moreover, macroeconomic challenges including external debt concerns, depleting foreign currency reserves, adverse movement in exchange rate and political uncertainty remain key concerns for the banking industry. Additionally, the country experienced catastrophic floods during the second half of the year which would exacerbate economic challenges by putting further pressure on foreign currency reserves and inflation due to higher import bill for agriculture produce.

To maintain high level of assets quality, the Bank has equipped itself through robust risk assessment mechanism, effective portfolio management, limits structuring, four-eye financing approval mechanism, rapid portfolio review and post disbursement monitoring to minimize the level of its non-performing assets portfolio.

Considering the exponential growth in digital banking, the Bank has state-of-the-art digital platforms in place including mobile app and internet banking, enabling it to provide efficient platforms to customers for performing their banking transactions hassle-free. Continuous growth of digital banking, has resulted in elevated cyber security risk for banks. To manage the associated risks, the Bank has an independent Information Security Department in place, manned with experienced and qualified resources. The Bank conducts regular cyber security reviews and penetration testing and awareness sessions for its staff.

Information Security Measures

PCI DSS CERTIFIED

Strengthened the Bank's Data Security Infrastructure



Ensured regular and consistent Cyber Security Reviews across the Bank

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

Meezan Bank RIBA FREE The Premier Islamic Bank

WHAT MAKES US RIBA-FREE?

Islamic banks offer products that are fundamentally different from those offered by conventional banks. While the business model of conventional banks is simply lending funds on interest, the business model of Islamic banks involves direct participation in trade, real assets and partnership-based activities. Moreover, Islamic banks enter into multiple types of multiple trade-based relationships with the customer by virtue of the underlying contracts unlike conventional banks, where the only bank-customer relationship is of a lender and borrower.



Governance

BOARD OF DIRECTORS

Mr. Riyadh S.A.A. Edrees Chairman

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

He holds a B.Sc. degree in Chemical Engineering from Newcastle Upon Tyne University, U.K., and M.Sc. in Chemical Engineering from Kuwait University. His skills and experience encompass a wide range of industries and various roles.

Current Directorships

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

Other Recent Offices held

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

Mr. Faisal A.A.A. Al-Nassar Non-Executive Director

Mr. Faisal A.A.A. Al-Nassar has been a Director of Meezan Bank since March, 2015. He is Vice Chairman of the Board and Chairman of the Risk Management Committee as well as a member of the Audit Committee and Information Technology Committee of the Board. Mr. Faisal A.A.A. Al-Nassar has a Bachelor's degree in Accounting and Finance from Kuwait University and has held many senior management positions in the finance industry including Corporate Affairs Executive Manager at National Industries Group Holding Co., Auditor for government agencies in Kuwait Bureau of Accountancy and Head of Taxation Department, Ministry of Finance, Kuwait.

Current Directorships

- Deputy CEO, Finance and Administration, National Industries Group Holding Company - Kuwait
- Board Member, Al Durra National Real Estate Company - Kuwait
- Chairman and Director, Noor Al Salhia Real Estate - Kuwait
- Director, Noor Financial Investment Company - Kuwait
- Member Audit Committee, Noor Financial Investment Company - Kuwait
- Member Risk Management Committee, Noor Financial Investment Company - Kuwait
- Member Nomination & Remuneration Committee, Noor Financial Investment Company - Kuwait
- Director, Proclad Group Limited - UAE
- Director, Proclad International Investment Limited - UAE
- Chairman of Audit and Risk Committee, Proclad Group Limited - UAE
- Chairman, Shorfat Al Safwa - KSA
- Chairman, Durrat Al Shameya Investment - KSA
- Vice Chairman, Abu Dhabi Marina Real Estate Investment - UAE
- Director and Chairman Audit Committee, Abu Dhabi Marina Real Estate Investment - UAE
- General Manager, IKARUS Real Estate - UAE
- Executive Committee Member, ARADI Abu Dhabi Investment - UAE
- Board Member, Hotels Global Group - Jordan
- Board Member, Al Ruwad Company - Kuwait
- Vice Chairman & CEO, Al Manor Financing & Leasing - Kuwait
- Chairman of Nomination & Remuneration Committee, Al Manor Financing & Leasing - Kuwait

Other Recent Offices held

- Vice Chairman, Al Salboukh Trading Company
- Chairman, Noor Telecommunication Company (Noortel), Kuwait
- Board Member, Arabic Investment Group (Egypt)

Mr. Bader H.A.M.A Al Rabiah Non-Executive Director

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

Mr. Bader H.A.M.A. Al Rabiah has a strong academic background in accounting and a focused experience in investments honed over the past 19 years. He was involved in establishing the Real Estate Investment Department at Noor Financial Investment Company and served as the Chairman at Arab Investment, Real Estate and Agricultural Development Group, Egypt.

Current Directorships

- Director, Savola Group - KSA
- Director, Midchem Company - KSA
- Director, Noor Financial Investment Company - Kuwait
- Member Audit Committee, Noor Financial Investment Company - Kuwait
- Chairman Risk Management Committee, Noor Financial Investment Company - Kuwait
- Director, Palms Agro Production Company - Kuwait
- Chairman, Al-Durra National Real Estate Company - Kuwait
- Vice Chairman & CEO Noor Al Salhiya Real Estate Company - Kuwait
- Board Member, International Hotels Group - Jordan
- Director, Ikarus Real Estate (W.L.L.) - UAE

Mr. Mubashar Maqbool Non-Executive Director

Mr. Mubashar Maqbool has been a Director of Meezan Bank since October, 2019. He is also a member of the Risk Management Committee and Audit Committee as well as Chairman Information Technology Committee of the Board.

Mr. Mubashar Maqbool holds an MBA degree in Finance and International Business from University of Miami, U.S.A. and another MBA in Finance from Quaid-e-Azam University, Pakistan. He has a long, diversified and successful track record in Corporate Banking, Corporate Finance, Project Financing, Commercial Banking, SME Banking as well as General Management. In a career spanning over thirty years, he has held senior positions in renowned local and multinational organizations like Citigroup, Samba Financial Group, Habib Bank Limited, etc. both in Pakistan and abroad.

Mr. Maqbool started his banking career with Citibank Pakistan where he held various positions in Corporate Banking Group. In 1997, he was transferred to Saudi American Bank (Samba), Saudi Arabia. He was Division Head, Corporate Banking in Samba Bank till 2004. Mr. Mubashar joined Habib Bank Limited in 2004 and held various senior positions there including Corporate Head – Central, Group Head – Commercial Banking & Retail Lending, Group Head – Commercial Banking and Country Manager / CEO, HBL – UAE. He also represented HBL on the Board of Pakistan Agricultural Storage and Services Corporation (PASSCO).

Current Directorships

- Managing Director, Pak Kuwait Investment Company (Private) Limited
- Al Meezan Investment Management Limited
- National Clearing Company Pakistan Limited

Mr. Faisal Fahad Al-Muzaini Non-Executive Director

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

Mr. Al-Muzaini holds a Bachelor's Degree in Business Administration from Gulf University for Science and Technology and a PLD Harvard Business School Alumni. He has more than 16 years experience of working in Investments and Corporate Finance and has held various senior management positions.

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

Other Recent Offices held

- Board Member in Arab Monetary Fund (AMF)
- Board Member in Arab Trade Financing Program (ATFP)
- Head of Investment in Commercial Bank of Kuwait
- Secretary to the Board in Commercial Bank of Kuwait
- Board Member in Al Mulla International Financing Company
- Board Member in Al Soor Financing Company (Al Mulla Group)
- Board Member in Al-Tijari For Investment Funds Company - Kingdom of Bahrain
- Board Member in KIC Brokerage Company

Mr. Naveed Iftikhar Sherwani Non-Executive Director

Mr. Naveed Sherwani joined the Board of Directors of Meezan Bank in April, 2021. He has over 38 years of rich and diversified experience in Islamic and conventional banking of local and foreign banks. This includes working experience at the front end of Corporate, Commercial & SME segments and Enterprise Risk Management.

Mr. Naveed Sherwani has worked at various key senior roles during his association with different local and foreign banks, such as, Team Leader CIBG, Faysal Bank Limited; Country Head Risk Asset Review, Senior Credit Officer at Union Bank Limited/Standard Chartered Bank Pakistan Limited; Country Head Corporate Banking, Country Head Risk-SME/Commercial during two different stints with NIB Bank Limited; Head of Credits for Corporate & Investment Banking and Islamic Banking at Bank Alfalah Limited, Chief Risk Officer at Dubai Islamic Bank Pakistan Limited. Since 2016, he has been working with Pakistan Kuwait Investment Company Pvt. Limited (PKIC) as Chief Risk Officer. He has also represented PKIC as a Nominee Director on the Board of The General Tyre and Rubber Company of Pakistan Limited from October 2019 to September 2020.

Mr. Naveed Sherwani holds a Master's degree from Karachi University and has also attended various international and local trainings/seminars related with banking and management. Mr. Naveed Sherwani is a certified director from Pakistan Institute of Corporate Governance (PICG).

Mr. Mohamed Guermazi Non-Executive Director

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

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

Mr. Guermazi holds a Master's degree in Engineering from the National School of Bridges and Roads in Paris, France (Ecole Nationale des Ponts et Chaussées - Ponts ParisTech).

Before joining the IsDB in 2010, for over 15 years, he served as Director of Equities, Asset Management, Treasury, and Financial Markets at Banque de Tunisie, one of the most prominent private commercial banks in Tunisia. Besides his operational responsibilities within Banque de Tunisie, he also served as Chairman of the Société de Bourse de Tunisie, a subsidiary of the bank specializing in brokerage in securities, General Manager and Chairman of the Board of Placements de Tunisie, an affiliated investment company, Board Member and Chairman of the Audit Committee of Astrée Insurance company, Board Member of the Tunis Stock Exchange, as well as Board Member of several companies in which Banque de Tunisie holds a participation of reference.

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

Current Directorships

- Board of the Waqf BID Guinee (WBG)
- Irada for Microfinance Company Ltd.

Mr. Mohammad Abdul Aleem Independent Director

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

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

Mr. Abdul Aleem is currently the CEO and Secretary General of Overseas Investors Chambers of Commerce & Industry (OICCI). He has worked in senior positions within both Exxon Chemicals and Engro Corporation, serving in both Singapore and Pakistan. Thereafter, he has worked with British American Tobacco Group UK (BAT) in Pakistan and overseas, where he ultimately served as CEO of BAT Operations in Cambodia, Mauritius, and Indian Ocean territory. Since 2004, he has served in senior positions with large Government-owned organizations in Pakistan. His last assignment was as the Managing Director, Pakistan State Oil Company Ltd.

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

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

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

Current Directorships

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

Ms. Nausheen Ahmad Independent Director

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

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

Having spent over three decades in the corporate sector, Ms. Ahmad brings with her a tremendous amount of experience and expertise in the legal field, as well as proven leadership skills. She began her legal practice with the corporate law firm Surridge and Beecheno. Later, she went on to hold the position of Legal Counsel at Pakistan Petroleum Ltd. and Unilever Pakistan Ltd. She has also served with ICI Pakistan Ltd. and Habib Bank Limited as the Company Secretary and General Counsel.

Ms. Ahmad left inhouse legal practice in mid-2021 to establish a boutique law firm called the Legal and Governance Advisory to provide corporate governance advice and training to businesses. She is an executive trainer and teaches the Directors Certification Training with PICG and IBA. She also conducts diversity and inclusion training and conflict resolution and negotiation skills courses. Ms. Ahmad is part of the visiting faculty at KSBL and IOBM, Karachi.

Current Directorships

- International Steels Limited (ISL)
- Jubilee General Insurance Company Limited (JGICL)
- Engro Powergen Qadirpur Limited
- Descon Engineering Limited

Other Recent Offices held

- First Women Bank Limited (FWBL)
- Pakistan Stock Exchange Limited (PSX)
- Altern Energy Limited

Mr. Yousef S. M. A. AlSaad Independent Director

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

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

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

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

Current Directorships

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

Mr. Irfan Siddiqui President & CEO

Mr. Irfan Siddiqui is the Founding President and CEO of Meezan Bank. He is also a member of the Information Technology Committee and of the IFRS 9 Implementation Oversight Committee of the Board. Having articled with Coopers & Lybrand, London from 1975 - 1979, Mr. Siddiqui qualified as a Chartered Accountant from the Institute of Chartered Accountants in England and Wales. He has held several senior management positions including Chief Executive Officer at Al Meezan Investment Bank Limited, General Manager at Pakistan Kuwait Investment Company, Chairman, Al Meezan Investment Management, Advisor to the Managing Director at Kuwait Investment Authority, Manager Finance and Operations at Abu Dhabi Investment Company and Senior Business Analyst at Exxon Chemical (Pakistan) Ltd.

Current Directorships

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

Other Recent Offices held

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

SHARIAH BOARD

Justice (Retd.) Muhammad Taqi Usmani

Chairman – Shariah Board

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

He is generally known as one of the leading Shariah scholars active in the field of Islamic finance. For more than a decade he has served as Chairman or Member of Shariah Supervisory Boards of a dozen Islamic banks and financial institutions in various parts of the world. He presently serves as Chairman of the International Shariah Council for the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in Bahrain. He has held many positions in the higher echelons of the education sector of Pakistan and has participated in numerous commissions set up by the Government of Pakistan in the field of education and economics. Since 1967, he has been the Chief Editor of the monthly Urdu-language magazine 'Albalagh' and since 1990, he has been Chief Editor of the monthly English-language magazine 'Albalagh International'. He has also contributed articles to leading Pakistani newspapers on a range of issues. He has authored more than 60 books in Arabic, English and Urdu.

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

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

Current Board Memberships

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

Awards Received

Sitara-e-Imtiaz from the Government of Pakistan	2020
His Highness King Abdullah (of Jordan) Award (Royal Aal al Bayt Institute for Islamic Thought, Jordan)	2019
IDB Prize in Islamic Banking and Finance	2014
Lifetime Achievement Award presented by the Islamic Business and Finance Magazine	2011
His Highness King Abdullah (of Jordan) Award Wisamul Istiqlal Award presented by His Highness King Abdullah of Jordan	2010
His Highness Prince Muhammad bin Raashid Aal Maktoom Award	2004

Dr. Muhammad Imran Ashraf Usmani

Vice Chairman – Shariah Board

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

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

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

He also is serving as an Executive Committee Member of AAOIFI (Dubai), Shariah Supervisory Board of International Islamic Financial Market (IIFM) Bahrain and Academic Board at Institute of Business Administration (IBA)-Centre for Excellence in Islamic Finance (CEIF), Karachi and Director at Centre for Islamic Economics (CIE), Hira Foundation School and Hira Institute of Emerging Sciences, Karachi. Dr. Usmani is the author of numerous publications related to Islamic Finance and other Shariah related subjects. He has presented papers in numerous national and international seminars and has delivered lectures at academic institutions including Harvard, LSE, LUMS and IBA.

Board Memberships

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

Sheikh Esam Mohamed Ishaq Board Member – Shariah Board

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

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

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

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

Current Board Memberships

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

In addition to membership of the Shariah Supervisory Boards of a number of local, regional and international Islamic Financial Institutions (IFIs), he is the Chairman of Shariah Supervisory Boards of the following IFIs:

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

Mufti Muhammad Naveed Alam Resident Shariah Board Member

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

He is an active teacher / trainer at Centre for Excellence in Islamic Finance (CEIF) of Institute of Business Administration (IBA) Karachi, Center of Islamic Economics (CIE) of Jamia Darul Uloom Karachi, as well as several other renowned universities.

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

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

TERMS OF REFERENCE OF SHARIAH BOARD

Definition of Shariah Board

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

Composition, Selection and Dismissal of Shariah Board

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

Functions of the Shariah Board

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

Name of Shariah Board Member	No. of Meetings Attended
Justice (Retd.) Muhammad Taqi Usmani	3
Dr. Muhammad Imran Ashraf Usmani	5
Sheikh Esam Mohamed Ishaq	5
Mufti Muhammad Naveed Alam	5
Total Meetings Held	**5**

BOARD COMMITTEES

Board Human Resources, Remuneration & Compensation Committee

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

Terms of Reference

The Board Human Resources, Remuneration & Compensation Committee (BHRR&CC) ensures that the Bank manages its Human Resources in light of the best practices of the industry. It reviews and recommends Human Resource Management policies to the Board of Directors including but not limited to remuneration practices defined by the State Bank of Pakistan, the selection, evaluation, compensation (including retirement benefits), succession planning as well as the recommendation of structure of compensation package of Executive Directors, President & CEO, Key Executives and of any other employee(s) along with ensuring implementation of the same. The (BHRR&CC) also monitors the training activities, utilization and implementation of training & development budget and policy of the Bank.

Board Risk Management Committee

Mr. Faisal A.A.A. Al-Nassar (Chairman) – Non-Executive Director
Mr. Bader H.A.M.A Al Rabiah – Non-Executive Director
Mr. Mubashar Maqbool – Non-Executive Director
Mr. Yousef S. M. A. Al-Saad – Non-Executive Director

Terms of Reference

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

Board Audit Committee

Mr. Mohammad Abdul Aleem (Chairman) – Non-Executive Director
Mr. Faisal A.A.A. Al-Nassar – Non-Executive Director
Mr. Mohamed Guermazi – Non-Executive Director
Mr. Mubashar Maqbool – Non-Executive Director

Terms of Reference

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

Board Information Technology Committee

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

Terms of Reference

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

Board IFRS 9 Implementation Oversight Committee

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

Terms of Reference

The Committee is responsible for reviewing and approving the Bank's transition plan for IFRS 9 implementation. It is required to review progress against the transition plan on a quarterly basis. The Committee is also responsible to ensure smooth implementation of IFRS 9 within the timelines stipulated by the State Bank of Pakistan. Dates and Attendance of Board Committees during 2022.

Dates and Attendance of Board Committees during 2022

Name of Director	No. of Meetings Attended	Board Human Resources, Remuneration & Compensation Committee				Board Risk Management Committee				Board Audit Committee				Board IT Committee				IFRS 9 Implementation Oversight Committee			
		20-Feb 2022	19-Apr 2022	04-Aug 2022	18-Oct 2022	17-Feb 2022	21-Apr 2022	18-Aug 2022	12-Oct 2022	15-Feb 2022	20-Apr 2022	10-Aug 2022	16-Oct 2022	17-Feb 2022	21-Apr 2022	8-Aug 2022	12-Oct 2022	17-Feb 2022	19-Apr 2022	04-Aug 2022	13-Oct 2022
Mr. Riyadh S.A.A. Edrees	4/4	P	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Mohammad Abdul Aleem	4/4	P	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Nausheen Ahmad	4/4	P	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Faisal A.A.A. Al-Nassar	4/4	-	-	-	-	P	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Mohamed Guermazi	1/1	-	-	-	-	P	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Bader Al Rabiah	3/3	-	-	-	-	-	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Mubashar Maqbool	4/4	-	-	-	-	P	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Yousef S.M.A. AlSaad	3/3	-	-	-	-	-	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Faisal A.A.A. Al-Nassar	4/4	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-	-	-	-	-
Mr. Bader Al Rabiah	1/1	-	-	-	-	-	-	-	-	P	-	-	-	-	-	-	-	-	-	-	-
Mr. Mohamed Guermazi	3/3	-	-	-	-	-	-	-	-	-	P	P	P	-	-	-	-	-	-	-	-
Mr. Mubashar Maqbool	3/3	-	-	-	-	-	-	-	-	-	P	P	P	-	-	-	-	-	-	-	-
Mr. Mohammad Abdul Aleem	4/4	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-	-	-	-	-
Mr. Mubashar Maqbool	4/4	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-
Mr. Riyadh S.A.A. Edrees	4/4	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-
Mr. Faisal A.A.A. Al-Nassar	4/4	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-
Mr. Irfan Siddiqui	4/4	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-
Mr. Riyadh S.A.A. Edrees	4/4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P
Mr. Irfan Siddiqui	4/4																	P	P	P	P
Mr. Faisal Fahad Al-Muzaini	3/3																	-	P	P	P

MANAGEMENT COMMITTEES

Asset Liability Management Committee

President & CEO - Chairman
Deputy CEO - Alternate Chairman
Chief Financial Officer
CRO & Group Head Risk Management
Group Head Retail Banking, Commercial, SME & Agri Finance
Group Head Corporate & Institutional Banking
Group Head Consumer Finance
Group Head Treasury & Home Remittances

Terms of Reference

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

Business Continuity Steering Committee

Deputy CEO - Chairman
CRO & Group Head Risk Management
Group Head Operations
Group Head Retail Banking, Commercial, SME & Agri Finance
Group Head General Services & Customer Support
Group Head Information Technology
Chief Compliance Officer
Manager IT Disaster Recovery
Head Enterprise Risk Management

Terms of Reference

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

Credit Risk Management Committee

President & CEO - Chairman
Deputy CEO
Chief Financial Officer
CRO & Group Head Risk Management
Group Head Retail Banking, Commercial, SME & Agri Finance
Group Head Corporate & Institutional Banking
Group Head Treasury & Home Remittances
Head Credit Risk

Terms of Reference

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

Disciplinary Action Committee - Branch Banking

Group Head Human Resources,
Learning & Development - Chairman
Group Head Retail Banking, Commercial, SME & Agri Finance
Group Head Operations
Head Internal Audit & Business Risk Review (Special Invitee)

Terms of Reference

The Disciplinary Action Committee - Branch Banking (DAC-BB) is responsible for taking action on any violation of policies and procedures, acts of fraud and forgery, breaches of discipline and code of conduct, ethics and business practices, law of the land and statutory regulations of SBP by employees related to an incident of misconduct which has occurred at Branch / Area / Region / Hub level.

Disciplinary Action Committee - Head Office

Group Head Risk Management - Chairman
Group Head Human Resources, Learning & Development
Head Compliance
Head Internal Audit & Business Risk Review (Special Invitee)

Terms of Reference

The Disciplinary Action Committee - Head Office (DAC-HO) is responsible for taking action on any violation of policies and procedures, acts of fraud and forgery, breaches of discipline and code of conduct, ethics and business practices, law of the land and statutory regulations of SBP by employees related to an incident of misconduct which has occurred at the Bank's Head Office.

Disciplinary Action Review Committee

Deputy CEO - Chairman
Company Secretary
Head Legal Affairs

Terms of Reference

The Disciplinary Action Review Committee (DARC) is responsible for reviewing the appeals of the staff against whom DAC has already taken disciplinary action. The DARC is formed with a view to ensure a fresh review of each appeal filed against the DAC decision.

Compliance & Operational Risk Management Committee

President & CEO - Chairman
Deputy CEO
Chief Financial Officer
Group Head Information Technology
Group Head Retail Banking, Commercial, SME & Agri Finance
Group Head Operations
Group Head Shariah Compliance
CRO & Group Head Risk Management
Group Head Human Resources, Learning & Development
Head Compliance
Head Enterprise Risk Management

Terms of Reference

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

IT Steering Committee

Deputy CEO - Chairman
Group Head Information Technology
Group Head Operations
CRO & Group Head Risk Management
Head Digital Transformation & Innovation
Head Compliance
Group Head Consumer Finance
Group Head Retail Banking, Commercial, SME & Agri Finance
Manager Information Security

Terms of Reference

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

Investment Committee

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

Terms of Reference

The Investment Committee (IC) is responsible for ensuring that the Bank's investments in listed equity securities are made in compliance with the:

(i) Investment Policy of the Bank,
(ii) Limits prescribed under Prudential Regulations issued by the State Bank of Pakistan, and
(iii) Directives of Shariah Board of the Bank.

The IC also reviews the performance of equity investment portfolio through its regular meetings and discussions wherein the members also discuss the forgoing investments and future strategies in line with investment policy and market dynamics.

Service Board

President & CEO - Chairman
Deputy CEO
Group Head Operations
Group Head Information Technology
Group Head Retail Banking, Commercial, SME & Agri Finance
Group Head Consumer Finance
Group Head General Services & Customer Support
Group Head Human Resources, Learning & Development
Head Service Quality
Unit Head - Service Analytics & Customer Insights

Terms of Reference

The purpose of the Service Board is to oversee and monitor performance of all relevant departments involved directly or indirectly in delivering customer experience and providing services to external as well as internal customers of the Bank. The Service Board is the main decision-making body for improving service standards of the Bank.

IFRS 9 Project Steering Committee

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

Terms of Reference

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

BEST CORPORATE GOVERNANCE PRACTICES

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

Build a Strong, Qualified Board of Directors and Evaluate Performance

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

Define Roles and Responsibilities

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

Emphasize Integrity and Ethical Dealing

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

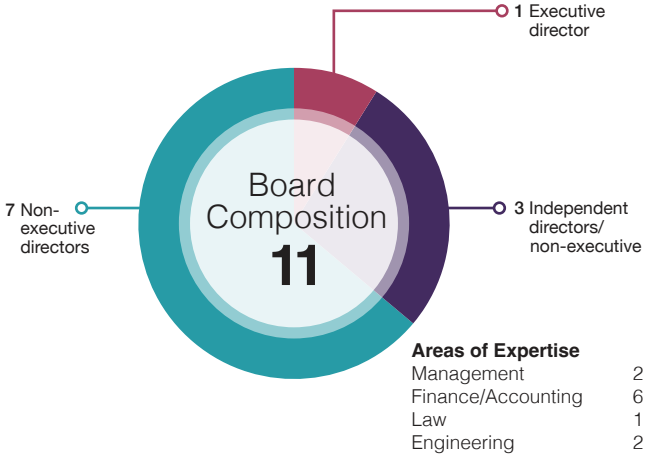
Formation of Various Board Committees

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

Engage in Effective Risk Management

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

BOARD COMPOSITION



Category	Names of Directors
Non-Executive Directors	Mr. Riyadh S.A.A. Edrees – Chairman Mr. Faisal A.A.A. Al-Nassar Mr. Bader H.A.M.A. AlRabiah Mr. Mubashar Maqbool Mr. Faisal Fahad Al-Muzaini Mr. Naveed Iftikhar Sherwani Mr. Mohamed Guermazi
Independent Directors	Mr. Mohammad Abdul Aleem Ms. Nausheen Ahmad (Female Director) Mr. Yousef S.M.A.AlSaad
Executive (Deemed Director)	Mr. Irfan Siddiqui – President & CEO

Directors' Profiles and their Involvement / Engagement in other Companies

This information has been incorporated in the Directors' profiles.

Independent Directors

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

Representation of Female Director on Board

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

Non-Executive Directors

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

Executive Director serving as Non – Executive Director in other Company

The Executive Director does not serve as a Non-Executive Director in any other company.

Security Clearance of Foreign Directors

Security clearance of Foreign Directors is initially done by the sponsor shareholders being their nominee directors. Subsequently Meezan Bank conducts verification as per FPT requirements. Finally it is carried out by the Regulators as per law / regulatory requirements, as their appointment is subject to clearance by the Regulators.

Payment of Directors' Remuneration

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

Details of Board Meetings held outside Pakistan

A total of four meetings were held during the year 2022, and all were held in Pakistan.

PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS

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

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

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

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

Performance Evaluation by External Consultant

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

Criteria for Performance Evaluation

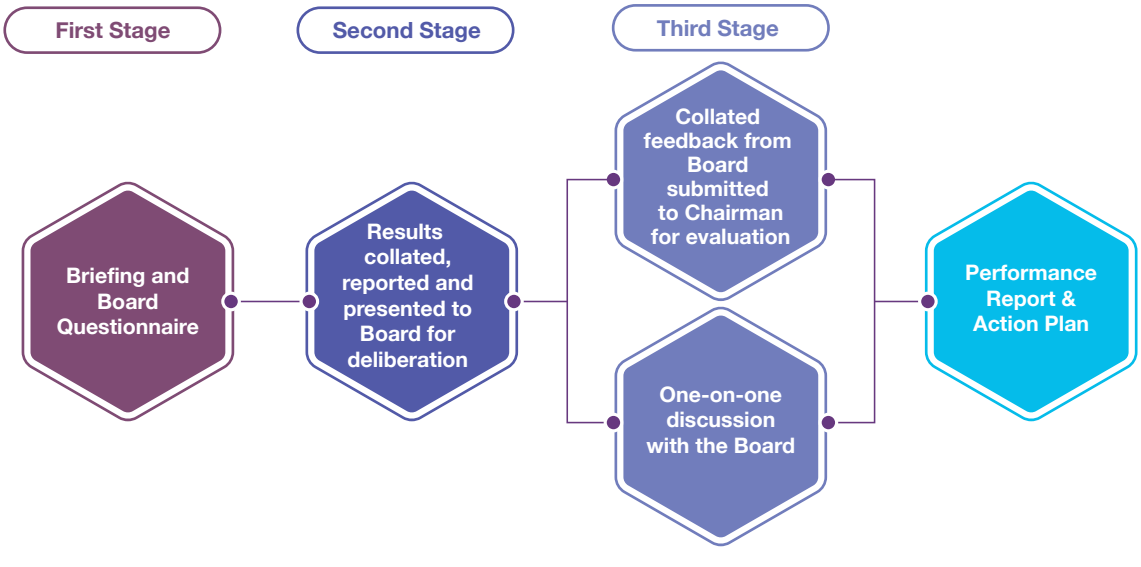
The Board of Directors, while ensuring regulatory compliance, is also vested with fiduciary responsibility on behalf of the shareholders to protect the Bank's interests, provide strategic direction and monitor the achievement of strategic objectives. The Companies Act 2017, Banking Companies Ordinance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

To comply with the regulatory requirement, the Board, in the year 2014, put in place an effective mechanism for Board Evaluation. All individual Board members answer a comprehensive questionnaire focused on evaluating, from various angles, whether the Board has discharged its duties diligently and with foresight. A committee of Directors is designated to collate individual responses and present them to the Board for deliberation and discussion. As per process, the responses / feedback from the Directors on each of the above-mentioned categories is compiled and submitted to the Chairman. The Chairman discusses the results / findings with each individual Board Member. The authorized Independent Directors communicate the feedback in respect of the Chairman for incorporation in the consolidated Performance Report.

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

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

Board Evaluation Process



Induction and Training of Directors

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

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

Directors Training Program (DTP)

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

ROLES AND RESPONSIBILITIES

Role and Responsibilities of the Board of Directors

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

Role and Responsibilities of the Chairman

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

Chairman
All members of the Board may participate in all meetings and have the opportunity to express their opinion.
Dissent of Directors, if any, is properly recorded in the minutes.
Minutes truly reflect what transpired during the meeting.
The Board discharges its role effectively and swiftly in line with regulatory requirements.
The Board sub-committees perform their designated functions with due diligence.

Role and Responsibilities of the President & CEO

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

President & CEO
Provide an enabling environment within the Bank to facilitate promulgation of a culture of Shariah-compliance.
Ensure execution of the strategy developed by the Board.
Ensure that the Bank maintains its business position and brand image as the leading Islamic Bank of the country.
Efficiently allocate and manage organizational resources and budgets to ensure achievement of short and medium term objectives that contribute to the attainment of the long-term strategic goals.
Establish a system of checks and controls to supplement the fast-paced growth of the Bank.
Provide liaison between the Board and the Bank's management to ensure alignment of managerial efforts with Board's directives.
Foster a culture of professionalism and high ethical standards within the Bank.
Facilitate an organizational culture of development of innovative products and services to meet the growing needs of a diverse range of customers.

Role of Shariah Board

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

Shariah Board

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

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

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

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

PERFORMANCE REVIEW OF THE PRESIDENT & CEO

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

ELECTION OF THE BOARD OF DIRECTORS

Procedures for Appointment

Election and Removal of Directors

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

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

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

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

Appointment and Election of Directors

Election of Directors at the General Meetings

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

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

Directors may Fill Casual Vacancies

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

Information on the Directorship Candidates

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

Removal of Directors

Removal of Director by Shareholders

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

Resignation / Removal of Director by Board

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

OTHER MATTERS RELATED TO CORPORATE GOVERNANCE

Governance Practices Exceeding Legal Requirements

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

Following are some of the practices of the Bank which exceed the minimum legal requirement:

- The Bank has only one Executive Director (President & CEO) though it has been permitted two executive directors by SBP.
- The Bank reports additional information in the Annual Report for stakeholders which is not required by law.

Code of Conduct & Ethical Standards

The Bank has also developed 'Code of Conduct & Ethical Standards' for Board, Senior Management and other employees as per requirements of Listed Companies (Code of Corporate Governance) Regulations 2019, which is signed by every Director and employee of the Bank.

Presence of the Chairman of Audit Committee at the Annual General Meeting (AGM)

The Chairman of the Audit Committee attends the Annual General Meeting (AGM) and this is duly recorded in the minutes of AGM.

Policies for Sustainability and Corporate Social Responsibility (CSR)

Policies for Sustainability and Corporate Social Responsibility (CSR) are annexed in Policies and Guidelines Section of this report.

Statement of Compliance with the Code of Corporate Governance

The Statement of Compliance with Code of Corporate Governance is annexed with this annual report.

Informing the Company Secretary's Office on Sale or Purchase of Meezan Shares

Directors/Substantial Shareholders/Executives are required to inform the Company Secretary about any change in the shareholding in his/her own name, in the name of his/her spouse and/or dependent/minor children to the Company Secretary through a written notice regarding complete details of the actual transaction within seven days of its execution, enabling the Company Secretary to immediately notify the transaction to Pakistan Stock Exchange in terms of PSX Regulations and also to subsequently report the transaction to the Board of Directors as well.

Diversity

The Board of Directors firmly believes that the diverse mix of gender, knowledge, expertise and skill sets of the members/ employees enhances the effectiveness of the Bank.

The Bank embraces and encourages employees with a diverse mix of age, family ethnicity, language, socio-economic status, physical disability and other characteristics that make its employees unique.

Investor Grievances

Meezan Bank has established a robust grievance reporting mechanism which seeks to resolve any complaints or unattended issues if, despite all vigilance, do occur. The mechanism put in place allows for such matters to be reported electronically, in writing or over the phone. To ensure that the stakeholders may register their complaints conveniently, a multitude of online forms are available on Meezan Bank's corporate website (www.meezanbank.com). The Investor Complaints Form, on submission, is sent directly to the Office of the Company Secretary. Similarly, a general complaints form for reporting and resolution of business-related complaints are managed by the Customer Care Unit (CCU). A dedicated email (complaints@meezanbank.com) is also in place for the express purpose of reporting issues if the stakeholder feels the need to email rather than use online forms.

Furthermore, grievances may also be lodged by calling the Bank's Call Center (UAN: 111-331-331 & 111-331-332), which is functional round the clock, where officers are available to assist stakeholders with their queries and complaints.

Managing Conflict of Interest

The Bank has a policy in place for dealing with conflicts of interest relating to members of the Board. Under this policy, any Director who has a business interest in a matter being presented at a Board meeting does not participate in neither the discussion nor the decision on that matter. The policy is applied consistently and there was no breach of this policy during the year.

Board's Function and Decision Making

The Board plays an effective role and provides entrepreneurial leadership and direction to the Management of the Bank within a framework of prudent and effective controls. It promotes a collective Vision of the Bank's purpose, its culture, values and also demonstrates ethical leadership.

Matters delegated to the Management

The Board sets the strategic objectives and takes the overall responsibilities of overseeing its implementation. The Board performs its duties by giving guidelines to the Management, setting performance targets and monitoring their achievement. The Management is primarily responsible for implementing strategies as approved by the Board of Directors in conducting the operations of the Bank effectively.

Responsibility of the Management and the Board of Directors towards preparation and presentation of Financial Statements

The Management has fulfilled its responsibility for preparation and fair presentation of the financial statements in accordance with the financial reporting frameworks as applicable in Pakistan. These include the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017). The Management also acknowledges its responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements. The Bank's Board of Directors is responsible for overseeing the financial reporting process.

Unreserved Compliance of International Financial Reporting Standards

The Management believes in ensuring unreserved compliance with the applicable International Financial Reporting Standards (IFRSs) issued by International Accounting Standard Board (IASB) for true and fair presentation of financial statements of the Bank.

The financial statements of the Bank for the year ended December 31, 2022 have been prepared in accordance with the accounting and reporting standards (including IFRSs) as applicable in Pakistan. For further details, please refer to the Statement of Compliance in note 3 of the financial statements of the Bank.

Human Resources Management Policies and Succession Planning

Human Resources Policies are approved by the Board of Directors of the Bank on the recommendation of Human Resources, Remuneration and Compensation Committee of Board in order to provide clear and definitive directions on Human Resource (HR) related matters.

Board's Review of Business Continuity Plan

The Board of Directors reviewed and approved Business Continuity Plan. This exercise is being performed on an annual basis.

Stakeholders' Engagement

Stakeholders' engagement and the steps taken to solicit and understand the views of the shareholders is detailed in stakeholders' engagement section of this report.

Accessibility of Annual Report

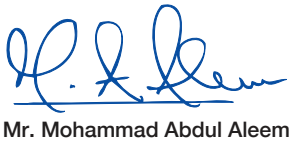
Annual Reports and other information of the Bank are accessible on Bank's website: www.meezanbank.com

REPORT OF THE BOARD AUDIT COMMITTEE

Board Audit Committee (BAC) comprises of four non-executive directors having vast experience and knowledge of finance and accounting. The Chairman of BAC is an independent director. Bank has adopted Committee of Sponsoring Organizations (COSO) Integrated Internal Control Framework and the Charter of Internal Audit & BRR department (IAD) provides complete independence to Head - IAD along with free access to BAC.

BAC has been proactively focusing on effectiveness of internal controls, risk management, compliance and governance processes in accordance with the requirements of Code of Corporate Governance and Audit Committee Charter (ACC) also referred to as Terms of Reference (ToRs) of BAC duly approved by the Board of Directors. During the year 2022, four BAC meetings were held and following major activities were performed by BAC in accordance with its approved Charter.

- BAC reviewed quarterly, half yearly and annual financial statements of the Bank and recommended the same for approval of the Board.
- BAC reviewed management letters/assurance reports issued by the external auditors, management's response and their compliance status and held discussions with external auditors on major observations. BAC also recommended the appointment of external auditors and their fees to the Board.
- BAC reviewed and approved the audit plan, scope and extent of the work to be performed by internal audit (IAD) and Shariah audit and recommended the audit strategy for approval of the Board. BAC also reviewed adequacy of resources as per the scope.
- BAC reviewed significant findings of internal audit and Shariah audit along with monitoring of its timely compliance. BAC also reviewed the whistle blowing mechanism.
- BAC reviewed major findings of internal investigations with respect to fraud & forgery and whistle blowing along with management's action thereto. BAC also reviewed annual review report of fraud, forgeries and robberies.
- BAC reviewed related party transactions and recommended the same for Board's approval.
- BAC reviewed the AML environment, compliance risk assessment and AML activity report, compliance policy, AML policy, compliance program, bank internal risk assessment, details and action plan of SBP penalty items, composite risk rating and SBP inspection / supervisory assessment reports along with monitoring of its compliance status. BAC also reviewed minutes of Compliance and Operational Risk Management Committee meetings.
- BAC reviewed Internal audit manuals, programs, revision in polices, IAD Charter, ACC and recommended the same for Board's approval.
- BAC reviewed Shariah audit manual and ensured compliance of corrective actions determined by Shariah Supervisory Board on the reports of Shariah audit.
- BAC reviewed the independent assurance report on compliance with Shariah rules and principles along with monitoring of its compliance status.
- BAC reviewed and had an oversight on implementation of Internal Controls over Financial Reporting (ICFR) program across the bank.
- BAC reviewed Internal Audit department assessments, internal quality assurance reviews, eaudit system and compliance of SBP guidelines on Internal Audit function along with progress and implementation status. Focus areas for internal audit were also discussed.
- BAC conducted self assessment of its performance to review compliance with SECP Code of Corporate Governance and SBP circulars. Self-assessment report was also presented to the Board.
- BAC reviewed statement on internal control system and recommended the same for endorsement by the Board.
- BAC also held separate meetings with external auditor and internal auditor without the CFO and the management in line with the Code of Corporate Governance.



Mr. Mohammad Abdul Aleem
Chairman-BAC

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Meezan Bank Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Meezan Bank Limited (the Bank) for the year ended December 31, 2022 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, 2022.

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Date: February 28, 2023
UDIN: CR2022100689tsxrfLeP

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Meezan Bank Limited
For the year ended December 31, 2022

The Bank has complied with the requirements of the Code of Corporate Governance Regulations, 2019 ("Regulations" or "Code") in the following manner:

1. The total number of directors are eleven including CEO as a deemed director. The directors include ten male directors and one female director.

2. The composition of the Board is as follows:

Catagory	Names
i. Independent Directors	Mr. Mohammad Abdul Aleem Ms. Nausheen Ahmad Mr. Yousef S.M.A. Al-Saad
ii. Non-Executive Directors	Mr. Riyadh S.A.A. Edrees – Chairman Mr. Faisal A.A.A. Al-Nassar Mr. Bader H.A.M.A. Al Rabiah Mr. Mubashar Maqbool Mr. Naveed Iftikhar Sherwani Mr. Faisal Fahad Al-Muzaini Mr. Mohamed Guermazi
iii. Executive Directors	Mr. Irfan Siddiqui - President & CEO
iv. Female Independent Director	Ms. Nausheen Ahmad

3 The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank.

4. The Bank has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (Act) and these Regulations.

7. The meetings of the Board were presided over by the Chairman and the Board has complied with the requirements of the Companies Act, 2017 (Act) and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations; and directives of the State Bank of Pakistan (SBP).

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

10. During the year a new Chief Financial Officer (CFO) was appointed by the Board of Directors, on September 9, 2022, upon retirement of the previous CFO. There was no appointment of Company Secretary and Head of Internal Audit during the year. The Board has approved their remuneration and terms and conditions of their employment are complied with relevant requirements of the Regulations.

11. The Chief Financial Officer and the Chief Executive Officer duly endorsed the Financial Statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

Committees	Composition
Audit Committee	Mr. Mohammad Abdul Aleem (Chairman) Mr. Faisal A.A.A. Al-Nassar Mr. Mohamed Guermazi Mr. Mubashar Maqbool
Human Resources, Remuneration and Compensation Committee	Mr. Riyadh S.A.A. Edrees (Chairman) Mr. Mohammad Abdul Aleem Ms. Nausheen Ahmad
Risk Management Committee	Mr. Faisal A.A.A. Al-Nassar (Chairman) Mr. Mubashar Maqbool Mr. Bader H.A.M.A. Al Rabiah Mr. Yousef S.M.A. Al-Saad
Information Technology Committee	Mr. Mubashar Maqbool (Chairman) Mr. Riyadh S.A.A. Edrees Mr. Faisal A.A.A. Al-Nassar Mr. Irfan Siddiqui
IFRS 9 Implementation Oversight Committee	Mr. Riyadh S.A.A. Edrees (Chairman) Mr. Faisal Fahad Al-Muzaini Mr. Irfan Siddiqui

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the respective committee for compliance.

14. The frequency of meetings of the Committees was as follows:

a)	Audit Committee	Quarterly
b)	Human Resources, Remuneration and Compensation Committee	Quarterly
c)	Risk Management Committee	Quarterly
d)	Information Technology Committee	Quarterly
e)	IFRS 9 Implementation Oversight Committee	Quarterly

15. The Board has set up an effective internal audit function / team that 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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Bank;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied.



Irfan Siddiqui
President & CEO



Riyadh S.A.A. Edrees
Chairman

February 16, 2023

STATEMENT OF INTERNAL CONTROLS

This statement is presented to comply with the requirements of State Bank of Pakistan (SBP)'s BSD Circular No. 7 of 2004 dated May 27, 2004 "Guidelines on Internal Controls", SBP's OSED Circular No.01 dated February 07, 2014 and SBP BSD-1 Circular Letter No. 1 of 2021 dated July 06, 2021 on "Instructions on Internal Controls over Financial Reporting (ICFR)".

The management of the Bank is responsible for establishing and maintaining an adequate and effective system of internal controls which has the main objective of ensuring effectiveness and efficiency of operations, reliability of financial reporting, safeguarding of assets and compliance with applicable laws and regulations.

The control activities are being closely monitored across the Bank through Compliance, Risk Management, Shariah and Internal Audit departments, which covers all banking activities in general and key risk areas in particular. The Management has Compliance and Operational Risk Management Committee (CORMC) which focuses on compliance risk issues and reviews the adequacy of controls and systems to meet the regulatory requirements. The Board of Directors has formed an Audit Committee which has direct oversight responsibility to ensure the independence of the internal and external audit function. The Audit Committee meets atleast once every quarter to discuss the scope and results of the work performed by the Compliance, Shariah and Internal Audit departments. The Audit Committee also meets with external auditors prior to approval of half-yearly and annual results of the Bank.

Based on observations and weaknesses found and identified by Internal and External auditors and the Compliance, Risk Management and Shariah audit teams, improvements are brought about by the management in internal controls to ensure non-recurrence of those exceptions and elimination of such weaknesses to the maximum possible level. Further, to ensure compliance with regulatory requirements including AML/CFT requirements, compliance managers alongwith their teams are also placed in major regions.

While the Internal Controls System is effectively implemented and monitored, there are inherent limitations in the effectiveness of any system, including the possibility of human error or system failure, circumvention and overriding of controls. Accordingly, even an effective internal control system can provide reasonable but not absolute assurance that the system's objective will be achieved.

Alhamdulillah, the Bank had successfully completed all stages of its ICFR program during 2014 and has been granted exemption from the requirement of submission of Auditor-issued Long Form Report through SBP OSED letter /SU-12/017(01)/358/15 dated January 05, 2015. As required by the State Bank of Pakistan, the Bank now prepares annual assessment report on efficacy of ICFR duly signed by the Chairman, Audit Committee. Having successfully achieved closure on ICFR, the Bank remains cognizant of its responsibility to continuously improve and strengthen its system of Internal Controls on an on-going basis.

Based on the above, the Board of Directors endorses the management's evaluation of Internal Controls.

On behalf of the Board.

Ariful Islam
Deputy CEO

Irfan Siddiqui
President & CEO

February 16, 2023

SHARIAH BOARD REPORT

الحمد لله رب العا لمين، والصلاة والسلام علىٰ خاتم الأنبياء والمرسلين، محمد المصطفى الأمين، وعلى آله وأصحابه أجمعين، وبعد:

All praises to Allah (ﷻ). This year was the 20th year of Islamic commercial banking for Meezan Bank and also the 25th year of the journey that began from the launch of Al-Meezan Investment Bank. On the occasion of 25th anniversary of Shariah-compliant banking in Pakistan, we congratulate the entire Meezan family on this successful journey. We pray that may this journey be prolonged with true spirit Insha'Allah. May Allah (ﷻ) give us tawfeeq and more success in the future towards elimination of Riba from the society. Ameen

During the year, the Shariah Board (SB) of Meezan Bank held five meetings to review various issues, referred to them by the Bank.

Alhamdulillah, CFA Society of Pakistan has recognized Meezan Bank as 'Best Bank of the Year- Large Size Banks' and 'Best Islamic Bank of the Year' for 2022 which is a recognition of the Bank's exemplary performance. The Bank has also received the 'Best Consumer Bank' award by Pakistan Banking Awards, which is one of the most prestigious recognitions of merit in Pakistan's banking industry. In recognition of the Bank's efforts towards ensuring Shariah-compliance, the Bank was again given the Shariah Authenticity Award and the Shariah Auditor of the Year Award by Global Islamic Finance Awards (GIFA 2022).

We are pleased to share that Mr. Irfan Siddiqui - Founding President & CEO, along with Dr. Muhammad Imran Ashraf Usmani - Vice Chairman, Shariah Board of the Bank have been nominated in the high-power steering committee constituted by the Government of Pakistan for implementation of Federal Shariat Court judgement on Riba. We extend our warm wishes to them for being selected for this noble cause. May Allah (ﷻ) accept their efforts in His path.

Meezan Bank has a team of professionals in the Shariah Compliance Department (SCD) working under the guidance of the SB. The main objective of this department is to facilitate and ensure Shariah-compliance in all processes, procedures and products, refinement of existing products and procedures, conducting Islamic banking trainings & awareness sessions and Shariah-compliance review of transactions. The SCD also serves as secretariat to the Bank's Shariah Board.

We appreciate the efforts of entire staff of the Bank towards promoting and strengthening the environment of Shariah-compliance in the Bank. It gives us comfort to observe a high level of commitment of the staff, management and the Board members of the Bank. We are pleased to share the major achievements of Meezan Bank towards the growth of Islamic banking during the year ended December 31, 2022:

Research and New Product Development

We are pleased to inform that the Bank played a leading role as Joint Financial Advisor of Government of Pakistan (GoP) towards the issuance of Rs 1.35 trillion GoP Sukuk in this year. It is noteworthy that this is the highest amount of GoP Sukuk issued in any business year so far in Pakistan and these issuances have not only helped the GoP in its budget deficit but have also helped Islamic banks in managing their excess liquidity. We wish and pray that year 2023 also proves to be a prolific year in terms of issuance of GoP Sukuk of various nature to address the country's ever-increasing need of Islamic instruments and shall also provide solution to GoP to convert its existing conventional financings into Shariah-compliant financings.

On the deposit side, the Bank has launched a 'Senior Citizens Savings Account' which would enable elderly people to get Shariah-compliant profits on their savings. Also, after a soft launch in 2021, the Bank launched 'Meezan Payroll Partner' to facilitate employers with salary processing and to also encourage employees to avail banking services from the Bank. The Bank also joined hands with AMIM to provide a tailor-made plan to the Bank's customers for an opportunity to earn good Shariah-compliant returns. The Bank also launched Mudarabah based 'Asaan Mobile Account' product in collaboration with State Bank of Pakistan (SBP) to provide access to basic banking services by opening of bank account through any type of mobile phone. Meezan Bank is the only bank to offer a Shariah-compliant remunerative account in this category.

The SB is pleased to share that the Bank has successfully completed implementation of automated management of Mudarabah General Pool and profit distribution mechanism which would enhance transparency and authenticity in all the functions pertaining to profit calculation and distribution.

The Bank actively utilized the Shariah-compliant 'SBP Liquidity Management Facility for Islamic Financial Institutions' which was launched last year. This facility has provided a level playing field to Islamic banks in competing with conventional banks and offers additional avenues for short-term liquidity management to Islamic banks. The Bank entered into a Musharakah arrangement with PMRC which will enable it to provide housing finance at competitive pricing and also to the low-income segment.

The Bank, in collaboration with an Islamic fintech named 'Haball', has launched a first-of-its-kind Shariah-compliant digital financing platform to provide supply chain financing to vendors and distributors of local and multi-national companies. We are hopeful that the Bank will enter into further collaborations with different Shariah-compliant fintechs for launching digital financing solutions and other Shariah-compliant products that address genuine needs of the SME sector and other untapped market segments.

In order to support energy conservation and efficient energy generation alternatives, the Bank continued to provide financing for solar panels under the SBP's Refinance Scheme. As of December 2022, total exposure to solar finance stood at over Rs 5.83 billion.

At the Alternate Distribution Channels (ADCs) front, the Bank launched its POS Acquiring Business with over 10,000 POS terminals installed in 272 cities in its first year. The Bank also launched Visa Infinite Card, which is a debit card for high-net worth individuals.

During the year, 10 Shariah-compliant syndicated transactions for various private and public sector entities involving diverse structures such as Ijarah, Diminishing Musharakah and Running Musharakah were executed for infrastructure development, capital expansion and project financing related needs.

Shariah Compliance

The SB appreciates the efforts of SCD for conducting around 248 customer and industry visits and reviewing more than 4,000 different types of financing cases as per the guidelines of SB/RSBM.

The SCD conducted a review of more than 121 branches of the Bank to assess basic knowledge of branch staff and general Shariah environment of the Bank. Based on their assessment, a report is issued to the Regions to improve their performance on certain areas that were highlighted during these reviews. The SCD also conducted Shariah review of 12 departments of the Bank to ensure that operations of the departments are in line with the SB guidelines.

During the year, the SB provided guidelines for different matters; most noteworthy of them were:

- Guidance on avoidance of qalb ul dain in financing transactions
- Guidance on trading in KMI scripts where Net Liquid Assets per share is more than the current share price
- Approval of Shariah Structure of GoP Ijarah Sukuk on new NHA Assets
- Approval of Financing Structure for acquiring patents/rights
- Approval of various policies and manuals of the Bank
- Approval of training and audit plans

248 customer & industry visits | **4,000** financing reviews | **121** branch reviews

Training & Development

During the year, 280 training sessions comprising more than 4,541 man-hours were organized for staff members across the country, catering to around 12,000 employees of the Bank. This number includes Orientation and Batch Trainings for new joiners, Refresher Programs such as Asset Refresher, Deposit Refresher, Treasury and Trade Refreshers and Certification Programs in Islamic financial products. We are pleased to inform that SCD, in co-ordination with Learning & Development launched 2 digital learning modules on internal LMS system which was attended by 11,709 and 10,591 number of staff respectively. The Bank also conducted a 'Train the Trainer' program for the internal Shariah trainers of the Bank as well as 3 programs of Advance level interactive training for senior staff of the Bank in Karachi, Lahore and Islamabad regions.

280 training sessions | **4,541** man-hours | **12,000** employees

The Bank had also collaborated with NIBAF and IBA-CEIF for an inaugural certificate program on Islamic Finance for the business faculty of different universities of Karachi. The program was attended by more than 45 faculty members and Insha'Allah would enable them to provide knowledge about Islamic banking to their students in an effective manner.

We are pleased to share that the Bank is making considerable efforts towards establishing strong cultural values in the Bank in line with Islamic cultural values. In this regard, the Bank had arranged various 'experience sharing sessions' of different scholars and motivational speakers. Noteworthy of them were a series of sessions from a reputable female scholar for female staff regarding grooming, work-life balance management, time management, etc. The Bank also arranged one session for women with an associate professor of INCEIF, who inspired the audience to contribute towards Islamic banking.

The Bank launched 4 training videos where our Shariah Board member Sheikh Esam Mohamed Ishaq educated the audience about various misconceptions in the minds of general public about Islamic banking.

In order to create awareness of Islamic banking among general public, the Bank conducted 160 seminars in major cities, which were attended by more than 10,000 participants from different spheres of the society. During the year, the Bank conducted 5 workshops for its Corporate and SME customers across different cities of Pakistan, two of them were in collaboration with IBA-CEIF.

Shariah Advisory and Industry Support

The SB is also pleased to share that the Bank is actively supporting the Islamic finance industry at a global level by providing tailor-made Shariah advisory solutions for their business needs. Following are the notable advisory services provided by the Bank during the year:

- Advisory support to an Islamic Financial Institute in Australia regarding Takaful and other working capital products.
- Technical advisory services related to converting a leading consumer electronic goods company into a Shariah-compliant company.
- Technical advisory services to a Shariah-compliant stock trading platform for Shariah screening of various foreign companies listed in different stock markets globally.
- Technical advisory services to 51 funds and plans, which covers a major share of the Islamic Mutual Fund industry.
- Facilitation to EXIM Bank for launching of an Islamic window that will support trade business in Pakistan in a Shariah-compliant manner.
- Provide screening facility to PSX in bi-annual re-composition of KMI-30 and PSX-KMI All Share Indices.
- Assisting many brokerage houses in developing Shariah Trading Platforms at PSX for Roshan Digital Account holders.
- Developed Sukuk structures for telecommunication and pharma companies based on digital airtime and royalty payment respectively.
- Advisory support to a leading asset management company for launch of Islamic window.
- Advisory support to a leading microfinance company for investments of funds in asset management company.

Review of Assets

The Bank has moved towards diversification in the usage of various financing products and has reduced reliance on Murabaha, as is evident from the Bank's financing portfolio. There is a 5.5% growth in Musharakah from the previous year. The Bank has mainly focused on financing through Musharakah modes, which now constitute 54.9% of the Bank's total financing. The Bank's total financing portfolio reached Rs 1,018 billion (gross) as of December 31, 2022. Breakup of different financing modes is given here.

We have noted that as per our guidelines, the Bank reversed the financing of Rs 501 million provided to its customers under Murabaha & Musawamah without any profit, as those transactions could not be converted into real trade due to genuine business reasons.

Financing Modes	2022 % in total portfolio	2021 % in total portfolio	Increase/ (Decrease)% in total portfolio
Diminishing Musharakah	27.4	28.4	(1.0)
Musharakah & Running Musharakah	27.5	21.0	6.5
Istisna	9.0	8.6	0.4
Ijarah	7.8	12.9	(5.1)
Murabaha	6.8	6.2	0.6
Musawamah	5.5	7.8	(2.3)
Salam - Bills	1.3	0.8	0.5
Wakalah Tul Istithmar	4.5	7.0	(2.5)
Tijarah	1.6	1.7	(0.1)
Salam - Commodity	1.9	1.5	0.4
Other	8.0	4.9	3.1

Summary of Direct Payment in Murabaha Financing

During the year 2022, 84% of payments for Murabaha financings to Corporate and SME/Commercial customers were direct payments. It is highly recommended that efforts be continued to increase this percentage of direct payments in Murabaha transactions.

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

Liquidity Management

For the purpose of liquidity management, the Bank invested Rs 713 billion in GoP Sukuk which is approximately 1.8 times more than the Bank's investment of Rs 398 billion in GoP Sukuk last year. With the increase in Sukuk issuance, the Bank has reduced its reliance on Bai Muajjal transactions, whose outstandings have decreased remarkably to Rs 60 billion at year end 2022, which also includes Bai Muajjal transactions of Rs 32 billion with SBP.

Review of Deposits

It is heartening to see the Bank's deposits grow by 13.9% to reach a sum of Rs 1,658 billion as on December 31, 2022. On the advice of Shariah Board to explore areas for goods returns in Meezan Bank's savings accounts, the Bank had increased the weightages of various deposit categories which increased the returns and rates of those categories. During the year, the process of allocation of assets and funds to various deposit pools, announcement of overall profit-sharing ratios for Mudarabah-based deposits, monthly allocation of weightages, and distribution of income to deposit accounts was monitored and reviewed in accordance with the respective pool management guidelines of SBP and Meezan Bank.

Shariah Audit

In compliance of the Shariah Governance Framework issued by the SBP, a dedicated Shariah Audit Department reporting to the Audit Committee of the Board is in place. This department is playing a significant role towards accomplishment of the objective of ensuring Shariah-compliance by evaluating adherence to Shariah guidelines prescribed by SB, RSBM and Shariah guidelines of Islamic Banking Department of the SBP. The department also submits its report to RSBM/SB for information, review and determination of appropriate corrective actions.

During the year under review, Shariah Audit of 736 branches, area offices, consumer & corporate hubs and Head Office departments was conducted as a part of the Bank's efforts to strengthen the internal Shariah control mechanism. These audits not only cover the assessment of financial transactions and operational activities that the branches and departments undertake, but also include an evaluation of the knowledge of staff pertaining to Islamic finance.

Charity

An amount of Rs 154.85 million was transferred to the Charity Payable Account during the year. This includes Rs 9.32 million to eliminate the non-compliant income portion which was identified during Shariah audit, Rs 15.36 million to purify the dividend income earned from investments made in the Shariah-compliant stocks by the Bank and Rs 122.79 million transferred to Charity Payable Account in the normal course of business on account of non-timely payments by customers in various financial transactions. An amount of Rs 121.43 million was disbursed from the Charity Account after approval of the RSBM/SB.

Details of charity account are available in the note 20.5 of the financial statements of the Bank.

Suggestions

For the purpose of further improving the business of the Bank and the overall Islamic Banking Industry, the SB suggests the following:

Conversion of Financial System

- Being the Premier Islamic Bank, Meezan Bank should strive to give maximum support to Government of Pakistan and State Bank of Pakistan for their efforts towards Islamization of financial system.
- It is also suggested that the Bank may offer technical support to different public and private sector financial institutions for conversion of their operations to Shariah-compliant operations.

Economic Outlook of Pakistan

- It is suggested that the Bank should try to further explore offering better returns to its depositors in these testing times of high inflation, especially to the small savers.
- In the current economic landscape of Pakistan, the Bank should target young generation and encourage young entrepreneurs, small business and startups by way of different forms of capacity building and financing solutions.

Shariah-compliance Environment

- It is suggested that Bank should make efforts to use digital technology for its capacity building efforts.
- It is suggested that the Bank should continue its focus on strengthening Shariah controls and accountability culture for Shariah non-compliance to ensure Shariah-compliance in all spheres of banking.
- It is strongly suggested that the Bank should explore ways for inducting human resources who possess strong Shariah mindset and conviction about Islamic banking and who generally practice Islamic values in their personal lives.
- Conventional insurance is not permissible from a Shariah perspective; therefore, it is again recommended to convert more clients to Islamic insurance i.e., Takaful as soon as possible.

Green and Sustainable Finance

- The Bank should continue to play its part in achieving the Sustainable Development Goals set by the United Nations (UN-SDGs) and as the market leader, it should set targets to go above and beyond these goals.
- The Bank should endeavor to increase sustainable banking practices, green banking and climate-friendly banking practices.

Awareness

- To bring SMEs and corporates closer to Islamic banking, the Bank should continue to conduct workshops on Islamic banking products & services and may collaborate with trade bodies & chambers for Islamic banking awareness in the business community.
- The Bank should arrange sessions for specific segments of society such as women, children, university students, media persons, journalists to educate them about Islamic banking & finance.
- The Bank should continue to work on creating awareness about Islamic finance, accounting and business amongst faculty members of universities and colleges and other influential leaders how are members of Government bodies and media houses.

Conclusion

As per the charter of the Bank, it is mandatory for the management and employees to ensure application of Shariah principles and guidelines issued by the SB and RSBM and to ensure Shariah-compliance in all activities of the Bank. The prime responsibility for ensuring Shariah-compliance of the Bank's operations thus lies with the Board of Directors and Executive Management.

Based on extensive reviews of sample cases for each class of transaction, related documentations, processes, profit distribution mechanism for the depositors by SCD, review of Internal Shariah Audit and External Shariah Audit reports and Management's representation made in this regard, the Bank, in our opinion, has complied with the rules & principles of Islamic Shariah in light of the guidelines and directives given by the Shariah Board, Resident Shariah Board Member of Meezan Bank and guidelines issued by Shariah Advisory Committee of the SBP related to Shariah-compliance. The non-compliant income identified during the review is being transferred to the Charity Account through a well-defined system and is being utilized properly in accordance with the instructions of the Shariah Board.

Based on the strength and capacity of the full-fledged SC department and policies/guidelines for Shariah-compliance issued at the Bank, we are of the opinion that an effective mechanism is in place to ensure Shariah-compliance in overall operations of the Bank.

May Allah (ﷻ) bless us with the best tawfeeq to accomplish His cherished tasks, make us successful in this world and in the life Hereafter and forgive our mistakes.

Wassalam Alaikum WaRahmat Allah Wa Barakatuh.

Mufti Muhammad Naveed Alam
Resident Shariah Board Member

Dr. Muhammad Imran Ashraf Usmani
Vice Chairman, Shariah Board

Sheikh Esam Mohamed Ishaq
Member, Shariah Board

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

Dated: 16th Rajab Ul Murajjab 1444 H / February 7, 2023

مالیاتی نظام کی تبدیلی

- ایک اہم اسلامی بینک ہونے کے ناطے میزان بینک کو مالیاتی نظام کو اسلامائز کرنے کے لئے حکومت پاکستان اور اسٹیٹ بینک آف پاکستان کی کوششوں میں زیادہ سے زیادہ مدد فراہم کرنے کی کوشش کرنی چاہئے۔
- یہ بھی تجویز کیا گیا ہے کہ بینک مختلف سرکاری اور نجی شعبے کے مالیاتی اداروں کو ان کے آپریشنز کو شریعت کے مطابق تبدیل کرنے کے لئے تکنیکی مدد فراہم کرسکتا ہے۔

پاکستان کا معاشی منظرنامہ

یہ مشورہ دیا جاتا ہے کہ بینک کو اعلیٰ افراط زر کے اس آزمائشی وقت میں اپنے ڈپازٹرز کو بہتر منافع فراہم کرنے کی کوشش کرنی چاہئے خاص طور پر چھوٹے بچت کرنے والوں کے لئے۔
پاکستان کے موجودہ معاشی منظرنامے میں بینک کو نوجوان نسل کو ہدف بنانا چاہیے اور استعداد کار بڑھانے اور فنانسنگ سلوشنز کی مختلف شکلوں کے ذریعے نوجوان کاروباری افراد، چھوٹے کاروباری اداروں اور اسٹارٹ اپس کی حوصلہ افزائی کرنی چاہیے۔

شریعہ کمپلائنس کا ماحول

- یہ مشورہ دیا جاتا ہے کہ بینک کو اپنی صلاحیت سازی کی کوششوں کے لئے ڈیجیٹل ٹیکنالوجی کے موثر استعمال کا انتظام کرنا چاہئے۔
- یہ تجویز دی جاتی ہے کہ بینک کو بینکنگ کے تمام شعبوں میں شریعہ کمپلائنس کو یقینی بنانے کے لئے شرعی کنٹرول اور شریعہ نان کمپلائنس کے لئے احتساب کے کلچر کو مضبوط بنانے پر اپنی توجہ جاری رکھنی چاہئے۔
- یہ تجویز دی جاتی ہے کہ بینک کو ایسے ملازمین کو شامل کرنے کے مواقع تلاش کرنے چاہئیں جو مضبوط اسلامی ذہنیت کے حامل ہوں اور اسلامی بینکاری کی درست ہونی پر پختہ یقین رکھتے ہوں اور جو عام طور پر اپنی ذاتی زندگی میں اسلامی اقدار پر عمل کرتے ہوں۔
- شرعی نقطہ نظر سے روایتی انشورنس جائز نہیں ہے۔ لہٰذا ایک بار پھر سفارش کی جاتی ہے کہ زیادہ سے زیادہ گاہکوں کو جلد از جلد اسلامک انشورنس یعنی تکافل میں تبدیل کیا جائے۔

ماحول دوست اور مسلم/ پائیدار فنانسنگ

- بینک کو اقوام متحدہ (UN-SDG) کے طے کردہ پائیدار ترقی کے اہداف کو حاصل کرنے کے لیے اپنا کردار ادا کرنا چاہیے اور پاکستان کے سب سے بڑے اسلامی بینک ہونے کے ناطے آگے بڑھتے ہوئے مستقل اہداف بھی مقرر کرنے چاہیے۔
- بینک کو پائیدار بینکنگ کے طریقوں کو بڑھانے اور ماحول دوست فنانسنگ کے پورٹ فولیو کو بڑھانے کی کوشش کرنی چاہیے۔

آگاہی

- SMEs اور کارپوریٹ اداروں کو اسلامی بینکاری کے قریب لانے کے لئے بینک اسلامی بینکاری کی مصنوعات اور خدمات پر ورکشاپس کا انعقاد جاری رکھے اور اس سلسلے میں تاجر برادری میں اسلامی بینکاری کے بارے میں آگاہی پیدا کرنے کے لئے مختلف تجارتی اداروں اور چیمبرز کے ساتھ تعاون کرے۔
- بینک کو مخصوص معاشرتی طبقات جیسے خواتین، بچوں، یونیورسٹی کے طلباء، میڈیا پرسنز، صحافیوں کے لئے مخصوص سیشنز کا اہتمام کرنا چاہئے تاکہ انہیں اسلامی بینکاری اور اسلامک فنانس کے فروغ میں ان کے کردار کے بارے میں آگاہ کیا جاسکے۔
- بینک کو یونیورسٹیز اور کالجوں کی اسلامی مالیات، اکاؤنٹنگ اور بزنس فیکلٹی ممبران اور سرکاری اداروں اور میڈیا ہاؤسز سے تعلق رکھنے والے دیگر فکری رہنماؤں میں اسلامی مالیات کے بارے میں آگاہی پیدا کرنے کے لیے بھی کام کرنا چاہیے۔

خلاصہ کلام

بینک کے چارٹر کے تحت تمام انتظامیہ اور ملازمین کیلئے ضروری ہے کہ وہ شریعہ بورڈ اور ریزیڈنٹ شریعہ بورڈ ممبر کی طرف سے جاری کردہ بینک کے تمام معاملات سے متعلق ہدایات پر عمل درآمد کو یقینی بنائیں۔ بینک کے معاملات کے شریعت کے مطابق ہونے کی بنیادی ذمہ داری بورڈ آف ڈائریکٹرز اور بینک کی انتظامیہ پر عائد ہوتی ہے۔

SCD کی جانب سے بینک کے انجام کردہ مختلف عقود کے جائزے، انکے متعلقہ دستاویزات کی جانچ پڑتال، ڈیپازیٹرز کو تقسیم ہونے والے نفع کے طریقہ کار کا مشاہدہ، اور ان کے متعلق اندرونی شریعہ آڈٹ رپورٹ، بیرونی شریعہ آڈٹ رپورٹ اور انتظامیہ کی دی گئی رائے کے جائزہ کی بنیاد پر ہماری رائے میں رواں سال میں بینک کی طرف سے کئے گئے عقود اسلامی شریعہ کے ان اصولوں اور ہدایات کے مطابق ہیں جو میزان بینک کے شریعہ بورڈ، ریزیڈنٹ شریعہ بورڈ ممبر اور شریعہ ایڈوائزری کمیٹی اسٹیٹ بینک آف پاکستان کی طرف سے جاری کی گئی ہیں۔ اس جائزہ کے دوران جو غیر شرعی آمدنی پائی گئی وہ چیریٹی میں منتقل کی گئی ہے جس کو شریعہ بورڈ کی ہدایات کے مطابق خرچ کیا جائے گا۔

SCD کی صلاحیت اور استعداد کو دیکھتے ہوئے اور بینک کی طرف سے جاری کردہ شریعہ کمپلائنس کی ہدایات اور احکامات کے جائزے کے بعد ہماری رائے میں بینک میں تمام شعبوں کی نگرانی اور شریعہ کمپلائنس کو یقینی بنانے کیلئے ایک موثر نظام موجود ہے۔

اللہ تعالیٰ سے دعا ہے کہ وہ ہماری رہنمائی ان راہوں کی طرف کرے جو اس کی رضا کا باعث ہوں، ہمیں دنیا اور آخرت میں کامیابیوں سے نوازے اور ہماری غلطیوں اور خطاؤں سے درگزر فرمائے۔ آمین۔

والسلام علیکم ورحمۃ اللہ وبرکاتہٗ

مفتی محمد نوید عالم
ریزیڈنٹ شریعہ بورڈ ممبر

ڈاکٹر محمد عمران اشرف عثمانی
وائس چیئرمین شریعہ بورڈ

شیخ عصام محمد اسحاق
ممبر شریعہ سپروائزری بورڈ

جسٹس (ر) محمد تقی عثمانی
چیئرمین شریعہ بورڈ

16 رجب المرجب 1444 ہجری بمطابق 7 فروری 2023

اثاثوں کا جائزہ

بینک نے امسال بھی محض مرابحہ پر انحصار کرنے کے بجائے کئی دیگر طرق تمویل کو اختیار کیا، جیسا کہ تمویلی تناسب سے واضح ہے۔ پچھلے سال کے مقابلے میں اس سال مشارکہ کے تناسب میں 5.5 فیصد کا اضافہ ہوا۔ بینک نے سب سے زیادہ توجہ مشارکہ کی بنیاد پر تمویل پر مرکوز رکھی۔ شرکت کی بنیاد پر کی جانے والی فائنانسنگ بینک کے مجموعی پورٹ فولیو کا 54.9 فیصد ہے۔ الحمدللہ بینک کا مجموعی تمویلی پورٹ فولیو (برطابق 31 دسمبر، 2022ء) 1,018 ارب روپے تک پہنچ چکا ہے۔ مختلف طریقہ ہائے تمویل کی تفصیل یہاں دی گئی ہے:

شرعی طریقہ تمویل	2022 % in total portfolio	2021 % in total portfolio	شرح ترقی/تنزلی%
مشارکہ متناقصہ	27.4	28.4	(1.0)
رننگ مشارکہ اور مشارکہ	27.5	21.0	6.5
استصناع	9.0	8.6	0.4
اجارہ	7.8	12.9	(5.1)
مرابحہ	6.8	6.2	0.6
مساومہ	5.5	7.8	(2.3)
بل سلم	1.3	0.8	0.5
وکالہ الاستثمار	4.5	7.0	(2.5)
تجارہ	1.6	1.7	(0.1)
کموڈٹی سلم	1.9	1.5	0.4
دیگر	8.0	4.9	3.1

SCD کی رہنمائی سے، مرابحہ اور مساومہ کی فائنانسنگ کے معاملات میں 501 ملین کی رقم بینک نے کوئی نفع وصول کئے بغیر کسٹمر سے واپس لے لی کیونکہ اس رقم کی حد تک کوئی خرید وفروخت کا معاملہ کرنا ممکن نہیں تھا۔

مرابحہ میں کی جانے والی براہ راست ادائیگیوں کا خلاصہ

دوران سال 2022ء، مرابحہ کی بنیاد پر Corporate and SME/Commercial کو کی گئی سرمایہ کاری میں براہ راست ادائیگیوں کا تناسب 84 فیصد رہا۔ اس بات کی تاکید کی جاتی ہے کہ مرابحہ کے عقود میں اس تناسب میں اضافہ کی کوشش جاری رکھی جائے۔

یہ بات بھی قابل ذکر ہے کہ شرعی اصولوں کی پاسداری کی یقین دہانی اور جانچ پڑتال کی غرض سے استصناع اور تجارہ کے تقریباً تمام معاملات میں بینک کے نمائندہ نے خود جا کر بینک کے خریدے ہوئے مال کا مشاہدہ کیا اور اس پر قبضہ حاصل کیا۔

سیولیت کا انتظام

سیولیت کے انتظام کے لئے بینک نے (GOP) جی او پی صکوک میں 713 ارب کی سرمایہ کاری کی جو گزشتہ سال (GOP) جی او پی صکوک میں بینک کی سرمایہ کاری (398 ارب روپے) سے تقریباً 1.8 گنا زیادہ ہے۔ صکوک کے اجراء میں اضافے کے ساتھ بینک نے بیچ موجل ٹرانزیکشنز پر اپنا انحصار کم کر دیا ہے، جن کے واجبات سال 2022 کے اختتام پر نمایاں طور پر کم ہو کر 60 ارب روپے رہ گئے ہیں جس میں اسٹیٹ بینک آف پاکستان کے ساتھ 32 ارب روپے کی بیع موجل کی ٹرانزیکشنز بھی شامل ہیں۔

ڈیپازٹس کا جائزہ

برطابق 31 دسمبر 2022ء بینک کے ڈپازٹ میں 13.9 فیصد اضافہ ہوا ہے اور بینک کا مجموعی ڈپازٹ 1,658 ارب روپے تک پہنچ چکا ہے۔ شریعہ بورڈ کی جانب سے میزان بینک سیونگ اکاؤنٹس میں اچھے منافع کے مواقع تلاش کرنے کے مشورے پر بینک نے سال کے دوران مختلف ڈپازٹ کیٹیگریز کے اوزان اور شرح منافع میں اضافہ کیا ہے جس سے ان کیٹیگریز کے منافع اور شرحوں میں اضافہ ہوا ہے۔

اسٹیٹ بینک اور میزان بینک کی متعلقہ پول مینجمنٹ گائیڈ لائنز کے مطابق سال کے دوران مختلف ڈپازٹ پولز میں اثاثوں اور فنڈز کی الاٹمنٹ کے عمل، مضاربہ پر مبنی ڈپازٹس کے لیے مجموعی طور پر منافع بانٹنے کے تناسب کا اعلان، وزن کی بنیاد تقسیم اور ڈپازٹ اکاؤنٹس میں آمدنی کی تقسیم کے عمل کی نگرانی اور جائزہ لیا گیا۔

شریعہ آڈٹ

اسٹیٹ بینک آف پاکستان کے جاری کردہ شریعہ گورننس فریم ورک کی ہدایات کے مطابق مستقل شریعہ آڈٹ ڈپارٹمنٹ کی تشکیل دی گئی ہے جو بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی کے زیر نگرانی میں تندہی سے کام کر رہا ہے اور شریعہ کمپلائنس کی یقین دہانی کے لئے تمام شرعی اصولوں کے نفاذ کی جانچ پڑتال کرتا ہے جو کہ شریعہ بورڈ، ریزیڈنٹ شریعہ بورڈ ممبر، اور اسلامک بینکنگ ڈپارٹمنٹ اسٹیٹ بینک آف پاکستان، کی طرف سے دی گئی ہیں۔ یہ ڈیپارٹمنٹ RSBM/Shariah Board کو آگاہی، جائزہ اور تصحیح عمل کے تعین کے لیے رپورٹ جمع کرواتا ہے۔

اس سال میزان بینک کی کل 736 برانچوں، ایریا آفسز، کنزیومر اور Corporate Hubs، ہیڈ آفس ڈپارٹمنٹس کا آڈٹ کیا گیا تاکہ شرعی اصولوں کی تعمیل کا داخلی نظم اور طریقہ کار کو مضبوط کیا جا سکے۔ شریعہ آڈٹ کے دوران مختلف عقود کی جانچ پڑتال کے ساتھ ساتھ بینک کے عملہ کی شرعی معاملات اور عقود کے بارے میں معلومات بھی جانچی جاتی ہے۔

چیریٹی/صدقات وخیرات

رواں سال کل 154.85 ملین روپے چیریٹی واجب الادا اکاؤنٹ میں منتقل کئے گئے۔ اس میں 9.32 ملین کی رقم ایسی آمدنی کی تھی جس کے بارے میں شریعہ آڈٹ کے دوران یہ بات سامنے آئی کہ وہ ناجائز ہے، مزید 15.36 ملین روپے کی چیریٹی اسٹاک ایکسچینج میں کی گئی شریعہ کمپلائنٹ انوسٹمنٹ سے حاصل شدہ آمدنی کو Purify کرنے کیلئے کی گئی اور 122.79 ملین روپے چیریٹی واجب الادا اکاؤنٹ میں ٹرانسفر کئے گئے جو روزمرہ کے تمویلی معاملات میں کسٹمرز کی جانب سے ادائیگی میں تاخیر کی بنیاد پر وصول کئے گئے تھے۔ علاوہ ازیں 121.43 ملین روپے RSBM/شریعہ بورڈ سے منظوری کے بعد چیریٹی سیٹلمنٹ اکاؤنٹ سے ادا کئے گئے۔

چیریٹی سے متعلق تفصیلات نوٹ نمبر 20.5 میں مذکور ہیں۔

تجاویز

بینک کے معاملات اور مجموعی طور پر اسلامی بنکاری کے نظام کو مزید بہتر بنانے کے لئے شریعہ بورڈ کی تجاویز درج ذیل ہیں:

شریعہ کمپلائنس

شریعہ بورڈ SCD کی اس کاوش کو سراہتا ہے کہ دوران سال تقریباً 248 کسٹمرز سے ملاقاتیں کی گئیں اور ان کے کاروبار کا مشاہدہ کیا گیا اور شریعہ بورڈ/آر ایس بی ایم (RSBM) کی ہدایات کے مطابق 4000 سے زائد مختلف قسم کے مالی معاملات کا جائزہ لیا گیا۔

SCD نے بینک کی 121 سے زائد برانچوں کا جائزہ لیا تاکہ برانچ اسٹاف کی بنیادی اسلامک بینکنگ معلومات اور بینک کے عمومی شرعی ماحول کا اندازہ لگایا جاسکے۔ ان کے جائزے کی بنیاد پر، ریجنل منیجرز کو ایک رپورٹ جاری کی گئی تاکہ اس میں نشاندہی کی جانے والی غلطیوں کو درست کر کے کارکردگی کو بہتر بنایا جاسکے۔ SCD نے بینک کے 12 ڈیپارٹمنٹ کا شرعی جائزہ بھی لیا تاکہ اس بات کو یقینی بنایا جاسکے کہ ڈیپارٹمنٹ کا کام شریعہ بورڈ کی ہدایات کے مطابق ہے۔

سال کے دوران، شریعہ بورڈ نے مختلف معاملات کے لئے رہنما خطوط فراہم کیے۔ ان میں سے سب سے زیادہ قابل ذکر یہ تھے:

- فنانسنگ معاملات میں قلب الدین سے بچنے کے بارے میں رہنمائی
- KMI انڈکس میں ٹریڈنگ کے بارے میں رہنمائی جہاں فی حصص خالص سیال اثاثے (Net Liquid Assets) موجودہ حصص کی بازاری قیمت سے زیادہ ہوں
- نئے این ایچ اے (NHA) اثاثوں پر جی او پی (GOP) اجارہ صکوک کے شریعہ اسٹرکچر کی منظوری
- پیٹنٹ/حقوق کی خریداری کے لئے فنانسنگ کی منظوری
- بینک کی مختلف پالیسیوں اور مینوئلز کی منظوری
- تربیت اور آڈٹ پلان کی منظوری

248	4,000	121
کسٹمر اور انڈسٹری کے دورے	سرمایہ کاری کا جائزہ	برانچ کا جائزہ

ٹریننگ اور ڈیولپمنٹ

دورانِ سال بینک نے 280 تربیتی مجالس منعقد کیں جن کی کل میعاد 4,541 گھنٹوں سے زائد رہی، ان تربیتی مجالس میں میزان بینک کے تقریباً 12,000 ملازمین نے شرکت کی۔ ان تربیتی مجالس میں اسلامک فائنانس سے متعلق ملازمین کے لئے Orientation and Batch Trainings، Refreshers جیسے Asset Refresher Treasury and Trade، Refresher Deposit Refresher اور دیگر سرٹیفکیٹ پروگرام شامل ہیں۔ ہمیں یہ بتاتے ہوئے خوشی ہورہی ہے کہ SCD نے لرننگ اینڈ ڈویلپمنٹ کے تعاون سے انٹرنل LMS سسٹم پر 2 ڈیجیٹل لرننگ ماڈیولز کا آغاز کیا جس میں بالترتیب 11,709 اور 10,591 اسٹاف نے شرکت کی۔ بینک نے انٹرنل شریعہ ٹرینرز کے لئے "Train the Trainer" پروگرام کا بھی انعقاد کیا اور اس کے ساتھ ساتھ کراچی، لاہور اور اسلام آباد زمبجز میں بینک کے سینئر اسٹاف کے لئے اعلیٰ سطحی مشقی ٹریننگ پروگرام بھی منعقد کیے۔

280	4,541	12,000
تربیتی اجلاس	کام کی میعاد	ملازمین

بینک نے کراچی کی مختلف یونیورسٹیوں کی بزنس فیکلٹی کے لئے اسلامک فنانس پر تعارفی سرٹیفکیٹ پروگرام کے لئے NIBAF اور IBA-CEIF کے ساتھ بھی تعاون کیا تھا۔ پروگرام میں 45 سے زائد فیکلٹی ممبران نے شرکت کی اور انشاء اللہ وہ اپنے طلباء کو اسلامی بینکاری کے بارے میں مؤثر انداز میں معلومات فراہم کرنے کے قابل ہوں گے۔

ہمیں یہ بتاتے ہوئے خوشی ہورہی ہے کہ بینک اسلامی ثقافتی اقدار کے قیام کے لئے خاطر خواہ کوششیں کر رہا ہے۔ اس سلسلے میں بینک نے مختلف اسکالرز اور موٹیویشنل اسپیکرز کے مختلف سیشنز کا اہتمام کیا ہے۔ ان میں سے ایک معروف خاتون اسکالر کی جانب سے خواتین عملے کے لیے گرومنگ، ورک لائف بیلنس مینجمنٹ، ٹائم مینجمنٹ وغیرہ کے حوالے سے سیشنز کا ایک سلسلہ قابل ذکر تھا۔

بینک نے INCEIF کی ایسوسی ایٹ پروفیسر کے ساتھ خواتین کے لئے ایک سیشن کا بھی اہتمام کیا، جنہوں نے سامعین کو اسلامی بینکاری میں اہم کردار ادا کرنے کی ترغیب دی۔

بینک نے 4 تربیتی ویڈیوز جاری کیں جہاں ہمارے شریعہ بورڈ کے رکن شیخ عصام محمد اسحاق نے حاضرین کو اسلامی بینکاری کے بارے میں ذہنوں میں موجود مختلف غلط فہمیوں کے بارے میں آگاہ کیا۔

عوام الناس میں اسلامی بینکاری کے بارے میں شعور بیدار کرنے کے لئے بینک نے بڑے شہروں میں 160 سیمینار منعقد کئے جن میں معاشرے کے مختلف شعبوں سے تعلق رکھنے والے 10,000 سے زائد شرکاء نے شرکت کی۔ سال کے دوران بینک نے پاکستان کے مختلف شہروں میں اپنے Corporate اور SME صارفین کے لئے 5 ورکشاپس کا انعقاد کیا، جن میں سے دو IBA-CEIF کے تعاون سے تھیں۔

شریعہ ایڈوائزری اور انڈسٹری سپورٹ

یہ بات بڑی قابل تحسین ہے کہ میزان بینک عالمی سطح پر کلائنٹ کی ضرورت کے موافق شریعہ ایڈوائزری فراہم کر کے اسلامک فائنانس انڈسٹری کو تعاون فراہم کرنے میں پیش پیش رہا ہے، دورانِ سال بینک کی طرف سے فراہم کردہ چند قابل ذکر ایڈوائزری خدمات درج ذیل ہیں:

- آسٹریلیا میں تکافل (Takaful) سے متعلق ایک اسلامک فنانشل انسٹیٹیوٹ کو شریعہ ایڈوائزری خدمات کی فراہمی جاری رکھی گئی۔
- ایک معروف کنزیومر الیکٹرانک کمپنی کو شریعہ کمپلائنٹ کمپنی میں تبدیل کرنے سے متعلق تکنیکی مشاورتی خدمات۔
- ایک شریعہ کمپلائنٹ اسٹاک ٹریڈنگ پلیٹ فارم کو عالمی سطح پر مختلف اسٹاک مارکیٹوں میں درج غیر ملکی کمپنیوں کی شریعہ اسکریننگ کے لئے تکنیکی مشاورتی خدمات۔
- 51 سے زیادہ فنڈ اور پلان کو شریعہ ایڈوائزری فراہم کی گئی جو کہ اسلامک میوچل فنڈ انڈسٹری کا ایک بڑا حصہ ہے۔
- اسلامی ونڈو کے آغاز کے لیے EXIM Bank کو سہولت فراہم کرنا جو پاکستان میں شریعت کے مطابق تجارتی کاروبار کو سپورٹ کرے گی۔
- PSX کو KMI-30 اور PSX-KMI کے تمام شیئر انڈیکس کی چھ ماہی دوبارہ تشکیل میں اسکریننگ کی سہولت فراہم کی گئی۔
- روشن ڈیجیٹل اکاؤنٹ ہولڈرز کے لیے PSX میں شریعہ ٹریڈنگ پلیٹ فارم تیار کرنے میں بہت سے بروکریج ہاؤسز کی مدد کی گئی۔
- ڈیجیٹل ایئر ٹائم اور حقوق کی ادائیگی کے لئے بالترتیب ٹیلی کمیونیکیشن اور فارما کمپنیوں کے لئے صکوک تشکیل کیے گئے۔
- اسلامک ونڈو کے اجراء کے لئے ایک معروف ایسٹ مینجمنٹ کمپنی کو مشاورتی معاونت۔ 10 ایسٹ مینجمنٹ کمپنی میں فنڈز کی سرمایہ کاری کے لئے معروف مائیکروفنانس کمپنی کو مشاورتی معاونت۔

شریعہ بورڈ رپورٹ (اردو ترجمہ)

الحمد لله رب العا لمين، والصلاة والسلام علىٰ خاتم الأنبياء والمرسلين، محمد المصطفى الأمين، وعلى آله وأصحابه أجمعين، وبعد:

تمام تعریفیں اللہ ﷻ کے لیے ہیں۔ یہ سال میزان بینک کے لیے اسلامی کمرشل بینکنگ کا بیسواں سال تھا اور المیزان انویسٹمنٹ بینک کے آغاز سے شروع ہونے والے سفر کا 25واں سال بھی تھا۔ پاکستان میں شریعہ کمپلائنٹ بینکنگ کی 25ویں سالگرہ کے موقع پر، ہم میزان بینک کے تمام اسٹاف کو اس کامیاب سفر پر مبارکباد پیش کرتے ہیں۔ ہماری دعا ہے کہ انشاء اللہ یہ سفر حقیقی روح کے ساتھ آگے بڑھے۔ اللہ رب العزت ہمیں معاشرے سے سود کے خاتمے کی توفیق اور مستقبل میں مزید کامیابیاں عطا فرمائے۔ آمین

دورانِ سال میزان بینک کے شریعہ بورڈ کی طرف سے پانچ مجالس کا انعقاد کیا گیا جن میں بینک کی طرف سے پیش کیے گئے مختلف مسائل کا جائزہ لیا گیا۔

الحمدللہ سی ایف اے (CFA) سوسائٹی آف پاکستان نے میزان بینک کو ''Large size Banks-Best Bank of the Year'' اور ''Best Islamic Bank of the Year'' برائے 2022 قرار دیا ہے جو بینک کی مثالی کارکردگی کا اعتراف ہے۔ میزان بینک نے پاکستان بینکنگ ایسوسی ایشن ایوارڈز کی جانب سے ''Best Consumer Bank'' کا ایوارڈ حاصل کیا، جو کہ پاکستان بینکنگ انڈسٹری کے سب سے باوقار ایوارڈز میں سے ایک ہے۔ شریعہ کمپلائنس کو یقینی بنانے کے لیے بینک کی کوششوں کے اعتراف میں، بینک کو گلوبل اسلامک فنانس ایوارڈز (GIFA 2022) کی طرف سے ایک بار پھر سے Shariah Authenticity Award اور Shariah Auditor of the Year Award سے نوازا گیا۔

ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ جناب عرفان صدیقی (بانی صدر اور سی ای او) اور ڈاکٹر محمد عمران اشرف عثمانی (وائس چیئرمین) شریعہ بورڈ کو حکومت پاکستان کی جانب سے سود پر وفاقی شرعی عدالت کے فیصلے پر عمل درآمد کے لیے بنائی گئی اعلیٰ سطحی اسٹیئرنگ کمیٹی میں نامزد کیا گیا ہے۔ ہم اس نیک مقصد کے لئے منتخب ہونے پر ان کے لئے نیک خواہشات کا اظہار کرتے ہیں۔ اللہ ﷻ ان کی کوششوں کو اپنی راہ میں قبول فرمائے۔

میزان بینک میں ماہرین کا ایک مستقل شعبہ ''شریعہ کمپلائنس ڈیپارٹمنٹ (SCD)'' شریعہ بورڈ کی زیرِ نگرانی کام کر رہا ہے۔ اس شعبے کی بنیادی ذمہ داریوں میں تمام پراسس، طریقہائے عمل اور پروڈکٹ میں شرعی اصولوں کی پاسداری کو یقینی بنانا، موجودہ پروڈکٹس اور طریقہائے عمل میں مزید بہتری، اسلامی بینکاری کی تربیت اور عقود کو انجام دینے کے طریقہ کار کی شرعی تعمیل کا جائزہ لینا ہے۔ شریعہ کمپلائنس ڈیپارٹمنٹ، بینک کے شریعہ بورڈ کے لئے سیکریٹری کا کردار بھی ادا کرتا ہے۔

ہم تمام اسٹاف کی کاوشوں کو سراہتے ہیں کہ انہوں نے بینک کے ماحول کو شریعت کے احکامات کے مطابق ڈھالنے میں اہم کردار ادا کیا۔ یہ بات ہمارے لئے قابلِ اطمینان ہے کہ بینک کے اسٹاف، مینجمنٹ اور بورڈ ممبران میں اسلامی بینکاری کی ترویج اور ترقی کے لئے اعلیٰ درجہ کا عزم دیکھا جا سکتا ہے۔ گزشتہ سال 2022ء میں اسلامی بینکاری کے فروغ کے لئے درج ذیل اہم امور انجام دیے گئے:

نئی پروڈکٹس کی تیاری اور تحقیق

ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ بینک نے رواں سال 1.35 ٹریلین روپے کے GOP صکوک کے اجراء میں حکومت پاکستان کے جوائنٹ فنانشل ایڈوائزر کی حیثیت سے اہم کردار ادا کیا۔ یہ بات قابل ذکر ہے کہ پاکستان میں اب تک کسی بھی کاروباری سال میں جاری کیے جانے والے GOP صکوک کی یہ سب سے زیادہ رقم ہے اور ان اجراء سے نہ صرف حکومت پاکستان کو اس کے بجٹ خسارے کی کمی میں مدد ملی ہے بلکہ اسلامی بینکوں کو اپنی اضافی لیکویڈیٹی کو سنبھالنے/ انویسٹ کرنے/ سرمایہ کاری کرنے میں بھی مدد ملی ہے۔ ہم چاہتے ہیں اور دعا کرتے ہیں کہ سال 2023 بھی ملک کی اسلامی مالی دستاویزات کی بڑھتی ہوئی ضروریات کو پورا کرنے کے لئے مختلف نوعیت کے GOP صکوک کے اجراء کے لحاظ سے ایک شاندار سال ثابت ہو اور جو موجودہ روایتی فنانسنگ کو شریعت کے مطابق فنانسنگ میں تبدیل کرنے کے لئے حکومت پاکستان کا معاون ہو۔

ڈپازٹ سائیڈ پر بینک نے ایک ''Senior Citizens Savings Account'' شروع کیا ہے جو بزرگ افراد کو اپنی بچت پر شریعت کے مطابق منافع دے گا۔ سال 2021 میں آزمائشی آغاز کے بعد بینک نے تاجروں کو تنخواہوں کی ترسیل میں آسانی فراہم کرنے اور ملازمین کو بینک سے بینکنگ خدمات حاصل کرنے کی ترغیب دینے کے لئے "Meezan Payroll Partner" کا آغاز کیا۔ بینک نے المیزان انویسٹمنٹ مینجمنٹ (AMIM) کے ساتھ مل کر بینک صارفین کی ضروریات کو مدنظر رکھتے ہوئے ایک مخصوص اسکیم فراہم کی ہے تاکہ کسٹمرز کو شریعت کے مطابق اچھا منافع حاصل کرنے کا موقع مل سکے۔ بینک نے اسٹیٹ بینک آف پاکستان (SBP) کے ایما پر مضاربہ پر مبنی ''Asaan Mobile Account'' پروڈکٹ کا بھی آغاز کیا تاکہ کسی بھی قسم کے موبائل فون کے ذریعے بینک اکاؤنٹ کھول کر بنیادی بینکاری خدمات تک رسائی فراہم کی جا سکے۔ میزان بینک واحد بینک ہے جو اس قبیل میں شریعت کے مطابق سیونگز اکاؤنٹ پیش کرتا ہے۔

شریعہ بورڈ کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ بینک نے مضاربہ جنرل پول اور منافع کی تقسیم کے طریقہ کار کے خودکار سسٹم پر کامیابی سے عمل درآمد مکمل کر لیا ہے جس سے منافع کے حساب اور تقسیم سے متعلق تمام کاموں میں شفافیت میں اضافہ ہوگا۔

بینک نے اسلامی مالیاتی اداروں کے لئے شریعہ کمپلائنٹ ''اسٹیٹ بینک لیکویڈیٹی مینجمنٹ سہولت'' کو فعال طور پر استعمال کیا جس کا آغاز گزشتہ سال کیا گیا تھا۔ اس سہولت نے اسلامی بینکوں کو روایتی بینکوں کے مقابلے میں یکساں مواقع فراہم کیے ہیں اور اسلامی بینکوں کو قلیل مدتی لیکویڈیٹی مینجمنٹ کے لئے اضافی مواقع فراہم کیے ہیں۔ بینک نے PMRC کے ساتھ مشارکہ معاہدہ کیا ہے جس سے بینک مسابقتی قیمت پر اور کم آمدنی والے طبقے کو ہاؤسنگ فنانس فراہم کر سکے گا۔

بینک نے ''حبل'' (Haball) نامی ایک اسلامک Fintech کمپنی کے تعاون سے قومی اور بین الاقوامی کمپنیوں کے وینڈرز اور ڈسٹری بیوٹرز کو سپلائی چین فنانسنگ فراہم کرنے کے لئے اپنی نوعیت کا پہلا شریعت کے مطابق ڈیجیٹل فنانسنگ پلیٹ فارم لانچ کیا ہے۔ ہمیں امید ہے کہ بینک ڈیجیٹل فنانسنگ کی سہولت کے لیے دیگر شریعہ کمپلائنٹ Fintech کمپنیوں کے ساتھ مل کر ایسی پروڈکٹس شروع کرے گا جو SME سیکٹر اور دیگر غیر فعال مارکیٹ کی حقیقی ضروریات کو پورا کر سکیں گی۔

توانائی کے تحفظ اور مؤثر توانائی کی پیداوار کے متبادل کی حوصلہ افزائی کے لئے بینک اسٹیٹ بینک آف پاکستان ری فنانس اسکیم کے تحت شمسی پینلز کے لئے فنانسنگ فراہم کرتا رہا۔ دسمبر 2022ء تک سولر فنانسنگ میں مجموعی طور پر 5.83 ارب روپے سے زائد کی سرمایہ کاری کی گئی۔

بینک نے ADC کے شعبہ کو فروغ دیتے ہوئے اپنے پی او ایس (POS) ایکوائرنگ بزنس کا آغاز کیا جس کے آغاز کے پہلے سال میں 272 شہروں میں 10,000 سے زیادہ پی او ایس (POS) ٹرمینلز نصب کیے گئے تھے۔ بینک نے ویزا انفا اینائٹ کارڈ بھی لانچ کیا، جو ہائی نیٹ ورتھ افراد کے لئے ایک ڈیبٹ کارڈ ہے۔

رواں سال کے دوران انفراسٹرکچر کی ترقی، سرمائے کی توسیع اور پراجیکٹ فنانسنگ سے متعلق ضروریات کے لیے شریعت کے مطابق دس (10) سنڈیکیٹ معاملات مختلف نجی اور سرکاری شعبے کے اداروں کے لیے انجام دیے گئے جو کہ اجارہ، شرکت متناقصہ اور رنگ مشارکہ پر مشتمل تھے۔

Standards of Ethics, Business Practices & Code of Conduct

The objective of these standards is to promote business practices within Meezan Bank, which are Shariah - compliant, fair, reasonable and reflect high standards of ethical behavior.

The standards of ethics and business practices, which the Bank expects from all of its employees, is a condition of employment with the Bank and may be considered at the time of performance appraisal of an employee.

- Code of Conduct, during office hours or otherwise, shall always be that of a good citizen.
- Act with integrity, competence, dignity, and ethically while dealing with the customers, shareholders, vendors and colleagues.
- Understand and comply with the legal / regulatory requirements and internal policies and procedures of the Bank that apply to the duties assigned to the employee.
- Never willingly enter into a business transaction, which shall violate any law or principles of Islamic finance.
- Never use their position to force, induce, coerce, harass and intimidate any other person, including sub-ordinate to provide any force, gift or benefit, whether financial or otherwise, to themselves or others.
- Avoid professional misconduct involving dishonesty, fraud, deceit or misrepresentation. Any unintentional mistake, wherever possible, shall be immediately rectified and reported to the line manager.
- Not make use of any information including Bank's trade secrets, proprietary, confidential information, gained in the performance of official Bank duties as a means of making any personal profit, gain or benefit for themselves or connected persons.
- Immediately report to the management of pre-existing personal relationship with any existing or potential customer, industry representative or government employee with whom the Bank has a business relationship. Pending clearance from the management, the employee shall take no further action associated with the business in which a personal relationship exists.
- Will not use the Bank's services or facilities for private purposes except with prior permission.
- Conduct Bank's business with honesty, integrity and in a professional manner.
- Avoid any action on his / her part that may be repugnant, unethical or unlawful.
- Avoid any action on his / her part that may be viewed as repugnant, unethical or unlawful by customers or public at large or the Bank itself.
- Avoid any activities that could involve or lead to involvement in any unlawful or unethical governance practice.
- Avoid participation in any political activities.
- Avoid participation in any other subversive activities.
- Abstain from gambling, betting and wagering contracts.
- Be exemplary in personal conduct towards the Bank, other employees and customers of the Bank.
- Safeguard the confidential information of the Bank and its customers.
- Avoid actual or potential conflicts of interests in transactions on behalf of the Bank.
- Provide accurate and reliable information in records submitted.

Code of Conduct

Confidential Information

Employees shall maintain strict secrecy regarding the Bank's affairs and shall not (except so far as is necessary and appropriate in the normal course of their employment) disclose to any person, any information as to the practice, dealing or affairs of the Bank or any of their customers, which may come to their knowledge by reason of their employment.

During the course of employment and after its termination for whatever reason, the employee must not disclose to anyone (nor use for any purpose other than the business of the Bank) any information relating to the Bank or its employees which is not already available to the public, unless authorized to do so. Such information includes customer data, product manuals, technical secrets, confidential research work, technical processes, operating manuals, marketing plans and strategies and other confidential financial or business information of the Bank.

Recording of Information

No unrecorded fund or assets of Bank shall be established or maintained for any reason. No false, artificial or misleading entries in the books and records of Bank shall be made for any reason. All reporting of information should be accurate, honest and timely and should be a fair representation of the facts.

Conflict of Interest

It is obligatory that:

- An employee may not hold a position of director, consultant, employee, representative or agent with any supplier, competitor, customer, individual or organization either doing or seeking to do business with the Bank without prior written consent of the Bank's President & CEO. If any immediate family member holds a position, with any organization doing or seeking to do business with the Bank, a written disclosure must be made promptly to line manager / HRD.
- An employee may not hold any interest in any organization doing business with the Bank without the written consent of Regional Manager or Department Head, unless it is a company / establishment quoted on a Stock Exchange and the interest is less than 1 percent.

Mis-declaration/Concealment of Facts

An employee shall not make any mis-declaration or conceal the facts in knowledge. The following are illustrative examples, but are not all-inclusive:

- An employee issuing an incorrect account statement, salary certificate or any other information for any customer or staff member.
- An employee issuing a fake claim for reimbursement of any expenses whereby either the expenses are inflated and/or the difference between expenses claimed and actually incurred are pocketed by the staff member.
- An employee at the time of induction in Meezan Bank (i.e. during interview and in testimonials) provided a false, forged, misleading information or concealed, hid, incompletely stated, any information regarding credentials, academic record(s), previous employment(s) and demographic details.

Know Your Customer, Vendors and Counter Parties

In order to safeguard the Bank's reputation and integrity, it is not only necessary for employees to discipline their own actions, it is also necessary to be aware of the character and actions of customers, vendors and counter parties. Care must be exercised in selecting those with whom we deal. Each Meezan Bank business must have processes in place for checking on the credit and character of customers, vendors and counter parties.

Employees must ensure that the Bank establishes relationship with only those

individuals, businesses, and entities who have a sound reputation and whose true identity has been established. Employees should conduct maximum caution in opening new accounts and before opening, ensure that due diligence steps are completed.

Gifts & Entertainment

At certain times of the year, some customers, suppliers, contractors and consultants to the Bank may present gifts or arrange entertainment for employees. While the sentiments behind such actions are usually genuine, there is a possibility that others may misconstrue them. In a minority of cases such actions may not be in the best interest of good working relationships. Gifts may be presented locally or internationally in the form of Cash or in kind of Services, either free or discounted.

Bribery & Misconduct

An employee will be guilty of an offence, who, without lawful authority or reasonable excuse:

- Solicits or accepts any advantage as an inducement or reward for doing or intending to commit any action in relation to the Bank's affairs or business.
- Showing or intending to show favors or disfavors to any person in relation to the Bank's affairs or business.
- Offers any advantage to any one as an inducement or reward for any favor/disfavor or otherwise.
- Intends to deceive the Bank by using any receipt, account or other document which is false or erroneous or defective in any way and which to employee's knowledge is intended to mislead the Bank.
- Take any cash or near-to-cash benefit from any stake holder of the bank to provide undue advantage.
- Pay any cash or near-to-cash benefit to any stake holder of the Bank to take undue advantage.

Fraud, Theft or Illegal Activities

Employees shall be alert and vigilant with respect to frauds, thefts or illegal activities committed within the office. If any such activity comes to the attention of an employee, the employee must immediately report the same to the Head of Audit, Head of Operations and Head of Human Resources; who will arrange for appropriate follow-up action to be taken. Failure to report any such activity will be subject to disciplinary action.

Money Laundering

The Bank has set its priority not to become implicated, in any way, with individuals or firms involved in criminal activities and money laundering. The employees are expected to exercise maximum caution in this regard.

The employee should know the customer, be vigilant for unusual circumstances and immediately report any suspected case to the Manager / Area Manager / Regional Manager / Compliance Department/Audit Department, who will arrange for appropriate follow-up action to be taken. Failure to report any such activity will be subject to disciplinary action.

Courtesy & Manners

Employees of Meezan Bank shall maintain utmost courtesy and exemplary manners when interacting with clients or with each other. Employees are dealing on behalf of the Bank, so they are required to keep high standards of professionalism and ethics. Any violations of this code shall be brought to the attention of supervising officials as well as the Human Resources Department for their information, record and remedial disciplinary action.

Honesty & Integrity

Employees shall serve the Bank, devote whole time during office hours and discharge their duties honestly, faithfully and use their utmost endeavors to promote the interest of the Bank. They shall behave with decorum, integrity, show courtesy and attention in all dealings with customers, government officials, senior officers, colleagues, subordinates and general public.

Participation in Political Organizations

No employee shall take part in, subscribe in aid of, or assist in anyway in any political movement in Pakistan during the office timing at the office premises. No employee shall use official influence in connection with or take part in any election to a legislative body, whether in Pakistan or elsewhere.

Ideology of Pakistan

No employee shall express views detrimental to the ideology or integrity of Pakistan.

Direct Representations to the High Govt. & Meezan Bank Officials

No employee shall make any personal representations directly to Chairman, Directors or Members of the Board, or Government functionaries. Such representations must be addressed to the President & CEO through the immediate supervisor of the employee. However this policy does not, in any way, seek to block a citizen's redress to the judiciary and other statutory redresses.

Core Values

- Shariah Compliance
- Integrity
- Service Excellence

Meezan Bank's Personality

The Bank expects its employees to be:

- Sober
- Truthful
- Committed to excellence
- Empathetic
- Professional
- Extremely loyal
- Dependable friend
- Trustworthy business partner
- Committed to the cause of Islamic banking

Health & Hygiene

Personal Hygiene is the most important aspect of our daily life. The personality is perceived by its degree of neatness. The personal hygiene covers care of body odor, bad breath, teeth, nails, ears, nose, hair, daily shower, shave (if not keeping proper beard), daily wear washed, clean, pressed clothes etc.

Computer, E-mail, Information Security

Meezan Bank computer system contains an e-mail facility, access rights, information and software, which are intended to promote effective communication within and outside the Bank, on matters relating to its business and facilitate routine information flow and smooth and safe transactions.

The e-mail system should therefore only be used for official/business purpose. All communication and information are the property of Meezan Bank and the Bank reserves the right to retrieve the contents of the messages for the purpose of monitoring. The employee shall be held accountable for all activities under his/her password.

Dress Code & Professional Attire

Attire is a reflection of professionalism as well as that of the Bank's brand and personality. A professional business appearance together with a high standard of personal hygiene is expected from all employees. The Official Dress Code of Meezan Bank is professional corporate attire inline with traditional Islamic modesty. At Meezan Bank every staff member is expected to have a professional business appearance together with a high standard of personal hygiene.

Guidelines on Whistle-Blowing

The purpose of these whistle blowing guidelines is to provide a mechanism to Bank's stakeholders (employees, customers, vendors, etc.) to report any activity which in their opinion may cause financial and/or reputational loss to the Bank. The major objectives of whistle blowing policy can be classified as:

- To provide an environment whereby stakeholders feel confident to blow the whistle without any fear of reprisal, subsequent discrimination and of being disadvantaged in any way;
- To develop a culture of accountability and integrity;
- To create awareness amongst stakeholders regarding the whistle blowing function; and
- To be a source of early warning signal.

Scope

The scope of these guidelines includes, without limitation, disclosure of all types of unlawful acts / orders, fraud, corruption, misconduct, collusive practices or any other activity which undermines Bank's operations, financial position, reputation and mission.

Who must blow the whistle and how?

It is the responsibility of each and every stakeholder of the Bank, instead of limiting it to a particular department or senior management only, that if any stakeholder observes any suspicious, fraudulent or unethical activity, transaction or act that may cause a potential threat to the Bank or could be against the interest of the Bank, he/she must immediately report this to Whistle Blowing Unit through various modes including but not limited to Meezan Bank's website, E-mail, fax, mobile and landline.

Confidentiality & protection of whistle blowers

The whistle blowing mechanism has been designed to ensure complete confidentiality of the entire process and also enables the bank to take immediate corrective measures. Identification of the whistleblower is kept completely confidential except as required by law or who have legitimate right to know. The bank stands committed to protect whistleblowers for whistle blowing and any subsequent harassment or victimization of the whistleblower is not tolerated.

Guidelines for Safety of Records of the Company

Comprehensive guidelines are in place at Meezan Bank for ensuring that physical documents are being archived in an organized, efficient and reliable manner. These guidelines encompass detailed processes for preservation, organization, transfer, retrieval and destruction of physical records. The guidelines comprise of the following elements:

General Guidelines

This section deals with the role of the Administration Department in providing an Archive facility outside the branch and provides guidelines on when old records will be transferred to the archive, signatories that may authorize retrieval of records, treatment of records under litigation / dispute, type of records that may be kept under fire-proof cabinet, and the convention to be followed for allocating serial numbers to archived records.

Preservation of Old Records

This section deals with maintenance of old records in a secured environment and the procedure for documenting their complete details to facilitate retrieval and destruction after expiry of retention timelines. This section also defines the responsibilities of the Archiving Officer.

Procedures to Handle Records at Archives

These are detailed procedures with clearly allocated responsibilities of Branch / Head Office departments and archiving officers for transferring/retrieval of records to and from Archives.

Destruction of Records

This section provides guidelines about the type of records that need to be retained permanently or till the time approval from Regulators is obtained for their destruction. e.g. cases in litigation, records relating to suspicious transactions, etc. Relevant Branch Manager / Area Manager / Departmental Head is responsible for checking and verifying the list of records that need to be destroyed. For branch records, Head Office operations will finally approve branch's request for destruction of record, which will be carried out in the presence of Branch Manager and Operations Manager.

Retention of Old Records

These guidelines outline the various types of records and the recommended period for their retention and subsequent destruction in view of the Banking Companies Ordinance, SBP Prudential Regulations and other regulatory requirements.

Standardized Formats

Formats for forms and registers have been provided to facilitate standardization and controls across Meezan Bank's network.

Summary of Corporate Social Responsibility Policy

Scope of Corporate Social Responsibility Policy

The CSR Policy pertains to all corporate social responsibility activities undertaken by Meezan Bank and applies to all employees of the Bank.

Activities undertaken by the Bank may include projects being implemented independently by Meezan Bank or projects undertaken in coordination with other entities.

Objective of Meezan Bank's CSR initiatives

To contribute as a responsible corporate citizen to the community and environment in which the Bank is operating.

Areas of Focus

Meezan Bank may contribute in the form of financial assistance, providing logistic support and availability of human resources for charitable causes in various sectors including, but not limited to the ones mentioned below, as per the Management's discretion:

- Health
- Social & Environment Sustainability
- Education
- Creating awareness about the prohibition of Riba and the available alternatives

The Bank may also encourage its employees to volunteer and contribute to its own or other organizations' CSR initiatives.

Summary of Sustainability Policy

Purpose
The Purpose of this Sustainability Policy is to provide framework for incorporating sustainability into the Bank's business operations and to minimize the environmental, social & ethical risks to Bank's stakeholders and to organization staff.

Scope of Sustainability Policy
The Sustainability Policy shall support business decision making at all levels of the Bank and will provide a frame of reference for dealing with direct and indirect sustainability risks.

It is applicable to all of the Bank's organizational units and departments and may include projects and business activities being implemented independently by Meezan Bank or projects undertaken in coordination with other entities.

Summary of Green Banking Policy

Scope and Objective
The Green Banking Policy of Meezan Bank has been prepared in light of the 'Green Banking Guidelines' issued vide IH & SMEFD Circular # 08 dated October 09, 2017 of State Bank of Pakistan. The objective of this policy is to institutionalize Green Banking across Meezan Bank by focusing on the following major aspects:

- Governance Structure and Responsibilities
- Organizational Structure
- Environmental Risk Management Framework
- Green Business Facilitation
- Own Impact Reduction/In-house Environment Management
- General Guidelines

Summary of Information Security Policy

Information Security relates to protection of valuable assets against loss, misuse, disclosure or damage. Each asset has to be reviewed from the perspective of its Confidentiality, Integrity and its Availability to the authorized personnel. A number of factors play a critical role in the successful implementation of information security.

Information Security Policy
The Information Security Policy defines the policies and procedures to ensure that information is adequately protected against improper and uncontrolled disclosure. Meezan Bank's Information Security Policy is based on ISO 27001. The policy comprises of the following domains:

Organization of Information Security
In order to manage information security within the Bank, a framework has been established by the Bank's management to initiate and control the implementation of information security within the organization.

Identification and Prioritization of Information System Assets
To ensure the criticality of information system assets is defined in line with the Tier Classification.

Risk Assessment & Treatment
To review IT System and Operation for identifying and mitigating the risk that could affect Meezan Bank's infrastructure through internal and external attacks. The basis of these assessments is the Confidentiality, Integrity and Availability (CIA) of the information assets and services.

Cyber Security Action Plan
Cyber security action plan is developed to proactively address the likely cyber-attacks in order to anticipate, withstand, detect and respond to cyber-attacks in line with international standards and best practices.

Cyber Crime and Methods of Prevention
To protect the Bank against the range of cybercrimes by formulating methods of Prevention.

Human Resources Security
This segment of the policy ensures that the Bank's employees, contractors and third-party users understand their responsibilities and are suitable for the roles they are considered for, thereby reducing the risk of theft, fraud or misuse of facilities.

Asset Management
To achieve and maintain appropriate protection of the Bank's Information Assets.

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

Cryptography
To protect the confidentiality, authenticity and integrity of information by Cryptography (The conversion of data into a secret code for transmission over a public network.)

Physical and Environmental Security
To prevent unauthorized physical access, damage to, and interference with the Bank's premises (head office and branches) and information.

Operations Security
To ensure correct and secure operation of information processing facilities.

Threat Intelligence and Industry Collaboration
Share, gather and interpret Information about technical vulnerabilities and relevant cyber threats arising from information systems, services, utility providers and other banks.

Communications Security
To maintain the integrity and availability of information and information processing facilities.

Work from Home
Work from home facility provision shall only be facilitated in a controlled manner with pre-requisites defined in the procedure. The work from home arrangements is subject to system and VPN provision according to their job-role and need to use basis.

Information Systems Acquisition, Development and Maintenance
To ensure that security measures are always built into and are an integral part of all information systems.

Supplier Management
To ensure the protection of the organization's information assets that is

accessible by IT suppliers for providing IT service delivery.

Information Security Incident Management

To ensure that information security events and weaknesses associated with the Bank's information systems are communicated in a manner that allows timely corrective action to be taken.

Information Security Aspects of Business Continuity Management

To counteract interruptions to business activities and to protect critical business processes from the effects of major failures of information systems or disasters and to ensure their timely resumption of bank Operations.

Compliance

To ensure compliance in order to avoid breaches of any law, statutory, regulatory or contractual obligations, and of any security requirements.

IT Governance Policy

Scope

This policy creates the governance for the Information Technology Division for the Bank under the supervision of IT Steering Committee, Board IT Committee and Board of Directors. This policy describes and create a framework that will pave the roadmap on which IT Division will provide services to Bank's business functions and to ensure that the Bank's business operations are driven based on Technology Solutions.

Objective

To put in place the policy framework for IT Governance at the Bank in order to provide services to the Bank's Business functions. This policy framework is also aligned with the IT Security Policy of the Bank which is based on the standard ISO 27001.

Executive Summary

Establish Partnership with business to enrich Business and IT alignment and by delivering cost effective technology solutions and services.

This model describes all functions of the IT Division in the form of services which results in business benefits. It consists of five core services area (IT Service Strategy, IT Service Design, IT Service Transition, IT service Operations and Continual IT Service Improvement) that cover best practices and guidelines within IT management.

Key Areas – IT Management Policy

Key areas in Meezan Bank IT Management Policy are as follows:

1. IT Capacity and Performance Management provides guidelines for maintaining scalable IT capacity and making the best and optimal use to meet the performance requirements expected by the business.

2. IT Project Management defines standard and best practice guidelines for project management to assure that they are accomplished in timely, cost effective manner. It is governed by PMO Charter.

3. Change Management emphasizes on managing all changes within the IT environment including emergency changes, fixes and patch management to minimize the disruption in services.

4. IT Helpdesk and Problem Management ensures incidents and problems related to systems are reported, tracked investigated and resolved in effective and efficient manner.

5. Service Level Agreement Management ensures the SLA's are established, agreed between vendors and IT in line with Business needs to gauge the service delivery performance.

6. IT System Acquisition Management caters the way the IT Systems should be procured in line with Bank's expenditure policy.

7. Configuration Management covers the rules for configuration of information technology devices and infrastructure for tracking and controlling all changes to information systems of the Bank.

8. IT Compliance Management defines the way ITD works under compliance guidelines.

9. IT Continuity Management covers the aspect of Business Continuity Plan and Disaster Recovery Plan in case of any service disruption.

10. IT Backup and Restoration Management defines the rules for backup and storage of electronic information within the entity that are responsible for electronic data stored in archive.

11. IT Outsourcing Management defines the framework for outsourcing of IT services.

12. Software Solution Development and Maintenance Management facilitates the effective development and maintenance of Software solutions to compliment business functions.

13. IT Infrastructure Management determines the process for requirements analysis, planning, design, deployment and on-going operations management. It also ensures technology is accessible and equipped with current hardware and software for application management.

14. Network Management defines the principles covering internal and external network environment operated by the Bank including Logical Access Management, Infrastructure security, Operational Management and Bandwidth Management.

15. Database Management aims at ensuring the availability, integrity, security, consistency and accuracy of the Bank's database.

16. Virus and Malware Management ensures that systems, database and software are protected against the risk to malicious software and unauthorized code.

17. Internet and Intranet Usage Management defines the rules for Internet usage.

18. Desktop Support Management defines the principle covering the IT related Support activities and covers the Installation and configuration of desktops in branches and providing first level support.

19. Cloud computing management defines the controls of outsourcing IT services to cloud.

Salient Features - Directors' Remuneration Policy

1. Remuneration shall be fixed in Pakistani Rupees (PKR) invariably; nevertheless, payment of the same can be made to foreign Directors in equivalent foreign currency(ies), where necessary, after obtaining the regulatory approvals as may be required from time to time.
2. No single member of the Board of Directors shall determine his/her own remuneration.
3. Proper and transparent disclosure of remuneration and other benefits/facilities provided to the Board members shall be made in the annual financial statements of the Bank, as per SBP instructions issued from time to time.
4. The Fees for attending the Board and its Committee meetings shall be as follows:

	Board Meeting Fee Rs. per meeting	Committee Meeting Fee Rs. per meeting
Chairman	960,000	650,000
Other Non-executive Directors	800,000	650,000

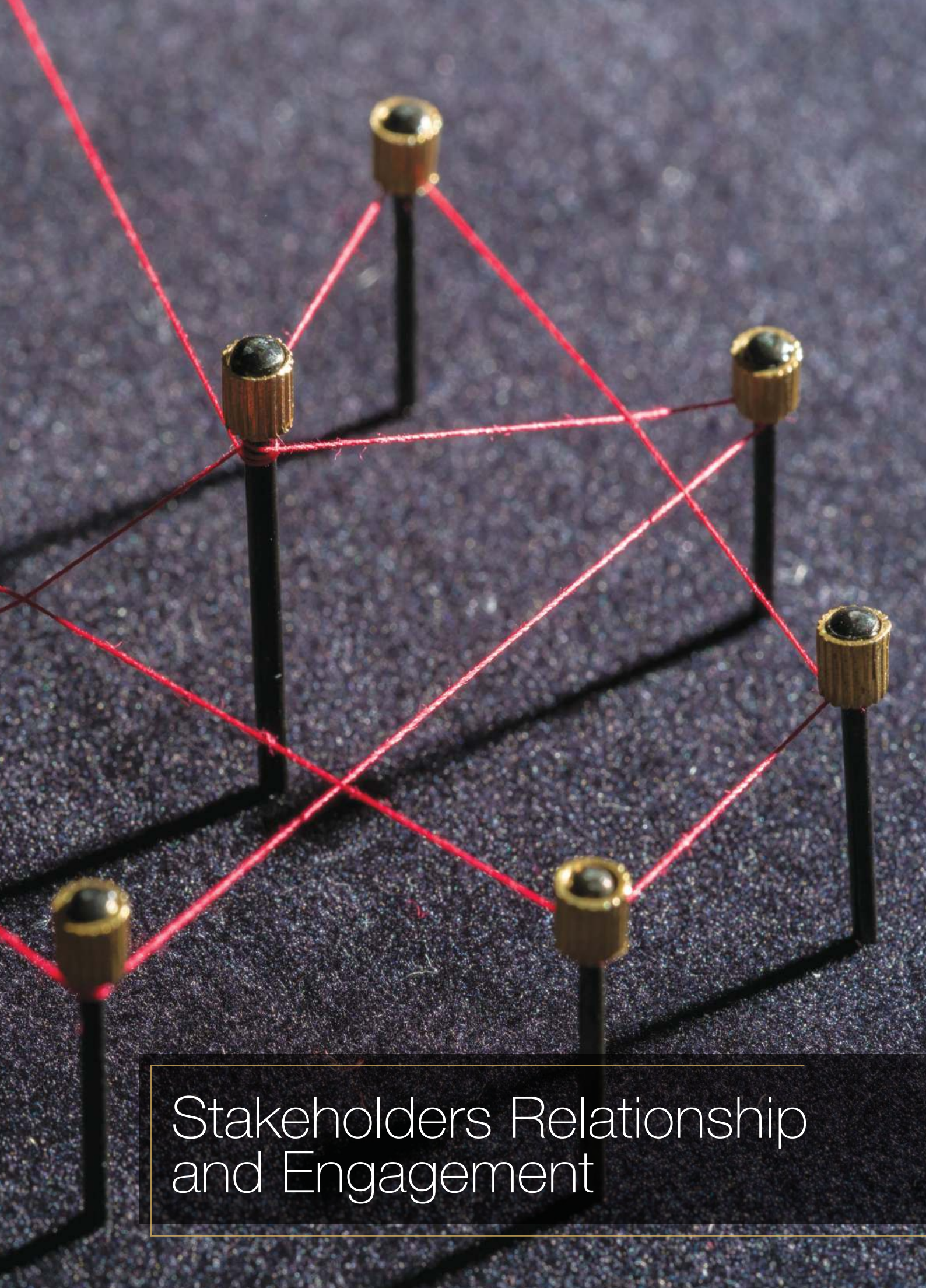
5. The Board and Committee meeting fees will be approved by the shareholders in Annual General Meeting on pre or post facto basis on the recommendation of the Board and Board Human Resources, Renumeration & Compensation Committee. The meeting fee, in any case, shall not exceed the limits prescribed by the Regulators.
6. All traveling / boarding / lodging expenses of the Directors related to Attendance of Board Meeting(s)/ Committee Meetings will be borne by the Bank at actuals. Expenses such as hotel stay etc. incurred due to personal reason or reason other than performance of Bank's duties and business will be borne by the concerned Director.
7. No additional payments or perquisites will be paid to the Non-Executive Directors and Chairman except as mentioned in above clauses.
8. No consultancy or allied work shall be awarded to a Director or to the firm(s), institution(s) or company(ies) etc. in which he/she individually and/or in concert with other Directors of the Bank, holds substantial interest.
9. No remuneration under this policy would be paid to the Executive Directors except travel and boarding costs as per the Bank's standard rules and regulations and relevant laws.



ISLAMIC FINANCE OUR CONSTITUTIONAL RESPONSIBILITY!

Islamic Banks are transforming Quaid's vision into reality, simultaneously playing a crucial role in fulfilling the constitutional responsibility by developing an interest-free financial infrastructure that is in accordance with the teachings of Holy Quran and Sunnah. The Preamble of the 1973 Constitution of Islamic Republic of Pakistan states: **The Muslims shall be enabled to order their lives in the individual and collective spheres in accordance with the teachings and requirements of Islam as set out in the Holy Quran and Sunnah**

Article 38 (f) of the Constitution of Pakistan (1973) clearly states
the State is responsible to eliminate Riba (interest) as early as possible



Stakeholders Relationship and Engagement

HOW WE ENGAGE WITH OUR STAKEHOLDERS

Meezan Bank maintains active engagement with its stakeholders to drive its business. All stakeholder engagement is driven by the Bank's Core Values – Shariah-compliance, Integrity and Service Excellence, to address its business impact and to enhance the value created.

Key Stakeholders	*Modes of Engagement*	*Frequency*	*Key Initiatives*
Customers	Online, phone, social media and postal communication		■ 24.7 million customer awareness SMS sent in 14 different campaigns ■ 160 Islamic banking awareness seminars conducted nationwide, attended by more than 10,000 participants ■ Active interaction and prompt follow-up to queries/feedback received on Bank's official channels including social media ■ Bi-annual customer letters ■ 12 webinars held for customers ■ Launched Islamic Banking awareness video with Sign Language ■ Launched Cyber Security awareness campaigns social media
	Customer satisfaction surveys and feedback		
Shareholders	Financial statements		■ Consistent payment of dividend ■ Conducted 3 investor briefing sessions ■ Conducted 1 corporate briefing session ■ Participated in Tundra Fonder ESG, Terra Nova ESG due diligence questionnaires Global Islamic Bankers' Survey and OICCI CSR report
	Annual General Meeting		
	Media releases		
	Investors & Analyst briefing sessions		
	Responding to multiple queries of institutional investors and ESG analysts		
Regulatory Bodies	Regular engagement for matters impacting business and compliance through face to face, written and telephonic communication		■ Actively participated in the RDA accounts, Roshan Apni Car, Roshan Apna Ghar and other initiatives of the government to help NRP and resident Pakistanis ■ 523 Regulatory & Compliance sessions including: • AML/CFT Training • Outreach Awareness on ML/TF/PF (Money Laundering, Terrorist Financing & Proliferation of Weapons of Mass Destruction) • Information Security and Trade Compliance • Gender Sensitization & Banking on Equality • Actively participated in SBP Banking Services Corporation (SBP-BSC) 'Young Islamic Banking Professionals (Y-IBP) Program' and arranged 'One Day Branch Visits' for SZABIST students and faculty.
	Audit and annual reports		

Value Created

Promote financial inclusion, fair treatment and high customer satisfaction and loyalty.

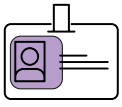
Informative video on Murabaha and how it works in sign language

Value Created

Create shareholder value and build strong corporate governance. Minimize non-compliance resulting in any potential sanctions, penalties and/or reputational loss.

Value Created

Enhance capability to adapt to regulatory compliance and establish strong risk management and control.

Key Stakeholders	*Modes of Engagement*	*Frequency*	*Key Initiatives*
Employees  Value Created: Manage employee relations to create an inclusive and learning environment. Encourage talent attraction and retention.	CEO messages on regular and topical subjects	On need basis	■ Regular cyber security awareness campaigns for staff ■ Employee Share Option Scheme (ESOS) ■ Introduction of 'Iddat leave With Pay' for its divorced or widowed female staff ■ 1,334 internal and external training sessions ■ 75 Induction Training Programs held ■ Train The Trainers (TTT) Program for In-house Shariah Trainers ■ Islamic Banking Refresher Program launched for Senior Executives ■ 5-day Executive Development Program for Retail Banking Group
	Training initiatives	Regularly/Continuous	
	Employee Satisfaction Survey	Regularly/Continuous	
	Offsite strategy sessions & townhall meetings	On need basis	
	Employee benefits including compensation, medical, performance bonus and end of service benefits	Regularly/Continuous	
	Internal newsletter and intranet	Quarterly, Regularly/Continuous	
	Inter-departmental sports and recreational activities	Regularly/Continuous	
Community  Value Created: Support economic, social and sustainable development and green banking while ensuring ethical and Shariah-compliant business practices.	Financial literacy initiatives	Regularly/Continuous	■ Enabled job opportunities for people with special abilities ■ Participated in SBP's National Financial Literacy Program (NFLP) for financial inclusion in Pakistan ■ Launched multiple online campaigns on inculcating early saving habits in childeren ■ Campaign on International Day of Disabled Persons to promote inclusion ■ Launched Dars-e-Quran & Meezan Taleem campaigns for Islamic Finance Education ■ Meezanship Program – for last semester students and recent graduates. ■ ACCA Trainee Program – for deputing ACCA trainees in the Bank
	Hiring individuals with hearing and visual impairments	Regularly/Continuous	
	Sponsoring various fundraising events	On need basis	
	Building the Islamic Financial industry	Regularly/Continuous	
Media  Value Created: Encourage positive brand building, mitigate reputational risks.	Ads through print, electronic, social media and website	Regularly/Continuous	■ Interacted regularly and frequently with the local, regional and international media through PR, articles and interviews of senior management
	Interviews on print and electronic channels	Regularly/Continuous	
	Social media platforms	Regularly/Continuous	
Suppliers  Value Created: Ensure continuous supplier evaluation towards ethical practices & quality management. Encourage accessible whistle-blowing channels.	Regular meetings	Regularly/Continuous	
	Vendor briefings	Regularly/Continuous	
	Purchase agreements	Regularly/Continuous	

Quarterly
Semi-annually
Annually
Regularly/Continuous
On need basis

INVESTOR RELATIONS SECTION ON CORPORATE WEBSITE

Meezan Bank places great emphasis on ensuring two-way, regular engagement with its investors through various channels. The Bank's corporate website is one such channel that is regularly updated with all important business announcements, financial results as well as regulatory information. The Investor Relations section of the Bank's website serves to connect its stakeholders with the Bank as per the applicable regulatory framework.

The Bank's website also includes all latest information regarding the Bank, including its financial highlights, Board of Directors, Management Team, External Auditors, Past and Current Financial Data, Shareholding details, investor relations/grievances, dividend information, investor information as well as such other information and a link to Securities and Exchange Commission of Pakistan's (SECP) Service Desk Management System (SDMS).

Further, in order to facilitate our shareholders, the following information has been prominently displayed on the Bank's corporate website:

- Contact details of our Share Registrar.
- Contact information of the focal person of the Bank for dealing with investors' grievances.
- Designated email address of the Bank for addressing the queries / complaints relating to shares / dividend.
- Various documents, such as Notice of AGM, Proxy Form, Dividend Mandate Form, Transfer Deed, etc. for easy access of the investors

For shareholders, analysts and investors, the Bank also updates contact details for investor relations and Company Secretariat.

The relevant section is available on the Bank's website: https://www.meezanbank.com/investor-relations/

STEPS TO ENCOURAGE MINORITY SHAREHOLDERS' PARTICIPATION IN GENERAL MEETINGS

The Bank ensures that the interest of the minority shareholders is protected. In order to ensure their participation in general meetings, the Bank takes the following measures:

- All notices of the shareholders' meetings are timely announced on Pakistan Stock Exchange (PSX), published in nationwide newspapers.
- All notices of the shareholders' meetings are dispatched at the registered addresses of the shareholders as per regulatory requirement.
- Annual Reports are sent to each member of the Bank before the AGM in hard copy and/or in electronic form.
- Shareholders are facilitated in appointing proxies in case they are unable to attend the AGM in person.
- Shareholders are provided with a detailed overview of the Bank's performance, future outlook in both English and Urdu languages.
- Shareholders are encouraged to comment, raise queries and provide feedback related to the Bank's operations.
- The Bank also ensures compliance to all the regulatory requirements and takes all possible steps to encourage attendance of minority shareholders in their meetings.

Matters Raised in the Last Annual General Meeting (AGM)

No significant issue was raised in the last AGM.

SUMMARY OF CORPORATE AND ANALYST BRIEFINGS

Corporate and Analyst briefings provide the Bank, its shareholders and the investor community with an opportunity to share business updates that are relevant to the shareholders and analysts' coverage areas. As per the requirements of PSX, all listed companies are required to hold at least one Corporate Briefing Session (CBS) for the shareholders and analysts during a financial year. The Bank held one Corporate Briefing Session and one Analyst Briefing session during the year.

The interactive sessions served to apprise the audience of a detailed overview of the Bank's performance, its business environment as well as future prospects and strategy.

The audience was also informed about the Bank's focus on digital transformation and process innovation. The engagement session served to give the right perspective of the Bank's business affairs. To facilitate shareholders and to accommodate regional analysts and fund managers, conference call facilities are provided to ensure full access to all necessary stakeholders. The information and presentations are subsequently uploaded onto the Investor Relations segments on the Bank's website. Apart from Corporate and Analyst Briefing Sessions, the Bank also held Investor Briefing Sessions during the year.

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

Dates:

Investor Briefing Session	March, 2022
Corporate Briefing Session (CBS)	August, 2022
Investor Briefing Session	September, 2022
Investor Briefing Session	October, 2022

BEWARE

Meezan Bank or its Employees
never ask for your



via SMS, Call or Email



خبردار!

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



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





Sustainability & Corporate Social Responsibility

CORPORATE SOCIAL RESPONSIBILITY REPORT

Meezan Bank believes in conducting business in a manner that is ethical and contributes to its stakeholders, environment and society in a positive manner. Meezan Bank's consciousness of its responsibility towards society and stakeholders is also expressed in its Vision and Mission statements. The Bank's focus on CSR includes its participation in charity and donations, social welfare in terms of health and education as well as ensuring transparency in its CSR initiatives.



EDUCATION

The Citizens Foundation (TCF)

The Citizens Foundation (TCF) is one of Pakistan's leading non-profit organizations in the field of education for the less privileged. It was set up in 1995 by a group of citizens concerned with the dismal state of education in the country. Meezan Bank supported TCF by participating in a fundraiser event held at Karachi Golf Club, Karsaz. With these efforts, TCF aimed to raise funds for 48 TCF classrooms in 8 school units.

HEALTHCARE

Indus Hospital & Health Network (IHHN)

The Indus Hospital & Health Network (IHHN) provides quality healthcare absolutely free-of-cost to millions of deserving patients through its countrywide network of hospitals in Pakistan. With an exponential increase in the patient volume over the past few years, the IHHN is further expanding its services and facilities while maintaining its quality standards.

Meezan Bank supported IHHN through participating in its 7th Indus Annual Golf Tournament, 2023 that engaged more than 100 golfers and top CEOs of several organizations. The fundraiser not only helped create awareness about the network and philanthropic activities of IHHN, Karachi, but also helped collect voluntary financial support to expand and continue providing free quality healthcare to all.





Layton Rahmatulla Benevolent Trust (LRBT)

Layton Rahmatulla Benevolent Trust (LRBT) is Pakistan's largest non-governmental organization working to fight blindness in the country. Meezan Bank strongly believes in giving back to the community and donated forty wheelchairs to Layton Rahmatulla Benevolent Trust through Dawood Global Foundation.

Meezan Bank also participated in the 6th Layton Rahmatulla Benevolent Trust Golf Tournament fundraiser event. This event was held to create awareness and raise funds for the free treatment of eye diseases such as cataract, glaucoma, retinal and corneal diseases in Pakistan.



Donation of Rs 35 Million

to Finance Solar Panels System for Indus Hospital & Health Network (IHHN)

Meezan Bank has long understood its responsibility towards the planet, its customers, its communities and the country. The Bank has therefore committed itself to sustainable energy and reducing the carbon footprint of its activities.

During 2022, the Bank donated Rs 35 million to Indus Hospital & Health Network (IHHN) for installation of a solar panels system. The initiative is part of the Bank's Corporate Social Responsibility and Sustainability initiatives and will provide financing to cover part of the 1.2MW solar power project being installed on the hospital's rooftop.



Mr. Ariful Islam – Deputy CEO, Meezan Bank at the cheque handing over ceremony with Dr. Abdul Bari Khan – Founder, Indus Hospital & Health Network.

The system financed by the Bank will generate nearly 250 KW of electricity, reducing approximately 75 tons of Carbon dioxide emissions per annum, which is equivalent to taking over 20 gasoline-powered vehicles off the road for one year.

With this solar panel system installation, IHHN would be able to reduce its rising electricity expenses while channelling those funds towards patients' welfare. The collaboration between both the parties promises a shared sustainable future for the community at large, benefitting healthcare of individuals – thus fulfilling one of the core objectives defined in the Bank's CSR policy.

Environmental & Social Impact

- **A** Reduces environmental footprint
- **B** Promotes safe workplace
- **C** Enables decarbonization
- **D** Ensures sustainable and clean energy transition

250 KW
Electricity Generation

75 tonnes
of CO2 reduced

Carbon footprint reduced equivalent to 20 vehicles for a year

Lady Dufferin Hospital (LDH)

Over the years, Lady Dufferin Hospital (LDH) has been providing high quality, free of charge / highly subsidized health care to a large population of low-income women and children. In an effort to create awareness and raise funds for fighting maternal mortality in Pakistan amongst the marginalized women of society, Meezan Bank supported Lady Dufferin Hospital by contributing towards the Dr. Faridon Setna - 3rd LDH Golf Tournament Fundraiser that took place at Karachi Golf Club, Karsaz.







Karachi Down Syndrome Program (KDSP)

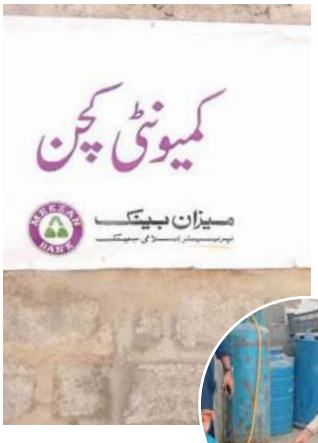
The Karachi Down Syndrome Program (KDSP) is a non-profit organization formed by a group of parents and individuals who, due to limited support and resources available locally, realized a need for a platform for those with Down syndrome. Meezan Bank supported KDSP in its Annual Fundraiser Golf Tournament at Karachi Golf Club.

OTHER INITIATIVES

Supporting the Community

Meezan Bank sponsored The Food Project Trust's (FPT) kitchens in Ghazi Goth, Data Nagar and Northern Bypass, Karachi, providing freshly cooked meals to underprivileged families.

Initiated in 2009, FPT is a voluntary organization which aims to provide wholesome cooked meals to underprivileged families in low-income areas of Karachi. The trust has a total of three kitchens, which are all run by women from the local community with the vegetables and other items for the kitchen sourced from a leading superstore as well as local vendors, helping in providing livelihood to these women and supporting the economy.







Tree Plantation Drives

Meezan Bank conducted tree plantation drives at Garrison Public Library, Multan and at Molana Tariq Jamil Foundation in Tulamba, Punjab. These efforts form part of the Bank's initiatives to restore landscapes and mitigate the impacts of climate change in the country.

MODEL BRANCH INAUGURATION TO FACILITATE PERSONS WITH DISABILITIES (PWDs)





Mr. Riyadh S. A. A. Edrees - Chairman, Meezan Bank inaugurating the first PWD branch at Boat Basin in the presence of Mr. Irfan Siddiqui - Founding President & CEO, Meezan Bank and other Senior Executives.

Meezan Bank inaugurated a model branch designed to facilitate Persons With Disabilities (PWDs) in order to make banking more accessible and to tackle the barriers PWDs can face. Mr. Riyadh S. A. A. Edrees - Chairman, Meezan Bank inaugurated the branch at Boat Basin, Karachi. The branch features special adjustments and includes:

- Ramps and locker areas with wheelchair accessibility
- Reduced height cash counter
- Tactile floor for visually impaired
- Support bars in washrooms
- Dedicated parking space
- Talking ATMs for easy usage by visually impaired

This model will be replicated in other branches, covering all major cities/districts of Pakistan, making banking easier and convenient for PWDs.



International Day of Disabled Persons

To further spread awareness on this important issue, the Bank also observed International Day of Disabled Persons, encouraging a more inclusive Islamic banking space for everyone.



Watch the video on our PWD friendly branch

Facilitating Persons with Disabilities (PWDs):

Numerous training sessions on 'Gender Sensitization and Handling PWD Customers'

Issuance of priority token in multiple branches

Account opening form, deposit slip, remittance form along with Terms & Conditions converted to Braille script and available in numerous branches

Virtual training of 10,000 staff members on treatment of PWD customers

75% of branches equipped with wheelchair ramps for easier access to branches

Blood Donation Drive

Meezan Bank held a Blood Donation Drive at its Head office in collaboration with Indus Hospital & Health Network, where the Bank's employees contributed wholeheartedly to this noble cause. All blood donors were screened for general health and blood group type, reports of which were provided by the hospital management.



Raising Awareness of Social Causes on Social Media

Meezan Bank has regularly been raising awareness about various social causes such as financial literacy, giving back to society, inclusion of disabled persons, etc. on social media. The Bank released a detailed video on its PWD-friendly branches to encourage a more inclusive Islamic banking system in Pakistan. In addition, the Bank created awareness about breast cancer and the ways to reduce the risk of breast cancer and also about the different ways we can conserve energy in order to combat the energy crisis in our country.









Meezan Bank acknowledged by Shaukat Khanum

Meezan Bank was conferred with the Shaukat Khanum Corporate Excellence Award at the Shaukat Khanum Social Responsibility Awards 2021 held in Lahore.

Dr. Faisal Sultan - CEO, Shaukat Khanum Memorial Trust presented the award to Mr. Anwar Ul Haq - General Manager Lahore East Region, Meezan Bank, who received the award on the Bank's behalf. This award is a testament to Meezan Bank's commitment to giving back to the society and contributing to the welfare of the general public.

SUKUK

Since 2020 Pakistan has issued Sukuk, worth more than PKR 2.6 trillion!

This collaborative effort of the Islamic banking industry in Pakistan lead by the Ministry of Finance is reflective of the volume and potential of Islamic Banking. Not only is this a step away from Riba, closer to the constitution of Pakistan and making Quaid-e-Azam's dream a reality but has also resulted in significant cost savings for the Government.

DID YOU KNOW?



FLOODS 2022
RELIEF ACTIVITIES AND INITIATIVES

Pakistan is going through a difficult time as devastating floods have affected the lives of millions of people across the country. Meezan Bank stands with the flood-affected people during these trying times.

Ration Distribution Drive in Flood-Affected Areas
As a part of its ongoing relief efforts, the Bank and its employees across Pakistan initiated a ration distribution drive to help the flood-affectees.

Collaboration with Akhuwat Foundation
Meezan Bank, besides providing donation for ration, also helped Akhuwat Foundation in its donations appeal through various mediums including its social media pages and alternate distribution channels such as internet banking and Mobile App. The Bank's staff members accompanied the Akhuwat team during their donation drive in various parts of the country.

Areas Covered
Balochistan
Sibbi, Bagbana Khuzdar, Village Dosa & Mithri, Naseerabad division, Tando Adam

Areas Covered
Sindh
Umer Kot, Badin, Nawabshah, Hyderabad, Latifabad & Mirpurkhas





Donations to Organizations
The Bank made donations from its charity fund to organizations that are ceaselessly working to help the flood-affected people; including Alamgir Welfare Trust International, Baitussalam Welfare Trust and Saylani Welfare International Trust.



SUSTAINABILITY REPORT

For twenty-five years, Meezan Bank has centered its core business model on enabling access to Islamic and ethical banking to promote inclusive growth through fair distribution of wealth, social justice and equitable risk sharing. Sustainable finance fits naturally with the Bank's ethos. Every day, we edge a step closer to our Vision by fulfilling our financial and social responsibilities and strive to live up to our societal duties to foster sustainable businesses that are aligned with the Islamic principle of 'Ihsan'.

As the country's leading Islamic bank and one of the largest banks in the country, Meezan is contributing to the implementation of United Nations Sustainable Development Goals (UN SDGs) by integrating ESG matters into its decision-making through multiple business activities as well as stakeholder engagement:



Stakeholder Engagement

Meezan Bank's stakeholders are the people and organizations that affect or are affected by its operations. The Bank's commitment to its stakeholders is central to its sustainability strategy and reflects the values that allow it to create shared success with its clients, communities and other stakeholders.

Meezan Bank's personality embodies how all Meezan professionals think, operate and make decisions. These behaviours define how the Bank does its business and interacts with its stakeholders.

Meezan Bank's Personality

- Sober & Truthful
- Committed to excellence
- Empathetic
- Professional
- Extremely loyal
- Dependable friend
- Trustworthy business partner
- Committed to the cause of Islamic banking

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

Our Focus on Sustainable Finance

Climate Action

Meezan Bank is committed to driving growth for green banking initiatives and is therefore continuously exploring opportunities to support and finance environment friendly projects.

Amount disbursed in Solar Financing
Rs 1.68 billion
to SMEs

Amount disbursed in Green Financing
Rs 1.7 billion
to SMEs

43
Renewable Energy Financing Projects

Islamic Finance Facility for Renewable Energy (IFRE)

Meezan Bank is amongst the most active banks in supporting the State Bank of Pakistan's Islamic Finance Facility for Renewable Energy (IFRE) scheme.

- The Bank has a comprehensive 'Green Banking Policy' in line with the guidelines of the State Bank of Pakistan duly approved by the Bank's Board of Directors.
- The Board of Directors has also implemented a policy framework that delineates broader guidelines to the Management for ensuring that adequate controls are maintained and risk is managed within acceptable limits.

Meezan Bank secured and closed the maximum number of renewable energy mandates amongst all local banks amounting to USD 272 million. These mandates have reduced the financing cost of the projects and thus benefit the end consumer in the form of reduced tariff.

Meezan's Commitment to Wind and Solar Power Projects Financing
Rs 15 billion
200+ MW
Combined Capacity

Highlights of Wind and Solar Projects

NASDA Green Energy Limited I Mandated Lead Advisor & Arranger, Intercreditor Agent, Project Monitoring Bank, Shariah Structuring Bank, Onshore Trustee and Accounts Bank	Rs 4,601 million
Gul Ahmed Electric Limited I Mandated Lead Advisor & Arranger, Musharakah Agent	Rs 4,500 million
Din Energy Limited I Mandated Lead Advisor & Arranger, Project Monitoring Bank, Musharakah Agent, Shariah Structuring Advisor and Accounts Bank	Rs 2,250 million
Artistic Wind Power Private Limited I Mandated Lead Advisor & Arranger, Project Monitoring Bank, Musharakah Agent and Shariah Structuring Advisor	Rs 2,250 million
Cherat Cement Company Limited I Mandated Lead Advisor & Arranger, Investment Agent	Rs 1,400 million
Burj Solar Energy Private Limited I Mandated Lead Advisor & Arranger, Investment Agent	Rs 203 million
Cherat Packaging I Mandated Lead Advisor & Arranger, Investment Agent	Rs 120 million
Total	Rs 15,324 million

Significance of Renewable Energy Projects

- The projects are a step towards changing the energy mix of the country which is currently tilted significantly towards thermal sources of energy.
- The projects will further contribute to production of cleaner and cheaper power resulting in reduction in reliance on expensive imported fossil fuels and emission reductions and at the same time meet the country's increasing demand for electricity.
- Power generated by these projects are expected to be at the lowest cost as compared to any other power project in the country to date.

Commissioned Projects

It is pertinent to mention that the perspective projects are now commissioned and are expected to generate over 600 gigawatt hours of electricity per annum.

Projects in Pipeline

Meezan Bank has also been mandated with additional deals pertaining to the utilisation of SBP subsidised development schemes. These include:

M/s. Prism Energy (Pvt.) Ltd

M/s. Prism Energy (Pvt.) Ltd intends to develop, construct and operate multiple distributed solar (rooftop and ground-mounted) sub-projects of different capacities on residential, commercial and industrial sites across Pakistan over the next 24 months under Category III of IFRE scheme.

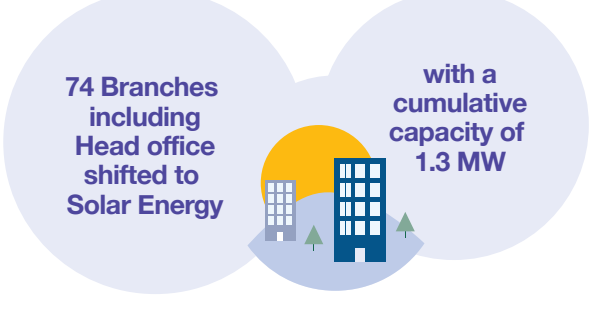
United States Agency for International Development (USAID) Development Credit Authority (DCA) Guarantee Program for Clean Energy

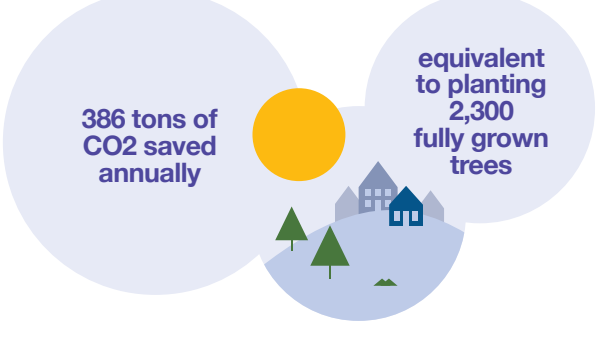
Meezan Bank along with other players has partnered with The United States Agency for International Development (USAID) Development Credit Authority (DCA) Guarantee Program for specific financing extended by these banks for clean energy value chain. In Pakistan, the DCA program supports smaller scale clean energy projects and companies in the clean energy value chain. The DCA Guarantee is for clean energy projects and therefore encourages environment friendly and sustainable green projects which will help reduce the present energy shortfall in the country.

Meezan Bank's guarantee limit under this program is USD 5,000,000 which may cover 25% to 50% of any clean energy financing exposure under the DCA program.

Green Energy Initiatives

The Bank's main energy sources include electricity, fuel and solar power. In an effort to reduce dependence on fuel-based energy sources, the Bank is gradually shifting a portion of its branches to solar power. In line with SBP Green Banking Guidelines, the Bank has designed a Green Sustainability Drive.



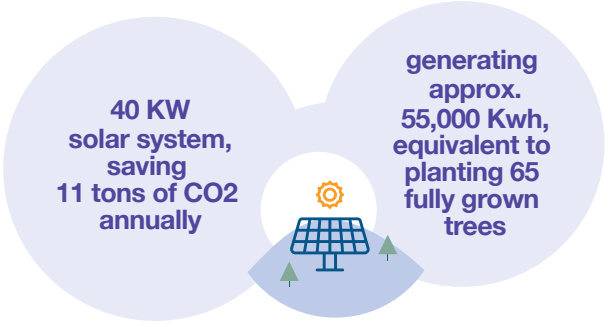


Donation of Solar Power Systems

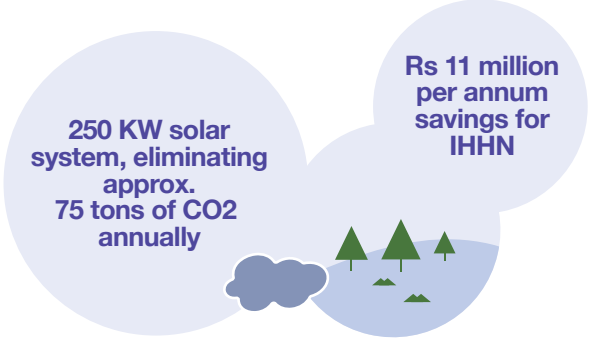
40 KW Solar Power System Donated to Citizens-Police Liaison Committee (CPLC)



Mr. Irfan Siddiqui - President & CEO, Meezan Bank with Mr. M. Zubair Habib - Chief CPLC Sindh.



250 KW Solar System Donated to Indus Hospital & Health Network (IHHN)





Mr. Ariful Islam - Deputy CEO, Meezan Bank with Dr. Abdul Bari - Founder, IHHN

Our Focus on Responsible Development

Meezan Bank's environmental commitment to build and operate sustainable properties also applies to its development project. The Bank has therefore incorporated Green Building design at its new regional office building being constructed in Islamabad and is getting LEEDS certifications (Gold category review submitted) for it. An overview of the main initiatives is as follows:



- Curtain wall glass is of 1.2 UV rating for better sunlight utilization and less energy losses (heat inflows/cooling out flows), saving approx. 30% in HVAC power consumption
- LEED compliant faucets and sanitary fixtures, in terms of water flow control/usage
- Energy efficient lighting
- Incorporation of energy recovery wheel
- State-of-the-art energy efficient HVAC system & equipment
- Noise pollution target level below 75 dB

Safe & Affordable Housing

Meezan Bank played an active role in the Government of Pakistan's program for low-cost housing construction in the country. The Scheme aimed to boost the construction sector by offering affordable housing for low-income households.



The Bank has financed 1,393 housing units worth more than Rs 6.6 billion in Mera Pakistan Mera Ghar as of Dec 31, 2022.

Facilitating Persons With Disabilities (PWDs)

To facilitate Persons With Disabilities (PWDs), Meezan Bank has introduced its first PWD model branch at Boat Basin, Karachi. The Bank is also facilitating PWDs through the following:



- Conversion of Account Opening Form, Deposit Slip, Remittance Form along with T&Cs to Braille script
- Issuance of priority token at numerous branches
- 75% of branches are equipped with wheelchair ramps, making it easier for PWDs to access branches
- Conducted training sessions on 'Gender Sensitization and Handling PWD customers'
- Over 10,000 staff trained on this topic via the Bank's Learning Management System

Employment of Special Persons

Meezan Bank provides merit-based opportunities to special persons who face challenges such as lack of speech, visual impairment, inadequate or no hearing and physical deformity; providing them with livelihood and self-reliance opportunities.

Standardization of Office Space

As the Bank goes from strength to strength, it is making efforts to standardize the configuration and optimize the workplace across its network. As an example of modified office space and to further help reduce the building's Carbon footprint, workstations at the Head Office have been standardized according to three variations. The Bank has also shifted from a triangular based set-up to a straight-line design that has helped in the following:

- Optimized space usage
- Helped increase staff seating capacity by 30% - 40% within the same space
- Reduced usage of valuable materials such as wood, electric wiring/copper in wires
- Eliminated additional construction costs

As the Bank continues to implement better controls on paper usage, it is also reducing space wastage by enabling paperless environment, thus no longer needing the extra storage for files and paper records.

Our Focus on Clean Water and Sanitation

Water Conservation at Head Office

Meezan Bank acknowledges the importance of water conservation and is taking steps to ensure sustainable consumption and production patterns, to minimize its impact on the natural environment and resources.

- Ablution water from the masjid is reused for watering plants
- Water TDS monitoring & chlorination



Water Conservation at Meezan Tower

With the new Meezan Tower currently under construction in the country's capital city, the Bank has made use of harvesting tanks to augment the fresh water resources and to harvest rainwater.

- 30,000 gallons specific tank for rain water harvesting
- 45,000 gallons at UGWT and 15,000 gallons of water reserved at OHWT to meet water demand during fire events
- 85,000 gallons of water conserved
- Addition of chlorine to purify water for usage as grey water



Water Infrastructure Projects

With respect to development of water and infrastructure projects, Meezan Bank has been playing a pivotal role in terms of financing of these projects. In this regards, the Bank has been engaged with various water infrastructure developers in order to streamline the water related issues currently being faced by the country.

E-waste

The Bank is responsibly recycling/disposing and selling obsolete IT equipment for reuse in an effort to reduce its environmental impact. A major component of the Bank's e-waste includes desktops, laptops and screens.

With the extended life plan, the Bank has introduced a buy-back option for employees for further personal use of laptops.

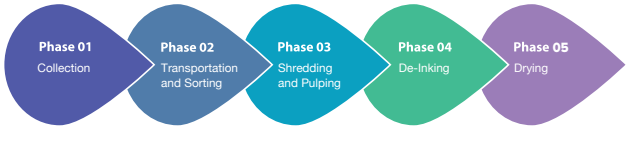


Approx. 38% PCs, laptops and screens are re-used

Paper Recycling

The Bank has in place a stringent paper recycling and discarding policy to ensure privacy and information security of its operations as well as customers information.

Paper Recycling & Disposal Mechanism





33,195 kgs paper recycled

The Bank is working to ensure proper implementation of Green Sustainability drive in every region of Its network, focusing on the following areas:

- Issuance of Energy Conservation Guidelines and targets
- Guidelines to switch-off electricity in case of non-usage
- Employee capacity-building workshops and trainings on Occupational Health, Emergency Response, Employee Coaching & Environmental Compliance, Fire Drills and how to be a safety warden
- Installation of auto fire extinguishers
- Energy efficient building designs for new buildings
- Re-designed energy-saving branch signage
- Maintaining a large plantation section at the Head Office that utilizes recycled ablution water from the in-house mosque
- Implementation of electronic process flows, eco-printing campaign, tracking system for photocopied documents and e-statements
- Deployment of energy efficient ATMs

Our Focus on Managing Customer Relations

Digital Leadership

Meezan Bank is leveraging the latest technologies to strategically expand its reach, bring in newer product innovations, digitize its customers journeys and offer newer and simpler payment solutions. Today, the Bank enjoys digital leadership in multiple areas.

Launch of First-ever Digital Hajj Portal

During 2022, the Bank launched the first-ever Hajj Portal that allowed digital collection of Govt. Hajj applications and all types of payment integration (i.e. Internet Banking, ATM, Mobile App, 1Link & branch counter).

- Highest-Rated Mobile App on Google Playstore & Apple App Store
- Highest Debit Card Spend in the Industry
- Largest E-commerce Share in the Industry
- Highest No. of Transactions passing through 1Link Grid in Industry
- Largest Processor of Bill Payments by Value on 1Link
- Highest receivers of IBFT in Pakistan
- Highest No. of Fintech Partnerships in Pakistan
- Fastest Geographic Penetration in Acquiring Business
- Most Popular Choice of ATMs for other banks' cards

Our Focus on Financial Literacy & Islamic Banking Awareness

The Bank continued its efforts towards conducting Islamic finance education programmes through public events, webinars, social media as well as SMS campaigns. The content of these campaigns is carefully designed by Islamic finance experts to help individuals understand various concepts of Islamic finance and dispel misunderstandings about this field.

Islamic Banking Awareness Seminars
160

No. of Participants
10,000+

Publications by Employees

The Bank fosters a culture of learning and continuous development which is evident from the various papers and articles published by its employees some of which are mentioned here. Over the years, the Bank's employees have played a significant role in developing the Islamic finance industry.



Financial Inclusion: A dream not so distant
Syed Hasan Faraz
Banking Review – 2015

Economy, Welfare, and Reforms in Pakistan Essays in Honour of Dr Ishrat Husain
Chapter 12 - Islamic Banking and Finance in Pakistan
Ahmed Ali siddiqui

(From L to R)

The rise of Sukuk
Ahmed Ali Siddiqui
Dawn, The Business and Finance Weekly 2022

Soodi Nizaam ka Khaatma
Muhammad Raza
Dunya News, 2022

The need for a Shariah-compliant counter at PSX
Ahmed Ali Siddiqui
Dawn, The Business and Finance Weekly 2022

Centers for Excellence in Islamic Finance

Through its strategic initiatives; Centers for Excellence in Islamic Finance at Lahore University of Management Sciences (LUMS), Institute of Business Administration (IBA) and IM Sciences (Peshawar), the Bank is making a substantial contribution in increasing the relevant skills for employment and entrepreneurship of youth in the country.

Young Islamic Banking Professionals (Y-IBP) Program

To address the shortage of qualified Islamic finance professionals, the SBP Banking Services Corporation (BSC) has launched 'Young Islamic Banking Professionals (Y-IBP) Program' under which students of different universities are provided with Islamic finance education. As a first step, Meezan Bank and SBP visited Shaheed Zulfikar Ali Bhutto Institute of Science and Technology (SZABIST) to offer them internship opportunities.

The Bank also arranged 'One Day Branch Visits' for the students and faculty members to help them understand the different operations of Islamic banking.

Meezanship Program

In 2022, the Bank initiated a structured internship program titled 'Meezanship Program', which offers last semester students and recent graduates with an internship program of three to six months, leading to performance-based employment opportunity.

Meezanship Program is designed to allow qualified and motivated students with diverse backgrounds exposure to the Bank's projects and corporate functions. The main goal is to allow potential candidates to improve their analytical and technical skills in a professional environment under the supervision of field experts.

ACCA Trainee Program

Meezan Bank established 'ACCA Trainee Program' in 2006 to hire ACCA trainees who wish to grow in the field of Finance and Accounting. This year, the Bank relaunched this program in view of market needs and inducted 49 trainees to develop a pipeline of potentially qualified ACCA individuals to be hired as regular employees of the Bank.



Our Focus on Our Employees

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

Staff Benefits

The Bank provides multiple benefits to its employees including medical assistance, hospitalization coverage, vehicle maintenance and travel allowance, among others. The Bank has also instituted outpatient, hospitalization and maternity benefit plans (including pre and post hospitalization expenses) for its employees by providing coverage for these eventualities.

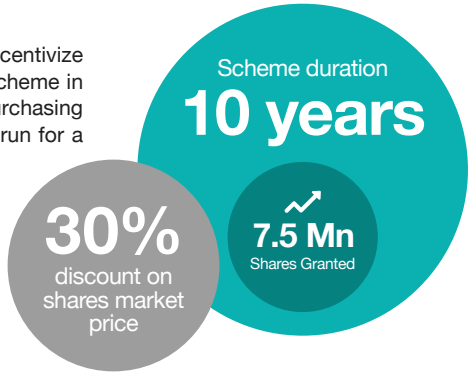
2022 Human Capital Management Highlights:

- Cafeteria at Subsidized Cost
- Free Daycare Facility for Working Parents
- State-of-the-art Gym
- Staff Relocation Allowance to encourage deployment in rural & unbanked areas
- Ex-Gratia Inflationary Bonus for approx. 12,500 employees
- Ex-Gratia 25-Year Anniversary Bonus
- Additional Performance Bonus for eligible employees
- Introduction of Iddat Leaves with Pay

Employee Share Option Scheme (ESOS)

To recognize the contribution of staff members towards the Bank's success and to incentivize retention of talented team members, the Bank introduced Employee Share Option Scheme in 2021, pursuant to which employees meeting certain criteria are given the option of purchasing shares of the Bank at a 30% discount to market price. This Scheme is designed to run for a period of 10 years.

Approximately 7,500,000 shares were granted to staff during 2022 under this scheme.



Helping in the moments that matter

Stepping up to provide help and support in times of need is the sign of a true friend. To help its employees cope with situations where they need financial support, Meezan Bank had launched its Employee Benevolent Fund Trust (EBFT) program in November 2012. EBFT is a joint employee and company-funded program that allows employees to seek financial support for themselves and for their families during difficult times.

Employee Benevolent Fund Trust
The Bank provides financial assistance to its employees and their families for medical, marriage and education related expenses on need and merit basis;

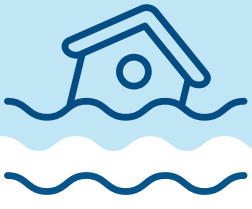
Medical Exigencies:
- 100% Grant given for hospitalization cases of staff (as well as immediate family)
- 90% Grant & 10% Qarz given for hospitalization cases for parents' medical cases

Financial Support to the Family of Deceased Staff:
- Rs.50,000/- for funeral of deceased staff
- Between Rs. 30,000 to Rs. 100,000 per month for five years to support the family of deceased staff

Education:
- 100% Qarz given for Self-education.
- 100% Qarz given Children's Professional Education

Marriage:
- Rs.300,000/- provided as 100% Qarz for self, daughter & sister marriage

Flood Relief via EBFT
This year many employees have endured impacts of the devastating flood that hit the country. Meezan Bank took steps to ensure safety and provide financial support to those team members who had been effected by the floods.



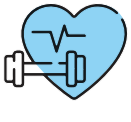
Employee Fitness

During 2022, the Bank launched a holistic incentive-based fitness drive that promoted employee well-being. The program supported employees through general health and stress-management guidance to help them create and achieve personalized goals. Incentives were built into the program to help them with weight management, while also providing consistent coaching on health. Employees who chose to participate in the program were asked to complete a health assessment to help them understand their current health and potential risks. With manageable goals, employees then competed organization-wide in the program that also offered financial incentives.

Meezan Fitness Drive

2022 Meezan Fitness Drive Highlights:


Physical Exam


Lifestyle Coaching


Achieve Goals


Receive Incentives

650 kgs lost overall by **160** employees

Preparing a Workforce for the Future

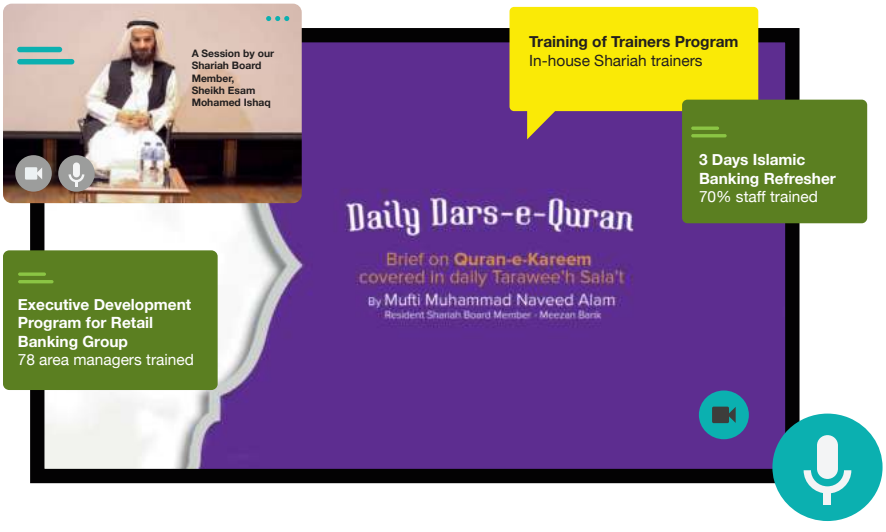
Meezan Bank realizes that its success is dependent on its people. It is therefore investing in its employees to help foster a culture of innovation and personal development. The Bank offers an extensive range of training opportunities to employees for their professional development.

1,334 training programs

1,384 training days & 37,537 learners days

34,440 staff trained (12,377 unique staff)

31 Sessions on banking and equality (awareness of gender sensitization and persons with disabilities).



Complaint Management
The Bank continues to strive towards working with stakeholders not only to expedite the resolution, but also to identify and address underlying causes because of which customer dissatisfaction emanates.
In order to achieve these objectives, dedicated units are in place to resolve customer complaints, disputes and allegations of fraud. The Bank also has Customer Grievance Handling Policy in place and is fully committed towards complying with regulations of the SBP related to customer grievance handling.

Total Complaints Directly Received: 350,343
Average TAT: 7.8 days

Business Ethics & Anti-Corruption Measures
Meezan Bank has a comprehensive Code of Conduct and Standard of Ethics that form part of its Human Resource Policy. The Code of Conduct applies to all employees, from Senior Management to front-line staff across all verticals of the Bank. In addition to Disciplinary Action Committee for branch banking and head office and Disciplinary Action Review Committee, the Bank has also established an Anti-Harassment Committee that deals with instances of sexual harassment reported either verbally or in writing.

Our Focus on Compliance & Fair Banking

Shariah Audit & Compliance Check

As the country's leading Islamic bank, Meezan takes pride in adopting ethical screening and assessment in its operations. A stringent Shariah-compliance check and Audit ensures that the Bank's activities are as per Islamic principles. Meezan Bank is also playing its part in helping its employees understand the growing scope of regulatory compliance and maintaining robust and sustainable operations.

523
Regulatory & Compliance Training Sessions

9,720
Employees trained

Our Focus on Supporting Our Communities

Financial Inclusion through Farmers Literacy Program - Kissan Baithak

Kissan Baithak aims to develop collaboration between farmers and Meezan Bank. Through Kissan Baithak, the Bank is enhancing its outreach and building capacity of rural households in non-financial areas by sharing information from qualified agriculture graduates serving as Agriculture Finance Officers (AFOs). Numerous sessions of Farmer's Literacy Program for Islamic financial solutions were organised in the rural villages of Bahawalpur, Naseerabad, Badin, Hyderabad, Sahiwal, Sadiqabad, Depalpur, Okara, Yazman, Shorkot, Kunri, Layyah, Kasur, Chistiyan, Multan, Rahimyar Khan and D.I. Khan that aimed to:

- Provide advisory services on better agriculture farm management both in crop & non-crop sectors
- Share information on innovation in agriculture
- Resolve farmers' queries about Islamic banking





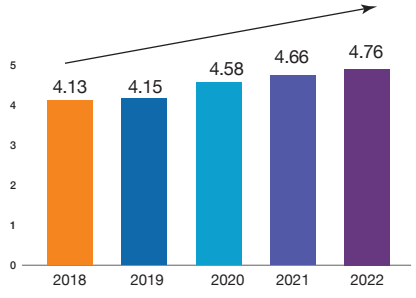
Our Focus on Diversity & Inclusion

Board's Policy on Diversity

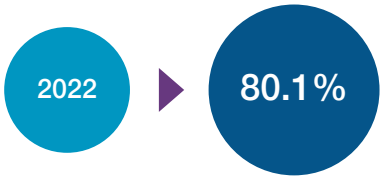
As an equal opportunity employer, Meezan Bank understands the importance of diversity at work place. With diversity high on its agenda, there has been an increase of 27% in female population compared to last year. The Board Human Resources, Remuneration and Compensation Committee (BHRR&CC) and Board of Directors have also approved a policy named Banking on Equality, which caters financial inclusion with respect to female customers and gender diversity at workplace.

Female Employees
approx.
27%

Employees' Average Years of Services

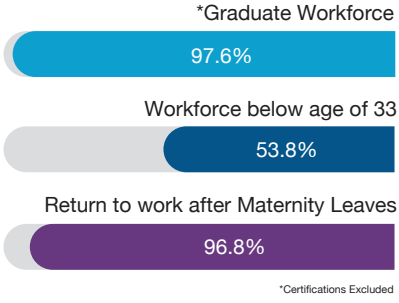


Ratio of Annual Paid Leave Taken



Ratio of Annual Paid Leaves Taken = (Total staff who have availed the Leaves / Total staff who are eligible for annual leave as of the year)

Human Capital



*Certifications Excluded

Asian Development Bank (ADB) Women's Finance Exchange (WFX) Program

The Women's Finance Exchange (WFX) is a new ADB initiative to support financial institutions and their women borrowers through innovative tech-enabled solutions, digital support and capacity building. During 2022, the Bank remained involved in ADB WFX in an effort to increase access to finance for women entrepreneurs including digitalization and green finance goals.

Our Focus on Employee & Customer Safety

TARGET 8.4
IMPROVE RESOURCE EFFICIENCY IN CONSUMPTION AND PRODUCTION

Data Protection and Cyber Security

The Bank remains committed to the safety of its customers, employees and other stakeholders. Some of our practices in this respect include:



- A Robust Information Security Policy
- Regular Awareness Campaigns for Employees & Customers
- Regular Testing & Assessments to Identify System Vulnerabilities

24.7 million
Customer Awareness SMS sent through
14 Campaigns

TARGET 8.8
PROTECT LABOUR RIGHTS AND PROMOTE SAFE WORKING ENVIRONMENTS

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

Employees

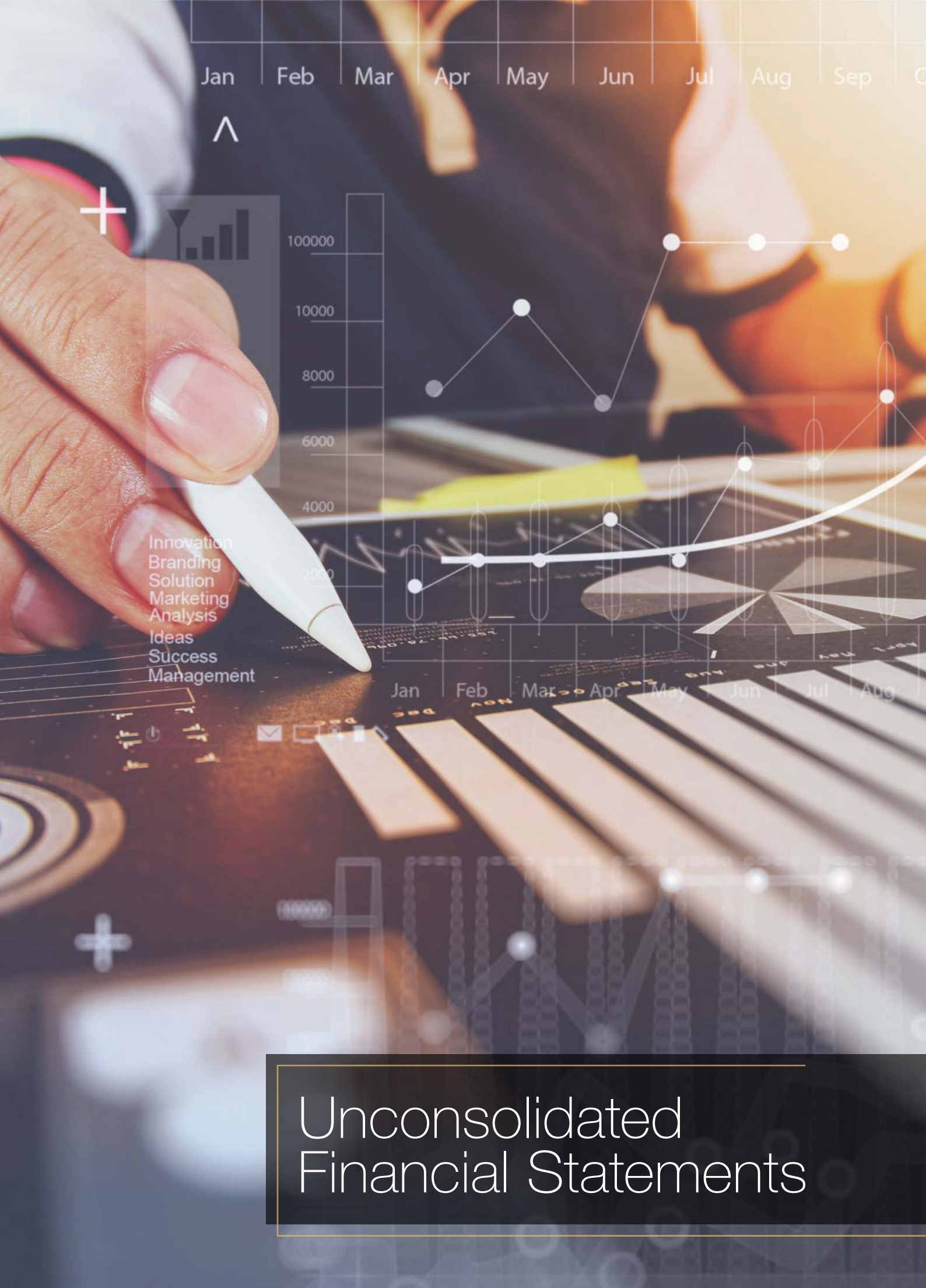
- Medical and Life Takaful coverage
- Shuttle transportation with security at subsidized cost for travelling to and from Meezan House (Head Office)
- High-tech security systems and security guards are deployed at the Bank's premises
- Well-designed fire-fighting system, with availability of trained fire fighters at the location
- Regular fire training and evacuation drills to help employees become aware of the safety steps in case of an emergency
- Provision of a trained and assigned team to provide assistance to staff in the case of a fire or natural calamity

Customers

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

- Strong compliance of regulations for the security of Internet Banking.
- First bank to introduce EMV CHIP and PIN security on its debit cards which is complemented with no-fallback mechanism.
- Implementation of various checks to detect frauds against Internet Banking and Mobile App.
- Blocking and unblocking of debit cards via Mobile App and Internet Banking.
- Setup of 24/7 monitoring team to detect and respond to any fraud attempts through Meezan Bank's digital banking channels.





Unconsolidated Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the members of Meezan Bank Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Meezan Bank Limited (the Bank), which comprise the unconsolidated statement of financial position as at December 31, 2022, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 35 branches which have been audited by us and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2022 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	**Provision against Islamic financing and related assets** (Refer notes 6.3.2 and 11.12 to the unconsolidated financial statements)	
	The Bank makes provision against Islamic financing and related assets on a time-based criteria that involves ensuring that all non-performing Islamic financing and related assets are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP). In addition to the above time-based criteria, the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of Islamic financing and related assets. The PRs also require the creation of general provision for certain categories of Islamic financing and related assets. The Bank has recognised a net provision against Islamic financing and related assets amounting to Rs. 3,249.734 million in the unconsolidated profit and loss account in the current year. As at December 31, 2022, the Bank holds a provision of Rs 22,593.403 million against Islamic financing and related assets. The determination of provision against Islamic financing and related assets based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements / estimations and the materiality of Islamic financing and related assets relative to the overall unconsolidated financial statements of the Bank, we considered the area of provision against Islamic financing and related assets as a key audit matter.	Our audit procedures to verify provision against Islamic financing and related assets included, amongst others, the following: We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing Islamic financing and related assets. The testing of controls included testing of: ▪ controls over correct classification of non-performing Islamic financing and related assets on time-based criteria; ▪ controls over monitoring of Islamic financing and related assets with higher risk of default and correct classification of non-performing Islamic financing and related assets on subjective criteria; ▪ controls over accurate computation and recording of provisions; and ▪ controls over the governance and approval process related to provisions, including continuous reassessment by the management. We selected a sample of Islamic financing accounts and performed the following substantive procedures: ▪ checked repayments of Islamic financing / profit instalments, tested classification of non-performing Islamic financing and related assets based on the number of days overdue; and ▪ evaluated the management's assessment for classification of a customer's financing facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and thorough discussions with the management. We checked the accuracy of specific provision made against non-performing Islamic financing and related assets and of general provision by recomputing the amount of provision as per the requirements of PRs.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

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

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:

   a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;

   b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

   c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and

   d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total Islamic financing and related assets of the Bank.

Other Matter

The unconsolidated financial statements of the Bank as at and for the year ended December 31, 2021 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion on those statements vide their report dated February 28, 2022.

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar**.

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: February 28, 2023
UDIN: AR202210068HZ85OpkSF

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

	Note	2022	2021
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	7	117,743,106	170,500,698
Balances with other banks	8	13,676,159	16,420,036
Due from financial institutions	9	34,964,299	238,401,637
Investments	10	1,283,210,287	620,132,043
Islamic financing and related assets	11	995,508,354	758,086,120
Fixed assets	12	40,426,520	33,957,947
Intangible assets	13	1,843,984	1,495,810
Deferred tax asset	14	4,646,002	175,555
Other assets	15	85,378,800	63,801,554
		2,577,397,511	1,902,971,400
LIABILITIES			
Bills payable	16	40,175,122	36,141,378
Due to financial institutions	17	573,326,439	220,414,234
Deposits and other accounts	18	1,658,490,118	1,455,886,468
Sub-ordinated sukuk	19	20,990,000	20,990,000
Deferred tax liabilities		-	-
Other liabilities	20	169,095,139	82,981,545
		2,462,076,818	1,816,413,625
NET ASSETS		115,320,693	86,557,775
REPRESENTED BY			
Share capital	21	17,896,243	16,269,312
Reserves	22	28,187,821	23,393,198
(Deficit) / surplus on revaluation of assets - net of tax	23	(663,671)	4,063,610
Unappropriated profit		69,900,300	42,831,655
		115,320,693	86,557,775
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 51 and Annexure I form an integral part of these unconsolidated financial statements.

Riyadh S. A. A. Edrees	**Irfan Siddiqui**	**Faisal A. A. A. Al-Nassar**	**Mohammad Abdul Aleem**	**Syed Imran Ali Shah**
Chairman	President & CEO	Director	Director	Chief Financial Officer

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2022

	Note	2022	2021
		Rupees in '000	
Profit / return earned on Islamic financing and related assets, investments and placements	25	232,121,232	110,072,547
Profit / return on deposits and other dues expensed	26	110,417,606	41,151,438
Net profit / return		121,703,626	68,921,109
OTHER INCOME			
Fee and Commission Income	27	13,316,054	9,352,808
Dividend income		987,533	1,192,467
Foreign Exchange Income		3,617,274	3,158,131
(Loss) / gain on securities	28	(55,075)	348,884
Other income	29	1,237,402	839,510
Total other income		19,103,188	14,891,800
Total income		140,806,814	83,812,909
OTHER EXPENSES			
Operating expenses	30	46,239,831	34,356,293
Workers Welfare Fund	20.9	1,910,344	939,869
Other charges	31	95,150	28,172
Total other expenses		48,245,325	35,324,334
Profit before provisions		92,561,489	48,488,575
Provisions and write offs - net	32	4,176,661	992,830
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		88,384,828	47,495,745
Taxation	33	43,378,218	19,140,588
PROFIT AFTER TAXATION		45,006,610	28,355,157
		Rupees	Restated
Basic earnings per share	34	25.15	15.84
Diluted earnings per share	34	25.14	15.84

The annexed notes 1 to 51 and Annexure I form an integral part of these unconsolidated financial statements.

Riyadh S. A. A. Edrees Chairman	**Irfan Siddiqui** President & CEO	**Faisal A. A. A. Al-Nassar** Director	**Mohammad Abdul Aleem** Director	**Syed Imran Ali Shah** Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2022

	Note	2022	2021
		Rupees in '000	
Profit after taxation for the year		45,006,610	28,355,157
Other comprehensive income			
Items that may be reclassified to profit and loss account in subsequent periods:			
Movement in deficit on revaluation of investments - net of tax	23	(4,706,426)	(1,502,274)
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurement loss on defined benefit obligations - net of tax	37.6.2	(96,555)	(73,503)
Movement in (deficit) / surplus on revaluation of non - banking assets - net of tax	23	(20,768)	3,685
Total comprehensive income for the year		40,182,861	26,783,065

The annexed notes 1 to 51 and Annexure I form an integral part of these unconsolidated financial statements.

Riyadh S. A. A. Edrees	**Irfan Siddiqui**	**Faisal A. A. A. Al-Nassar**	**Mohammad Abdul Aleem**	**Syed Imran Ali Shah**
Chairman	President & CEO	Director	Director	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2022

	Share capital	Capital reserves: Share premium	Capital reserves: Statutory reserve*	Capital reserves: Non - Distributable Capital Reserve - Gain on Bargain Purchase	Capital reserves: Employee share option compensation reserve	Revenue reserves: General reserve	(Deficit) / surplus on revaluation of: Investments	(Deficit) / surplus on revaluation of: Non-banking Assets	Unappropriated profit	Total
	Rupees in '000									
Balance as at January 01, 2021	14,147,228	2,406,571	14,833,341	3,117,547	-	66,766	5,542,351	19,941	29,021,521	69,155,266
Profit after taxation for the year	-	-	-	-	-	-	-	-	28,355,157	28,355,157
Other Comprehensive (loss) / income for the year - net of tax	-	-	-	-	-	-	(1,502,274)	3,685	(73,503)	(1,572,092)
	-	-	-	-	-	-	(1,502,274)	3,685	28,281,654	26,783,065
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(93)	93	-
Recognition of share based compensation (Note 39)	-	-	-	-	133,457	-	-	-	-	133,457
Other appropriations										
Transfer to statutory reserve*	-	-	2,835,516	-	-	-	-	-	(2,835,516)	-
Transactions with owners recognised directly in equity										
Issue of bonus shares @ 15%	2,122,084	-	-	-	-	-	-	-	(2,122,084)	-
Final cash dividend for the year 2020 @ Rs 2 per share	-	-	-	-	-	-	-	-	(2,829,446)	(2,829,446)
First interim cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	-	-	(2,122,085)	(2,122,085)
Second interim cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	-	-	(2,122,085)	(2,122,085)
Third interim cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	-	-	(2,440,397)	(2,440,397)
	-	-	-	-	-	-	-	-	(9,514,013)	(9,514,013)
Balance as at December 31, 2021	16,269,312	2,406,571	17,668,857	3,117,547	133,457	66,766	4,040,077	23,533	42,831,655	86,557,775
Profit after taxation for the year	-	-	-	-	-	-	-	-	45,006,610	45,006,610
Other Comprehensive loss for the year - net of tax	-	-	-	-	-	-	(4,706,426)	(20,768)	(96,555)	(4,823,749)
	-	-	-	-	-	-	(4,706,426)	(20,768)	44,910,055	40,182,861
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(87)	87	-
Recognition of share based compensation (Note 39)	-	-	-	-	293,962	-	-	-	-	293,962
Other appropriations										
Transfer to statutory reserve*	-	-	4,500,661	-	-	-	-	-	(4,500,661)	-
Transactions with owners recognised directly in equity										
Issue of bonus shares @ 10%	1,626,931	-	-	-	-	-	-	-	(1,626,931)	-
Final cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	-	-	(2,440,397)	(2,440,397)
First interim cash dividend for the year 2022 @ Rs 1.75 per share	-	-	-	-	-	-	-	-	(2,847,130)	(2,847,130)
Second interim cash dividend for the year 2022 @ Rs 1.75 per share	-	-	-	-	-	-	-	-	(2,847,130)	(2,847,130)
Third interim cash dividend for the year 2022 @ Rs 2 per share	-	-	-	-	-	-	-	-	(3,579,248)	(3,579,248)
	-	-	-	-	-	-	-	-	(11,713,905)	(11,713,905)
Balance as at December 31, 2022	17,896,243	2,406,571	22,169,518	3,117,547	427,419	66,766	(666,349)	2,678	69,900,300	115,320,693

*This represents reserve created under section 21(i)(b) of the Banking Companies Ordinance ,1962.

The annexed notes 1 to 51 and Annexure I form an integral part of these unconsolidated financial statements.

Riyadh S. A. A. Edrees Chairman	**Irfan Siddiqui** President & CEO	**Faisal A. A. A. Al-Nassar** Director	**Mohammad Abdul Aleem** Director	**Syed Imran Ali Shah** Chief Financial Officer

UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2022

	Note	2022	2021
		Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		88,384,828	47,495,745
Less: Dividend income		(987,533)	(1,192,467)
		87,397,295	46,303,278
Adjustments:			
Depreciation	30	3,122,609	2,416,407
Amortisation	30	458,584	357,045
Non cash items related to right-of-use assets	26 & 30	4,577,794	3,163,032
Provisions and write offs - net	32	4,176,661	992,830
Charge for defined benefit plan	30	605,247	462,114
Share based compensation expense	39	293,962	133,457
Unrealised gain - held for trading	28	(18)	-
Gain on sale of operating fixed assets	29	(214,797)	(145,657)
		13,020,042	7,379,228
		100,417,337	53,682,506
(Increase) / decrease in operating assets			
Due from financial institutions		203,437,338	103,667,162
Islamic financings and related assets		(240,666,103)	(246,289,233)
Other assets		(21,805,041)	(11,798,016)
		(59,033,806)	(154,420,087)
Increase / (decrease) in operating liabilities			
Bills payable		4,033,744	9,647,372
Due to financial institutions		352,912,205	125,913,594
Deposits and other accounts		202,603,650	201,455,934
Other liabilities		75,759,222	13,250,521
		635,308,821	350,267,421
		676,692,352	249,529,840
Contribution to defined benefit plan	37.5	(537,715)	(304,163)
Income tax paid		(38,071,645)	(14,658,852)
Net cash generated from operating activities		638,082,992	234,566,825
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(531,153,574)	(121,925,177)
Net investments in held to maturity securities		(140,520,461)	(66,116,795)
Net investments in held for trading securities		(2,470)	-
Net (investments) / redemption in associates		(514)	28
Dividends received		990,676	1,196,551
Investments in operating fixed assets		(10,872,466)	(6,180,303)
Investments in intangible assets		(806,758)	(772,894)
Proceeds from sale of fixed assets		372,429	248,168
Net cash used in investing activities		(681,993,138)	(193,550,422)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(3,683,278)	(3,258,301)
Issuance of sub-ordinated Sukuk - Tier II		-	9,990,000
Redemption of sub-ordinated Sukuk - Tier II		-	(7,000,000)
Dividend paid		(7,908,045)	(9,515,742)
Net cash used in financing activities		(11,591,323)	(9,784,043)
(Decrease) / increase in cash and cash equivalents		(55,501,469)	31,232,360
Cash and cash equivalents at the beginning of the year	35	186,920,734	155,688,374
Cash and cash equivalents at the end of the year	35	131,419,265	186,920,734

The annexed notes 1 to 51 and Annexure I form an integral part of these unconsolidated financial statements.

Riyadh S. A. A. Edrees	**Irfan Siddiqui**	**Faisal A. A. A. Al-Nassar**	**Mohammad Abdul Aleem**	**Syed Imran Ali Shah**
Chairman	President & CEO	Director	Director	Chief Financial Officer

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Bank Limited (the Bank) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited. The Bank was registered as an 'Investment Finance Company' on August 8, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. A 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.

1.2 The Bank was granted a 'Scheduled Islamic Commercial Bank' license on January 31, 2002 and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from March 20, 2002, on receiving notification in this regard from the State Bank of Pakistan (the SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.

1.3 The Bank was operating through nine hundred and sixty two branches as at December 31, 2022 (2021: nine hundred and two branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.

1.4 Based on the unconsolidated financial statements of the Bank for the year ended December 31, 2021, the VIS Credit Rating Company Limited has reaffirmed the Bank's medium to long-term rating as 'AAA' and the short-term rating as 'A1+'.

2 BASIS OF PRESENTATION

The Bank provides Islamic financing and related assets mainly through Murabaha, Istisna, Tijarah, Ijarah, Diminishing Musharakah, Running Musharakah, Bai Muajjal, Musawammah, Service Ijarah, Wakalah, Wakalah Tul Istithmar including under Islamic Export Refinance Scheme and various long term islamic refinancing facilities of the State Bank of Pakistan respectively as briefly explained in note 6.3.

The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The income on such financing is recognised in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognised as charity payable if so directed by the Resident Shariah Board Member (RSBM) of the Bank.

The Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern, Insha'Allah. Therefore, the unconsolidated financial statements continue to be prepared on the going concern basis.

3 STATEMENT OF COMPLIANCE

3.1 These unconsolidated financial statements (here-in-after referred to as "financial statements") have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities Exchange Commission of Pakistan (SECP).

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

3.2 The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3, 'Profit and loss sharing on deposits' for Institutions offering Islamic Financial Services (IIFS) relating to annual, half yearly and quarterly financial statements would be notified by the SBP through issuance of specific instructions and uniform disclosure formats in consultation with IIFS. These reporting requirements have not been notified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in these unconsolidated financial statements.

3.3 The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial instruments: disclosures' through its S.R.O. 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

3.4 The SECP through S.R.O. 56(1)/2016 dated January 28, 2016, has directed that the requirements of IFRS 10,

'Consolidated financial statements' are not applicable in case of investments by companies in mutual funds established under Trust Deed structure. Accordingly, implications of IFRS 10 in respect of investment in mutual funds are not considered in these unconsolidated financial statements.

3.5 Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current year:

3.5.1 There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated financial statements.

3.6 Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective:

3.6.1 The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

Standard and Amendments	Effective date (accounting periods beginning on or after)
- IFRS 9 - 'Financial instruments'	January 1, 2023
- IAS 1 - 'Accounting policy disclosures' (amendments)	January 1, 2023
- IAS 1 - Non current liabilities with covenants (amendments)	January 1, 2024
- IFRS 16 - Sale and leaseback (amendments)	January 1, 2024
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 12 - 'Income taxes' (amendments)	January 1, 2023

The management is in the process of assessing the impact of these standards and amendments on the unconsolidated financial statements of the Bank except IFRS 9 (Financial Instruments), the impact of which is as follows:

IFRS 9 - 'Financial Instruments'

As directed by the SBP via BPRD Circular no 3 of 2022, (IFRS) 9, 'Financial Instruments' is effective for periods beginning on or after January 1, 2023 for banks having asset base of more than Rs. 500 billion as at December 31, 2021. SBP via the same circular has finalized the instructions on (IFRS) 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks.

During 2022, the management of the Bank has performed an impact assessment of (IFRS) 9 taking into account the SBP's (IFRS) 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank at the time of finalizing the impact for initial application of (IFRS) 9. In addition, the Bank will implement changes in classification of certain financial instruments.

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

Classification and measurement

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

The business model reflects how groups of financial assets are managed to achieve a particular business objective. Financial assets can only be held at amortised cost if the instruments are held in order to collect the contractual cash flows ('hold to collect'), and where those contractual cash flows are solely payments of principal and profit (SPPI).

Debt instruments 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 realized gains or losses are recognized in reserves and no amounts other than dividends received are recognized 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.

Impairment

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, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Based on the requirement of (IFRS) 9 and SBP's (IFRS) 9 application instructions, the Bank has performed an ECL assessment taking into account the key elements such as assessment of SCIR, Probability of Default, Loss Given Default and Exposure at Default.

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

Presentation and disclosure

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

Impact of adoption of IFRS 9

The Bank will adopt IFRS 9 in its entirety effective January 01, 2023 with modified retrospective approach for restatement. The cumulative impact of initial application will be recorded as an adjustment to equity at the beginning of the accounting period. The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2023 will be dependent on the financial instruments that the Bank would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future.

Nevertheless, the Bank has performed a preliminary assessment of the potential impact of adoption of IFRS 9 and based on this assessment, the Bank does not expect any material effect on the Bank's Capital Adequacy Ratio (CAR) and equity as of December 31, 2022.

3.6.2 The SBP vide its BPRD Circular No. 02 of 2023 dated February 9, 2023 has specified the new reporting format for financial statements of Banking Companies. The new format has revised the disclosure requirements and will become applicable for the financial statements of the Bank for the quarter ending March 31, 2023.

4 BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except that certain available for sale investments, foreign currency balances, non-banking assets acquired in satisfaction of claims and certain foreign exchange commitments have been marked to market and carried at fair value in accordance with the requirements of the SBP.

4.1 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgments in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by the management in the application of the accounting policies are as follows:

i) classification and valuation of investments (notes 6.4.1, 6.4.4 and 10);
ii) provision against non-performing advances (notes 6.3.2 and 11.12);
iii) income taxes (notes 6.6 and 33);
iv) defined benefit plans (notes 6.11 and 37);
v) valuation and depreciation of fixed assets (notes 6.5.1, 6.5.5 and 12.2);
vi) valuation and amortisation of intangible assets (note 6.5.3, 6.5.5 and 13.1);
vii) valuation of right-of-use assets and their related lease liability (notes 6.5.2, 12.3 and 20.8);
viii) impairment (note 6.4.5);
ix) valuation of non-banking assets acquired in satisfaction of claims (note 6.7 and 23.1); and
x) assumptions and estimates used in valuation of options under share-based payments (note 39).

5 FUNCTIONAL AND PRESENTATION CURRENCY

5.1 Items included in these unconsolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates. These unconsolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

5.2 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

6.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash and non-restricted balances with treasury banks and balances with other banks in current and deposit accounts.

6.2 Due to / from financial institutions

Bai Muajjal

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

Musharaka / Mudaraba

In Musharaka / Mudaraba, the Bank (or the counterparty financial institutions / the SBP) invests in the shariah compliant business pools of the counterparty financial institutions / the SBP (or the Bank) at the agreed profit and loss sharing ratio.

Musharaka from the SBP under IERS

Under IERS, the Bank accepts funds from the SBP under Shirkat-ul-aqd to constitute a pool for investment in export refinance portfolio of the Bank under the guidelines issued by the SBP. The profit of the pool is shared as per the agreed weightages between the partners.

Mudaraba investment from the SBP under various long term Islamic refinance schemes

Under various long term Islamic refinance schemes of the SBP, the Bank accepts funds from the SBP which are received on Mudaraba basis for investment in general pool of the Bank. The profit of the pool is shared as per the announced profit sharing ratio of the pool and the weightages assigned to these investments.

6.2.1 These are initially recognised at amount of funds disbursed / accepted (in case of Bai Muajjal, at sale price of the Sukuk net of deferred profit) and subsequently measured at amount receivable / payable under the contractual terms of the underlying agreement (in case of Bai Muajjal, at sale price of the Sukuk net of remaining deferred profit at reporting date, if any).

6.3 Islamic financing and related assets

Murabaha

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

Ijarah

Ijarah assets are stated at cost less depreciation and are disclosed as part of 'Islamic financing and related assets'. The rental received / receivable on Ijarah under Islamic Financial Accounting Standard - 2 'Ijarah' (IFAS 2) are recorded as income / revenue. The Bank charges depreciation from the date of recognition of Ijarah of respective assets to mustajir. Ijarah assets are depreciated over the period of Ijarah using the straight line method. Ijarah rentals outstanding are

disclosed in 'other assets' on the Statement of Financial Position at amortised cost. Impairment of Ijarah assets is determined in accordance with the Prudential Regulations issued by the SBP. The provision for impairment of Ijarah assets is shown as part of 'Islamic financing and related assets'.

Istisna

In Istisna financing, the Bank places an order to purchase some specific goods / commodities from its customers to be delivered to the Bank within an agreed time. The goods are then sold by the customer on behalf of the Bank and the amount hence financed along with profit realised net of agency fee and incentives is paid to the Bank.

Tijarah

In Tijarah financing, the Bank purchases specific goods / commodities on cash basis from its customers which is then onward sold by the customer on behalf of the Bank and on subsequent sale, the financed amount along with profit realised net of agency fee and incentives is paid by the customer to the Bank.

Diminishing Musharakah

In Diminishing Musharakah financing, the Bank enters into Musharakah based on Shirkat-ul-milk for purchasing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers. The customers pay periodic profit as per the agreement for the utilisation of the Bank's Musharakah share and also periodically purchase the Bank's share over the tenure of the transaction.

Running Musharakah

In Running Musharakah financing, the Bank enters into financing with the customer based on Shirkatul Aqd or business partnership in the customer's operating business. Under this mechanism the customer can withdraw and return funds to the Bank subject to his Running Musharakah Financing limit during the Musharakah period. At the end of each quarter / half year the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half yearly / annual accounts of the customer.

Bai Muajjal

In Bai Muajjal financing, the Bank sells Shariah compliant sukuk on credit to customers. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

Service Ijarah

In Service Ijarah financing, the Bank provides financing by acquiring certain agreed services from the customer. After the purchase of services, the Bank appoints the customer to sell these services in the market over a period and provide a sale confirmation of such sale. The profit is only accrued from the date of receipt of such confirmation.

Wakalah

Wakalah is an agency or a delegated authority where the Muwakkil (principal) appoints the Wakil (agent) to carry out a specific job on behalf of the Muwakkil. Funds disbursed are initially recorded as 'Advance against Wakalah'. On culmination, the same are recorded as financings.

Wakalah tul Istithmar

In Wakalah tul Istithmar financing, the Bank enters into investment agency transaction with customer acting as an agent of the Bank. Under this mechanism, the funds disbursed are invested by the customer on behalf of the Bank and are recorded as financing upon their investment in the business. At the end of each quarter / half year / other defined period, the customer pays the provisional profit which is subject to adjustment upon actual declaration of wakala business performance by the agent.

Musawammah

In Musawammah financing, the Bank purchases the goods and after taking the possession, sells them to the customer either in spot or credit transaction, without disclosing the cost.

6.3.1 Islamic financing and related assets are stated net of specific and general provisions against non-performing Islamic financing and related assets which are charged to the unconsolidated profit and loss account.

Funds disbursed, under financing arrangements for purchase of goods / assets are recorded as advance. On culmination, financing are recorded at the deferred sale price net of profit. Goods purchased but remaining unsold at the unconsolidated statement of financial position date are recorded as inventories.

6.3.2 Provision against non-performing Islamic financing and related assets

Specific provision

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

General provision

In accordance with Prudential Regulations issued by the SBP, general provision against consumer financing and house financing are maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages range from 0.5% to 2.5% for secured and 4% to 7% for unsecured portfolio.

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

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

6.3.3 Inventories

The Bank values its inventories at the lower of cost and net realisable value.

The net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Cost of inventories represents actual purchases made by the Bank / customers as an agent of the Bank for subsequent sale. Inventory against each contract is maintained on specific identification method.

6.4 Investments

6.4.1 Classification

The Bank classifies its investments as follows:

- **Held for trading**

  These are investments which are either acquired for generating profits from short-term fluctuations in market prices or are securities included in a portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

- **Held to maturity**

  These are investments with fixed or determinable payments and maturity that the Bank has the positive intent and ability to hold till maturity.

- **Available for sale**

  These are investments, other than those in associates and subsidiaries, which do not fall under either 'held for trading' or 'held to maturity' categories.

- **Associates**

  Associates are all entities over which the Bank has significant influence but not control. Certain mutual funds are managed by the subsidiary company of the Bank and hence, the Bank has significant influence over such funds and therefore, investment in these mutual funds are considered as investment in associates in these unconsolidated financial statements.

- **Subsidiary**

  Subsidiary is an entity over which the Bank has control.

6.4.2 Regular way contracts

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognised at the trade date, which is the date on which the Bank commits to purchase or sell the investments.

6.4.3 Initial recognition and measurement

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

6.4.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

- **Held for trading**

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

- **Held to maturity**

  These are measured at amortised cost less any impairment loss recognised to reflect irrecoverable amount. Premium / discount (if any) is amortised over the remaining maturity.

- **Available for sale**

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

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

- **Investments in associates and subsidiary**

  Investment in associates and subsidiary is carried at cost less accumulated impairment losses, if any.

  The carrying amount of associates and subsidiary are tested for impairment in accordance with the policy described in note 6.4.5 to these unconsolidated financial statements.

6.4.4.1 Details of valuation techniques used in determination of fair value is included in note 41 to these unconsolidated financial statements.

6.4.5 Impairment

Available for sale and Held to maturity investments

Impairment loss in respect of investments classified as available for sale and held to maturity (except sukuk certificates) is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment. The determination of "significant or prolonged" requires judgment.

Provision for diminution in the value of sukuk certificates is made as per the Prudential Regulations issued by the SBP. In case of impairment in available-for-sale investments, the related loss previously reported in other comprehensive income is transferred to profit and loss account for the period. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account.

Investment in associates and subsidiary

In respect of investment in associates and subsidiary, the Bank reviews their carrying values at each reporting date to assess whether there is an indication of impairment. The amount of impairment loss would be determined based on the higher of value in use and fair value less cost to sell. Impairment loss is recognised in the unconsolidated profit and loss account.

6.5 Operating fixed assets

6.5.1 Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and any identified impairment loss. Items of fixed assets costing Rs 25,000 or less are not capitalised and are charged off in the month of purchase. An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Profit or loss on disposal of fixed assets is included in the unconsolidated profit and loss account currently.

6.5.2 Right-of-use assets and Lease liabilities

At the inception of the contract, the Bank assesses whether a contract is, or contains, a lease. The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets are measured at cost, less any accumulated depreciation

and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within note 12 and are subject to impairment in line with the Bank's policy as described in note 6.5.8.

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate. The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental fund acceptance rate to measure lease liabilities.

6.5.3 Intangible assets

Intangible assets comprise of computer software. Intangible assets with definite useful lives are stated at cost less accumulated amortisation and impairment losses (if any).

6.5.4 Subsequent costs

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance expenditure are charged to the unconsolidated profit and loss account as and when incurred.

6.5.5 Depreciation / amortisation

Depreciation / amortisation is charged to the unconsolidated profit and loss account by applying the straight line method in accordance with the rates specified in notes 12.2 and 13.1 whereby the depreciable value of an asset is written off over its estimated service life. The Bank charges depreciation / amortisation from the month of acquisition and up to the month preceding the disposal. Right-of-use assets are depreciated on a straight line basis over the lease term specified in note 12.3.

6.5.6 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

6.5.7 Useful lives and residual values

Useful lives, residual values and depreciation method are reviewed at each reporting date and adjusted if impact on depreciation / amortisation is significant.

6.5.8 Impairment

The Bank assesses at each reporting date whether there is any indication that the operating fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in the unconsolidated profit and loss account.

6.6 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the unconsolidated profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current

The charge for current taxation is based on expected taxable income for the year in accordance with the prevailing laws of taxation. The charge for current tax also includes adjustments to tax payable in respect of previous years including those arising from assessments finalised during the year and are separately disclosed.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences relating to initial recognition of goodwill, initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

In making the estimates for current and deferred taxes, the management considers the income tax law and the decisions of appellate authorities on certain issues in the past.

6.7 Non-banking assets acquired in satisfaction of claims

The non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. The useful lives are reviewed annually and adjusted, if appropriate. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of property, if any, is credited to the 'surplus on revaluation of assets' account in the statement of other comprehensive income. Any deficit arising on revaluation is taken to unconsolidated profit and loss account directly. On derecognition of the assets, the cumulative gain or loss previously reported in other comprehensive income is transferred directly to unappropriated profit in the unconsolidated statement of changes in equity. Legal fees, transfer cost and direct cost of acquiring title to property is charged to the unconsolidated profit and loss account.

6.8 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors, however the funds of current accounts are treated as equity for the purpose of profit calculation and any profit earned / loss incurred on those funds are allocated to the equity of the Bank. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and savings accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

Profits realised in investment pools are distributed in pre-agreed profit sharing ratio between Rab-ul-Maal and Mudarib. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal up to a maximum of 50% of their profit as Incentive profits (Hiba).

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

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

6.9 Sub-ordinated Sukuk

The Bank records sub-ordinated sukuk initially at the amount of proceeds received. Profit accrued on sub-ordinated sukuk is charged to the unconsolidated profit and loss account. These are subsequently measured at amount outstanding.

6.10 Pool Management

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

Under the general deposits pools, the Bank accepts funds on Mudaraba basis from depositors (Rab-ul-Maal) where the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financing, investments and placements. When utilising investing funds, the Bank prioritizes the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for funds acquired / accepted from the State Bank of Pakistan and other banks for Islamic Export Refinance to the Bank's customers and liquidity management respectively under the Musharakah / Mudaraba modes.

The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool after deduction of expenses directly incurred in earning the income of such pool along with related fee income, if any. The directly related costs comprise of depreciation on ijarah assets, takaful premium, documentation charges etc. No expense of general or administrative nature is charged to the pools. No provision against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. The profit of the pool is shared between equity and other members of the pool on the basis of Musharakah at gross level (before charging of mudarib fee) as per the investment ratio of the equity. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of

mudarib fee. During the year, the Bank has given General Hiba to the depositors of Rupee General Pool, keeping in view the prescribed guidelines of Pool Management provided by the SBP and with the approval of the Bank's Resident Shariah Board Member. However, Hiba are given at the sole discretion of the Bank without any contractual commitment and can be withdrawn or reduced by the Bank at its sole discretion.

The risk characteristic of each pool mainly depends on the assets and liabilities profile of each pool. As per the Bank's policy, relatively low risk / secured financing transactions and assets are allocated to general depositors pool of Rupee, USD, GBP and Euro. The Bank maintains General Pools (Rupee, USD, EUR, GBP), FI Pools, IERS pool and Equity pool. The general pools are exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved.

General Pools:

For General Pools (Rupee, USD, EUR, GBP), the Bank allocates PKR financing to Corporate, Commercial, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business as mentioned in note 47.1.1.3. Investments in Sovereign Guaranteed Sukuk, and Bai Muajjal with the State Bank of Pakistan / Government of Pakistan, are also done through General Pools. All remunerative deposits are tagged to these general pools and their funds generated from the depositors are invested on priority basis. Investments from the SBP under various long term Islamic refinance schemes, and sub-ordinated sukuks are also remunerated through the Rupee General Pool. Due to limited investment options in USD, GBP and EURO pool, funds from foreign currency pools are invested in available International Sukuk, Shariah Compliant Nostro accounts, foreign currency financing and the remaining funds are taken out and invested in Rupee general pool as part of equity. In such cases, return from Rupee General Pool is given back to foreign currency pools, so that returns can be passed on to foreign currency pool customers accordingly. The Bank as Mudarib in the general pools is responsible for financing costs / assets such as land, building, furniture, fixtures, computers and IT system from its own sources / equity.

IERS Pools:

The IERS pool assets comprise of sovereign guaranteed sukuk, and financing to / sukuk of mainly blue chip companies and exporters as allowed under the applicable rules and regulations, and as such are exposed to lower credit risk. The Musharakah with SBP under IERS is tagged to the IERS pool.

FI Pools:

The FI pool assets generally comprise of sovereign guaranteed sukuk and financing under diminishing musharakah mode only and the related liability of the FI pool comprise of Musharakah / Mudarabah from other banks and financial institutions. These pools are created to meet the liquidity requirements of the Bank.

Equity Pools:

All other assets including fixed assets, exposure in shares, Rupee bai-salam financing and subsidized financing to the Bank's employees are tagged to equity pool. To safeguard the interest of customers, all high risk investments are also done through equity pool. The Bank as Mudarib in the equity pools is responsible for financing costs / assets such as land, building, furniture, fixtures, computers and IT system from its own sources / equity.

6.11 Staff retirement benefits

Defined benefit plan

The Bank operates an approved Gratuity Funded Scheme for its permanent employees. The scheme was approved by the tax authorities in April 2000. The liability recognised in respect of Gratuity Funded Scheme is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. The last valuation was conducted as on December 31, 2022.

The Bank also operates End of Service Unfunded Defined Benefit Scheme as approved by the Board of Directors for the benefit of the founding President and Chief Executive Officer of the Bank. The defined benefit obligation for this benefit has been calculated by an independent actuary using the projected unit credit method. The valuation has been conducted as on December 31, 2022.

Amounts arising as a result of "Remeasurements", representing the actuarial gains and losses and the difference between the actual investment returns and that implied by the net return cost are recognised in the unconsolidated Statement of Financial Position immediately, with a charge or credit to "Other Comprehensive Income" in the periods in which they occur. The actuarial valuations involve assumption and estimates of discount rates, expected rates of return on assets, future salary increases and future inflation rates as disclosed in note 37.

Defined contribution plan

The Bank also operates a recognised contributory Provident Fund for all permanent employees. Equal monthly contributions are made, both by the Bank and the employees, to the fund at a rate of 10% of basic salary.

6.12 Compensated absences

The Bank recognises liability in respect of employees compensated absences in the period in which these are earned up to the date of Statement of Financial Position. The provision is recognised on the basis of actuarial valuation conducted on December 31, 2022 using the projected unit credit method.

6.13 Share-based compensation

The Bank has granted share options to its employees under the Meezan Bank Employees Share Option Scheme, 2021 as approved by the shareholders and SECP. The cost of these share options is determined by the fair value at the date when the grant is made using a valuation model by an independent valuer and is recognized as expense over the vesting period together with a corresponding credit in equity - Employee share option compensation reserve (Note 39). The dilutive effect of outstanding options (if any) is reflected as share dilution in the computation of diluted earnings per share. When the options are exercised, employee stock option compensation reserve relating to these options is transferred to share capital and share premium.

6.14 Dividend and reserves

Dividend declared and appropriations, except for transfer to statutory reserve, made subsequent to the reporting date are considered as non adjusting events and are recorded as a liability in the unconsolidated financial statements in the year in which these are approved by the directors / shareholders as appropriate.

6.15 Foreign currency transactions

Transactions and balances

Foreign currency transactions are recorded in rupees at exchange rates prevailing on the date of transaction. Monetary assets, monetary liabilities and contingencies and commitments in foreign currencies except forward commitments (promises) are reported in Rupees at exchange rates prevalent on the reporting date.

Forward commitments other than those with the SBP relating to the foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange commitments. Forward commitments with the SBP relating to foreign currency deposit, are valued at spot rate prevailing at the reporting date. Exchange gains and losses are included in the current year profit and loss account.

Commitments

Commitments for outstanding forward foreign exchange transactions are disclosed at the rates applicable at the reporting date. Contingent liabilities / commitments for letters of credit, and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the exchange rates prevailing on the reporting date.

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

6.16 Provisions and contingent assets and liabilities

Provisions are recognised when the Bank has a present legal or constructive obligation arising as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

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

6.17 Acceptances, guarantees and letters of credit

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are accounted for as on-balance sheet transactions and related balances are disclosed under other assets and other liabilities.

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

6.18 Offsetting and derecognition

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated Statement of Financial Position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting and reporting standards as applicable in Pakistan.

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is

derecognised where the rights to receive cash flows from the asset have expired, or the Bank has transferred its rights to receive cash flows from the asset. The Bank derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

6.19 Revenue recognition

i) Profit on Murabaha (including Commodity Murabaha) and Musawammah is recognised on an accrual basis. Profit on Murabaha and Musawammah transactions for the period from the date of disbursement to the date of culmination of Murabaha and Musawammah is recognised immediately upon the later date in line with IFAS requirements.

ii) Rentals on Ijarah contracts are recognised as income on an accrual basis in line with IFAS requirements.

iii) Profit on Bai Muajjal transaction is recognised on an accrual basis.

iv) Profit on Diminishing Musharakah financing is recognised on an accrual basis.

v) Profit on Running Musharakah financing is recognised on an accrual basis and is adjusted upon declaration of profit by Musharakah partners.

vi) Profit on Tijarah and Istisna financing is recognised on an accrual basis commencing from time of sale of goods till the realisation of sale proceeds by the Bank.

vii) Profit on Service Ijarah is recognised on an accrual basis commencing from the date of confirmation of sale.

viii) Profit on Wakalah tul Istithmar / Wakalah is recognised on an accrual basis and is commensurate with the Wakalah business performance/ work done by the agent.

ix) Profit on Sukuk is recognised on an accrual basis. Where Sukuk (excluding held for trading securities) are purchased at a premium or discount, those premiums / discounts are amortised through the unconsolidated profit and loss account over the remaining maturity.

x) Commission on letters of credit, acceptances and guarantees is recognised on receipt basis, except for commission on guarantees in excess of Rs 250,000 which is recognised over the period of the guarantee. Fee and brokerage income are recognised when earned.

xi) The Bank earns fee and commission income from certain non-funded banking services. The related fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. The Bank recognises fees earned on transaction-based arrangements at a point in time when the Bank has fully provided the service to the customer. Where the contract requires services to be provided over time, the income is recognised on a systematic basis over the life of the related service. Unearned fees and commissions are included under Other liabilities.

xii) Dividend income is recognised when the Bank's right to receive dividend is established.

xiii) Gain or loss on sale of investments is included in the unconsolidated profit and loss account in the period in which they arise.

xiv) Gain or loss on disposal of fixed assets, intangible assets, Ijarah assets and Musharakah assets is taken to the profit and loss account in the period in which they arise.

xv) Profit suspended in compliance with the Prudential Regulations issued by the SBP is recognised on receipt basis. Profit on rescheduled / restructured financing and investments is recognised as permitted by the SBP.

6.20 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Bank's primary format of reporting is based on business segments. Operating segments are reported in a manner consistent with the internal reporting provided to the management. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

6.20.1 Business segments

Corporate and Commercial Banking

It includes trade finance, export finance, project finance, Ijarah, guarantees and bills of exchange relating to its Corporate and Commercial customers, investment banking, syndications, IPO related activities (excluding investments), secondary private placements, underwriting and securitisation.

Retail Banking

It includes retail financing, deposits and banking services offered to its retail customers and small and medium enterprises.

Trading and Sales

It includes equity, foreign exchanges, commodities, own securities and placements.

Others

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

6.20.2 Geographical segments

The Bank operates only in Pakistan.

6.21 Earnings per share

The Bank presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing profit after tax for the year attributable to equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year. EPS is retrospectively adjusted for the effect of bonus shares issued.

Diluted EPS is calculated by dividing the net profit of Bank (after adjusting for return and related tax impact) on the convertible instruments / share options by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion / exercise of all the dilutive potential ordinary shares into ordinary shares.

	Note	2022	2021
7 CASH AND BALANCES WITH TREASURY BANKS		Rupees in '000	
In hand			
- local currency		40,142,380	36,028,760
- foreign currencies		1,120,217	2,821,769
		41,262,597	38,850,529
With the State Bank of Pakistan in			
- local currency current accounts		69,747,152	70,308,704
- foreign currency current accounts		6,433,593	10,259,746
	7.1	76,180,745	80,568,450
With the National Bank of Pakistan in			
- local currency current accounts		222,839	50,668,296
National Prize Bonds	7.2	76,925	413,423
		117,743,106	170,500,698

7.1 These include local and foreign currency amounts required to be maintained by the Bank with the SBP under the Banking Companies Ordinance, 1962 and /or stipulated by the SBP. These accounts are non-remunerative in nature.

7.2 These represent the national prize bonds received from customers for onward surrendering to SBP. The Bank, as a matter of Shariah principle, does not deal in prize bonds.

	Note	2022	2021
8 BALANCES WITH OTHER BANKS		Rupees in '000	
In Pakistan			
- in current accounts		4,770,402	14,901,943
Outside Pakistan			
- in current accounts		4,080,128	1,275,566
- in deposit accounts	8.1	4,825,629	242,527
		13,676,159	16,420,036

8.1 It represent the balance in the remunerative account maintained with financial institutions outside Pakistan. The return on these balances ranges from 0.20% to 2.25% (2021: 0.0001%) per annum.

	Note	2022	2021
9 DUE FROM FINANCIAL INSTITUTIONS		Rupees in '000	
Bai Muajjal receivable:			
- from scheduled banks / financial institutions - Secured	9.1	34,964,299	238,401,637
- from other Financial Institution		15,500	15,500
	9.2	34,979,799	238,417,137
Commodity Murabaha		26,066	26,066
	9.3	35,005,865	238,443,203
Less: Provision held against due from financial institutions	9.4	(41,566)	(41,566)
Due from financial institutions - net of provision		34,964,299	238,401,637

9.1 The effective average return on this product is 11.25% (2021: 8.10%) per annum. The balances have maturities in July 2025 (2021: ranging between January 2022 to July 2025). These Bai Muajjal are secured against Federal Government securities received as collateral and having market value of Rs 36,915 million as at December 31, 2022 (2021: Rs 240,575 million).

	2022	2021
	Rupees in '000	
9.2 Bai Muajjal Placements	52,821,177	270,204,082
Less: Deferred income	(9,878,329)	(18,895,001)
Profit receivable shown in other assets	(7,963,049)	(12,891,944)
Bai Muajjal Placements	34,979,799	238,417,137

9.3 Particulars of due from financial institutions

In local currency	35,005,865	238,443,203
In foreign currency	-	-
	35,005,865	238,443,203

	2022		2021	
	Non-performing due from financial institutions	Provision held	Non-performing due from financial institutions	Provision held
9.4 Category of classification	Rupees in '000			
Loss	41,566	41,566	41,566	41,566

10 INVESTMENTS - NET

10.1 Investments by types

	Note	2022				2021			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
		Rupees in '000							
Held for trading securities									
- Federal Government Securities		2,470	-	18	2,488	-	-	-	-
Available for sale securities									
- Federal Government Securities	10.5.1	925,056,827	-	(7,185,753)	917,871,074	387,898,392	-	(1,300,655)	386,597,737
- Shares	10.5.2 & 10.5.3	10,205,678	3,128,805	1,035,172	8,112,045	9,662,370	2,322,124	1,928,965	9,269,211
- Non Government Sukuk	10.5.4	125,481,220	75,892	5,123,927	130,529,255	130,407,390	75,892	5,624,000	135,955,498
- Foreign Securities	10.5.5	8,721,244	-	(142,380)	8,578,864	10,343,243	-	370,768	10,714,011
		1,069,464,969	3,204,697	(1,169,034)	1,065,091,238	538,311,395	2,398,016	6,623,078	542,536,457
Held to maturity securities									
- Federal Government Securities	10.6	217,208,259	-	-	217,208,259	76,687,798	-	-	76,687,798
In related parties									
Associates (listed)									
- Units of mutual funds	10.1.1 & 10.2	845,252	-	-	845,252	844,738	-	-	844,738
Subsidiary									
- Shares	10.1.1 & 10.2	63,050	-	-	63,050	63,050	-	-	63,050
Total Investments		1,287,584,000	3,204,697	(1,169,016)	1,283,210,287	615,906,981	2,398,016	6,623,078	620,132,043

10.1.1 Details of investment in subsidiary and associates

	Percentage of holding	2022					
		Assets	Liabilities	Revenue	Profit/(loss) after taxation	Total comprehensive income/(loss)	Market Value/Net Asset Share
		Rupees in '000					
Subsidiary (unlisted)							
Al Meezan Investment Management Limited	65.00%	4,177,658	736,567	1,630,866	584,448	572,465	N/A
Associates (open ended - listed)							
Meezan Balanced Fund	12.43%	2,500,588	72,183	98,518	(13,271)	(13,271)	301,980
Al Meezan Mutual Fund	8.86%	4,136,249	82,010	(236,436)	(416,828)	(416,828)	359,226
Meezan Islamic Fund	3.31%	21,250,501	472,320	(1,700,775)	(2,667,417)	(2,667,417)	688,124
Meezan Sovereign Fund	0.01%	6,786,165	119,363	765,454	686,421	686,421	548
Meezan Gold Fund	16.64%	758,030	4,607	153,382	135,535	135,535	125,369
KSE Meezan Index Fund	5.07%	2,732,821	72,794	(114,498)	(166,830)	(166,830)	134,841
		38,164,354	823,277	(1,034,355)	(2,442,390)	(2,442,390)	1,610,088

	2021						
	Percentage of holding	Assets	Liabilities	Revenue	Profit/(loss) after taxation	Total comprehensive income/(loss)	Market Value/Net Asset Share
		Rupees in '000					
Subsidiary (unlisted)							
Al Meezan Investment Management Limited	65.00%	4,191,720	773,094	1,819,984	800,081	805,735	N/A
Associates (listed and open ended)							
Meezan Balanced Fund	6.99%	4,431,599	92,017	290,185	119,539	119,539	303,321
Al Meezan Mutual Fund	7.79%	5,146,860	96,918	233,770	119,575	119,575	393,266
Meezan Islamic Fund	2.52%	31,105,508	626,613	1,954,186	1,208,948	1,208,948	767,340
Meezan Gold Fund	17.05%	604,535	3,366	43,574	35,022	35,022	102,503
KSE Meezan Index Fund	5.22%	2,782,962	18,943	11,270	(18,189)	(18,189)	144,164
		44,071,464	837,857	2,532,985	1,464,895	1,464,895	1,710,594

Subsidiary and associates are incorporated / registered in Pakistan. Shares in subsidiary are placed in custody account with Central Depository of Pakistan and cannot be sold without the prior approval of SECP in accordance with the SECP's circular No. 9 of 2006 dated June 15, 2006.

10.2 Investments by segments

	Note	2022				2021			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
		Rupees in '000							
Federal Government Securities									
- Ijarah Sukuks		1,111,102,059	-	(7,185,735)	1,103,916,324	398,857,572	-	(1,300,655)	397,556,917
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	10.5.1 & 10.6	23,224,694	-	-	23,224,694	64,443,192	-	-	64,443,192
- Islamic Naya Pakistan Certificates		7,940,803	-	-	7,940,803	1,285,426	-	-	1,285,426
		1,142,267,556	-	(7,185,735)	1,135,081,821	464,586,190	-	(1,300,655)	463,285,535
Shares									
Listed Companies	10.5.2	9,600,999	3,070,304	1,035,172	7,565,867	9,057,691	2,268,371	1,928,965	8,718,285
Unlisted Companies	10.5.3	604,679	58,501	-	546,178	604,679	53,753	-	550,926
		10,205,678	3,128,805	1,035,172	8,112,045	9,662,370	2,322,124	1,928,965	9,269,211
Non Government Sukuk									
Listed	10.2.1 & 10.5.4	114,385,781	-	5,123,927	119,509,708	114,404,511	-	5,624,000	120,028,511
Unlisted	10.5.4	11,095,439	75,892	-	11,019,547	16,002,879	75,892	-	15,926,987
		125,481,220	75,892	5,123,927	130,529,255	130,407,390	75,892	5,624,000	135,955,498
Foreign Securities									
Government Sukuk	10.5.5	5,314,367	-	(134,204)	5,180,163	7,684,473	-	300,073	7,984,546
Non Government Sukuk	10.5.5	3,396,488	-	(8,176)	3,388,312	2,648,381	-	70,695	2,719,076
Shares	10.5.5	10,389	-	-	10,389	10,389	-	-	10,389
		8,721,244	-	(142,380)	8,578,864	10,343,243	-	370,768	10,714,011
Associates									
Meezan Balanced Fund		161,345	-	-	161,345	161,345	-	-	161,345
Al Meezan Mutual Fund		312,371	-	-	312,371	312,371	-	-	312,371
Meezan Islamic Fund		221,050	-	-	221,050	221,050	-	-	221,050
Meezan Sovereign Fund		514	-	-	514	-	-	-	-
Meezan Gold Fund		49,972	-	-	49,972	49,972	-	-	49,972
KSE Meezan Index Fund		100,000	-	-	100,000	100,000	-	-	100,000
		845,252	-	-	845,252	844,738	-	-	844,738
Subsidiary									
Al Meezan Investment Management Limited	10.7	63,050	-	-	63,050	63,050	-	-	63,050
Total Investments		1,287,584,000	3,204,697	(1,169,016)	1,283,210,287	615,906,981	2,398,016	6,623,078	620,132,043

10.2.1 This represents investment in Pakistan Energy Sukuk-I and Pakistan Energy Sukuk-II issued by Power Holding Limited, wholly owned by the Government of Pakistan. These Energy Sukuk are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuk are based on Islamic mode of Ijarah with semi-annual rental payments and are due to mature in 2029-30.

10.2.2 Investments given as collateral

	2022		2021	
	Cost / Amortised Cost	Market value	Cost / Amortised Cost	Market value
	Rupees in '000			
Federal Government Securities				
- Sukuk	404,000,000	401,903,600	30,000,000	30,054,000
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	-	-	28,150,000	28,150,000
	404,000,000	401,903,600	58,150,000	58,204,000

10.3 Provision against diminution in value of investments

	2022	2021
	Rupees in '000	
Opening balance	2,398,016	2,183,393
Charge / (reversals)		
Charge for the year	970,287	305,016
Reversals for the year	-	(3,456)
Reversals on disposals	(163,606)	(86,937)
	806,681	214,623
Closing balance	3,204,697	2,398,016

10.4 Particulars of provision against Sukuk

	2022		2021	
	Non-performing investment	Provision	Non-performing investment	Provision
	Rupees in '000			
Category of classification				
Domestic				
Loss	75,892	75,892	75,892	75,892

10.5 Quality of Available for Sale Securities

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

		2022	2021
		Cost	
		Rupees in '000	
10.5.1	Federal Government Securities		
	Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	23,224,694	64,443,192
	Federal Government securities - Government guaranteed		
	Government of Pakistan Ijarah Sukuk		
	GIS VRR-18	10,680,852	10,704,268
	GIS VRR-19	25,624,975	25,639,965
	GIS VRR-20	16,982,294	16,982,211
	GIS VRR-21	50,792,803	50,761,174
	GIS FRR-04	9,979,161	9,951,546
	GIS VRR-22	81,626,220	81,132,277
	GIS FRR-07	2,625,000	2,625,000
	GIS VRR-23	24,960,971	25,007,215
	GIS VRR-24	283,874,972	87,866,118
	GIS VRR-25	319,555,078	-
	GIS VRR-26	40,225,999	-
	GIS-FRR 08	5,000,000	5,000,000
	GIS-FRR 11	21,963,005	6,500,000
		893,891,330	322,169,774
	Islamic Naya Pakistan Certificate		
	Islamic Naya Pakistan Certificate - PKR	741,885	58,724
	Islamic Naya Pakistan Certificate - USD	6,506,281	907,167
	Islamic Naya Pakistan Certificate - GBP	376,155	56,346
	Islamic Naya Pakistan Certificate - EUR	316,482	263,189
		7,940,803	1,285,426
		925,056,827	387,898,392

10.5.2 Shares - Listed

	2022	2021
	Rupees in '000	
Automobile Assembler	113,964	112,532
Automobile parts and accessories	55,908	55,908
Construction and materials (cement)	1,642,867	1,360,148
Power Generation and Distribution	198,419	193,729
Commercial Banks	40,922	-
Refinery	124,827	124,827
Oil and Gas Marketing Companies	773,163	618,263
Oil and Gas Exploration Companies	1,949,872	1,623,690
Fertilizers	950,977	890,114
Chemicals	163,557	402,861
Pharmaceuticals	748,869	748,869
Leather & Tanneries	19,336	19,336
Miscellaneous	26,974	26,974
Modarabas	66,390	66,390
Technology and Communication	642,311	445,542
Paper and Board	710,838	685,941
Glass and Ceramics	106,833	-
Textile (Composite)	464,327	516,520
Vanaspati and Allied Industries	-	174,923
Food and Personal Care Products	9,691	9,691
Engineering	790,954	981,433
	9,600,999	9,057,691

10.5.3 Shares - Unlisted

	2022		2021	
	Cost	Breakup value*	Cost	Breakup value*
	Rupees in '000			
Sapphire Electric Company Limited	318,638	993,415	318,638	920,535
Daewoo Pakistan Express Bus Service Limited	253,240	231,720	253,240	251,080
Pakistan Corporate Restructuring Company Limited	32,801	26,011	32,801	30,767
	604,679	1,251,146	604,679	1,202,382

* Based on latest available audited financial statements

10.5.4 Non Government Sukuk

	2022	2021
	Cost	
	Rupees in '000	
Listed		
- Government guaranteed	114,385,781	114,404,511
Unlisted		
- Government guaranteed	6,716,920	10,786,560
Unlisted		
Credit Ratings		
- AAA / AAA	1,241,831	1,307,190
- AA / AA+, AA, AA-	1,756,333	1,596,667
- A / A+, A, A-	1,304,463	2,236,570
- Unrated	75,892	75,892
	4,378,519	5,216,319
	125,481,220	130,407,390

10.5.5 Foreign Securities

	2022		2021	
	Cost	Rating	Cost	Rating
Government Sukuk	Rupees in '000			
Saudi Arabia	1,916,491	A	4,150,186	A
Qatar	1,132,295	Aa3	885,035	Aa3
Indonesia	2,265,581	Baa2	2,649,252	Baa2
	5,314,367		7,684,473	

	2022	2021
	Cost	
	Rupees in '000	
Non Government Sukuk - Unlisted		
- Aa3 / A	2,264,229	1,764,736
- Baa2	1,132,259	883,645
	3,396,488	2,648,381
Equity securities - Unlisted		
S.W.I.F.T. SCRL	10,389	10,389
	8,721,244	10,343,243

10.6 Particulars relating to Held to Maturity securities are as follows:

Federal Government Securities - Government guaranteed

GIS FRR-04	10,566,210	10,562,798
GIS FRR-07	2,625,000	2,625,000
GIS FRR-08	5,000,000	5,000,000
GIS FRR-11	199,017,049	58,500,000
	217,208,259	76,687,798

The market value of securities classified as held-to-maturity as at December 31, 2022 amounted to Rs 203,805 million (2021: Rs 76,651 million).

10.7 Investment in subsidiary

	2022		2021	
	Cost	Breakup value*	Cost	Breakup value*
	Rupees in '000			
Al Meezan Investment Management Limited	63,050	3,441,092	63,050	3,447,791

* Based on latest available audited financial statements

	Note	2022	2021
11 ISLAMIC FINANCING AND RELATED ASSETS		Rupees in '000	
In Pakistan:			
Murabaha financing and related assets			
- Murabaha financing	11.1	7,127,282	6,195,161
- Advances against Murabaha		4,888,537	2,224,908
- Murabaha inventory		3,872,679	2,085,908
- Financing under Islamic Export Refinance - Murabaha	11.2	711,413	1,048,988
- Financing against Islamic SME Asaan Finance	11.3	94,018	10,000
- Advance against Islamic SME Asaan Finance		-	40,000
- Advance against Islamic Export Refinance - Murabaha		2,465,400	460,014
- Inventory under Islamic Export Refinance - Murabaha		-	35,000
		19,159,329	12,099,979
Running Musharakah financing			
- Running Musharakah financing		240,531,788	193,218,603
- Financing under Islamic Export Refinance - Running Musharakah		50,965,430	37,235,077
		291,497,218	230,453,680
Istisna financing and related assets			
- Istisna financing		23,081,974	6,534,664
- Advances against Istisna		94,010,017	68,370,720
- Istisna inventory		13,309,627	5,574,727
- Financing under Islamic Export Refinance - Istisna		72,143	266,800
- Advances under Islamic Export Refinance - Istisna		10,957,214	7,985,372
- Inventory under Islamic Export Refinance - Istisna		1,658,523	2,866,783
		143,089,498	91,599,066

	Note	2022	2021
		Rupees in '000	
Tijarah financing and related assets			
- Tijarah financing		1,959,394	1,715,312
- Tijarah inventory		9,160,823	10,959,567
- Financing under Islamic Export Refinance - Tijarah		1,056,241	1,549,127
- Financing under Islamic SME Asaan Finance - Tijarah		-	2,738
- Inventory under Islamic Export Refinance - Tijarah		1,132,182	413,901
		13,308,640	14,640,645
Musawammah financing and related assets			
- Musawammah financing	11.4	74,983,110	33,362,530
- Advances against Musawammah		11,073,176	8,621,219
- Musawammah Inventory		12,874,909	15,944,490
- Financing under Islamic Export Refinance - Musawammah	11.5	1,481,762	2,313,610
- Financing under SBP's Islamic Financing Facility for Renewable Energy (IFRE) - Musawammah	11.6	271,213	90,260
- Advances under Islamic Export Refinance - Musawammah		412,100	647,638
- Inventory under Islamic Export Refinance - Musawammah		-	1,215,492
		101,096,270	62,195,239
Salam Financing and related assets			
- Salam Financing		899,631	990,223
- Advances against Salam		18,705,389	11,204,294
- Salam Inventory		1,836,491	1,230,270
- Advances under Islamic Export Refinance - Salam		-	449,206
		21,441,511	13,873,993
Financing against bills			
- Financing against bills - Salam		5,173,912	9,827,325
- Advance against bills - Salam		1,738	1,947
		5,175,650	9,829,272
- Bai Muajjal financing	11.7	35,969,952	39,429,724
Ijarah financing and related assets			
- Net investment in Ijarah		74,960	75,042
- Net book value of assets/investment in Ijarah under IFAS 2		63,004,338	54,013,622
- Net book value of assets/investment in Ijarah under IFAS 2 Islamic Long Term Financing Facility (ILTFF) for Plant & Machinery		-	11,030
	11.8	63,079,298	54,099,694
- Advances against Ijarah		6,508,337	8,865,508
		69,587,635	62,965,202
Diminishing Musharakah financing and related assets			
- Diminishing Musharakah financing		151,635,702	110,857,954
- Diminishing Musharakah financing - housing		20,132,503	16,670,211
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)		263,206	62,913
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Renewable Energy (IFRE)		14,350,196	952,704
- Diminishing Musharakah financing - SBP's Islamic Refinance Facility for Combating COVID – 19 (IRFCC)		295,145	402,751
- Diminishing Musharakah financing - SBP's Islamic SME Asaan Finance (I-SAAF) Scheme		80,771	9,900
- Diminishing Musharakah financing - SBP's Islamic Long Term Financing Facility (ILTFF) for Plant & Machinery		15,771,049	12,881,740
- Diminishing Musharakah financing - SBP's Islamic Temporary Economic Refinance Facility (ITERF)		10,880,035	1,507,883
- Diminishing Musharakah financing - SBP's Islamic Refinance Scheme for Payment of Wages & Salaries to the Workers and Employees of Business Concerns (IRSPWS)		427,780	2,321,293
- Advances against Diminishing Musharakah		29,957,946	11,302,256
- Advances against Diminishing Musharakah under SBP's IFFSAP		57,141	83,939
- Advances against Diminishing Musharakah under SBP's IFRE		2,870,913	15,188,412
- Advances against Diminishing Musharakah under SBP's IRFCC		254,401	327,087
- Advances against Diminishing Musharakah under SBP's ISAAF		4,800	-
- Advances against Diminishing Musharakah under SBP's ITERF		9,030,290	12,148,592
- Advances against Diminishing Musharakah under SBP's ILTFF		9,986,155	4,963,408
		265,998,033	189,681,043

	Note	2022	2021
		Rupees in '000	
- Musharakah financing		888,725	-
- Wakalah Tul Istithmar financing		6,375,000	10,625,000
- Advances against Wakalah Tul Istithmar		19,227,133	23,714,700
- Advance against Service Ijarah		14,899,103	7,749,103
- Qard financing under SBP's IRSPWS		5,783	28,914
- Qard financing under SBP's IRFCC		406,027	528,791
- Labbaik (Qard for Hajj and Umrah)		9,714	274
- Staff financing (including under SBP's IFRE)	11.9	8,433,655	6,237,617
- Other financing		1,532,881	1,642,884
Gross Islamic Financing and Related Assets	11.10	1,018,101,757	777,295,126
Less: Provision against non-performing Islamic financing and related assets - Specific	11.12	(12,812,762)	(13,338,988)
Less: Provision against non-performing Islamic financing and related assets - General	11.12	(9,780,641)	(5,870,018)
Islamic financing and related assets - net of provision		995,508,354	758,086,120
11.1 Murabaha receivable - gross	11.1.1	12,435,057	6,944,861
Less: Deferred murabaha income	11.1.3	(164,688)	(117,597)
Profit receivable shown in other assets		(5,143,087)	(632,103)
Murabaha financing	11.1.2	7,127,282	6,195,161
11.1.1 Murabaha Sale Price		12,435,057	6,944,861
Murabaha Purchase Price		(7,127,282)	(6,195,161)
		5,307,775	749,700
11.1.2 The movement in Murabaha financing during the year is as follows:			
Opening balance		6,195,161	7,292,120
Sales during the year		68,424,533	72,951,570
Adjusted during the year		(67,492,412)	(74,048,529)
Closing balance		7,127,282	6,195,161
11.1.3 Deferred murabaha income			
Opening balance		117,597	112,171
Arising during the year		10,906,739	2,621,586
Recognised during the year		(10,859,648)	(2,616,160)
Closing balance		164,688	117,597
11.2 Financing under Islamic Export Refinance - Murabaha - gross		745,114	1,068,203
Less: Deferred income		(10,030)	(5,937)
Less: Profit receivable shown in other assets		(23,671)	(13,278)
Financing under Islamic Export Refinance - Murabaha		711,413	1,048,988
11.2.1 The movement in Islamic Export Refinance Murabaha financing during the year is as follows:			
Opening balance		1,048,988	873,321
Sales during the year		3,990,743	3,159,707
Adjusted during the year		(4,328,318)	(2,984,040)
Closing balance		711,413	1,048,988
11.2.2 Deferred Islamic Export Refinance murabaha income			
Opening balance		5,937	5,106
Arising during the year		82,533	51,534
Recognised during the year		(78,440)	(50,703)
Closing balance		10,030	5,937

		Note	2022	2021
			Rupees in '000	
11.3	Financing against Islamic SME Asaan Finance - Murabaha - gross		142,590	11,546
	Less: Deferred income		(37,218)	(1,526)
	Profit receivable shown in other assets		(11,354)	(20)
	Financing against Islamic SME Asaan Finance - Murabaha		94,018	10,000
11.3.1	The movement in Islamic SME Asaan Finance (Murabaha financing) during the year is as follows:			
	Opening balance		10,000	-
	Sales during the year		116,957	10,000
	Adjusted during the year		(32,939)	-
	Closing balance		94,018	10,000
11.3.2	Deferred Islamic SME Asaan Finance Murabaha income			
	Opening balance		1,526	-
	Arising during the year		47,046	1,546
	Recognised during the year		(11,354)	(20)
	Closing balance		37,218	1,526
11.4	Musawammah financing - gross		76,327,808	34,477,153
	Less: Deferred income		(593,935)	(468,449)
	Profit receivable shown in other assets		(750,763)	(646,174)
	Musawammah financing		74,983,110	33,362,530
11.5	Financing under Islamic Export Refinance - Musawammah - gross		1,548,225	2,346,068
	Less: Deferred income		(33,599)	(13,048)
	Profit receivable shown in other assets		(32,864)	(19,410)
	Financing under Islamic Export Refinance - Musawammah		1,481,762	2,313,610
11.6	Financing under SBP's IFRE - Musawammah - gross		304,510	101,406
	Less: Deferred income		(29,482)	(10,925)
	Profit receivable shown in other assets		(3,815)	(221)
	Financing under SBP's IFRE - Musawammah		271,213	90,260
11.7	Bai Muajjal financing - gross		42,504,634	40,373,453
	Less: Deferred income		(5,283,514)	(300,831)
	Profit receivable shown in other assets		(1,251,168)	(642,898)
	Bai Muajjal financing		35,969,952	39,429,724

11.8 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 45,881 million (2021: Rs 41,547 million).

11.9 This includes Rs 699 million (2021: Rs 671 million) representing profit free financing to staff advanced under the Bank's Human Resource Policies.

11.10 Particulars of financing - gross	2022	2021
	Rupees in '000	
In		
- local currency	972,271,359	733,552,562
- foreign currencies	45,830,398	43,742,564
	1,018,101,757	777,295,126

11.11 Islamic financing and related assets include Rs 13,628 million (2021: Rs 14,450 million) which have been placed under non-performing status as detailed below:

Category of classification	2022 Non Performing Amount	2022 Provision Held	2021 Non Performing Amount	2021 Provision Held
	Rupees in '000			
Domestic				
Other Assets Especially Mentioned	221,234	114	41,771	358
Substandard	318,621	69,740	409,772	82,151
Doubtful	305,332	127,458	1,000,601	356,314
Loss	12,783,100	12,615,450	12,997,394	12,900,165
Total	13,628,287	12,812,762	14,449,538	13,338,988

11.12 Particulars of provision against non-performing Islamic financing and related assets:

	2022 Specific	2022 General	2022 Total	2021 Specific	2021 General	2021 Total
	Rupees in '000					
Opening balance	13,338,988	5,870,018	19,209,006	13,602,974	5,452,711	19,055,685
Exchange Adjustment	219,559	-	219,559	-	-	-
Charge for the year	815,425	3,910,623	4,726,048	2,186,594	417,307	2,603,901
Less: Reversals	(1,476,314)	-	(1,476,314)	(1,859,091)	-	(1,859,091)
	(660,889)	3,910,623	3,249,734	327,503	417,307	744,810
Amount written off	(84,896)	-	(84,896)	(591,489)	-	(591,489)
Closing balance	12,812,762	9,780,641	22,593,403	13,338,988	5,870,018	19,209,006

11.12.1 Particulars of provision against non-performing financing:

	2022 Specific	2022 General	2022 Total	2021 Specific	2021 General	2021 Total
	Rupees in '000					
In local currency	12,344,783	9,780,641	22,125,424	13,090,568	5,870,018	18,960,586
In foreign currencies	467,979	-	467,979	248,420	-	248,420
	12,812,762	9,780,641	22,593,403	13,338,988	5,870,018	19,209,006

11.12.2 The Bank maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and House Financing issued by the SBP.

In addition, the Bank has also maintained a general provision of Rs 9,100 million (2021: Rs 5,350 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations.

11.12.3 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed amounts to Rs 256.30 million (2021: Rs 176.60 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 130.70 million (2021: Rs 107.70 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

	Note	2022	2021
11.13 Particulars of write offs		Rupees in '000	
Against provisions	11.12	84,896	591,489
Directly charged to unconsolidated profit and loss account		-	515
		84,896	592,004
Write offs Rs 500,000 and above - Domestic		84,896	592,004
Write offs below Rs 500,000 - Domestic		-	-
		84,896	592,004

11.13.1 Details of financing written off of Rs 500,000 and above

In term of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the Statement in respect of written off financing or any other financial relief of rupees five hundred thousand or above allowed to any person(s) during the year ended December 31, 2022 is given in Annexure I.

	Note	2022	2021
12 FIXED ASSETS		Rupees in '000	
Capital work-in-progress	12.1	6,782,412	5,117,821
Property and equipment	12.2	22,297,092	16,304,643
Right-of-use assets	12.3	11,347,016	12,535,483
		40,426,520	33,957,947

12.1 Capital work-in-progress

Advances to suppliers and contractors for:		
- civil works	4,767,018	3,600,313
- computer hardware	815,696	583,704
- purchase of vehicles	76,824	346,210
- office machines	993,941	472,467
- furniture and fixtures	128,933	115,127
	6,782,412	5,117,821

12.2 Property and equipment

	2022						
	Leasehold Land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Total
	Rupees in '000						
At January 1, 2022							
Cost	5,919,065	2,408,559	8,516,895	1,048,975	8,761,012	3,212,583	29,867,089
Accumulated depreciation	-	799,083	4,794,140	578,310	6,030,200	1,360,713	13,562,446
Net book value	5,919,065	1,609,476	3,722,755	470,665	2,730,812	1,851,870	16,304,643
At December 31, 2022							
Opening net book value	5,919,065	1,609,476	3,722,755	470,665	2,730,812	1,851,870	16,304,643
Additions	509,619	1,499,517	1,733,755	343,553	3,715,086	1,406,345	9,207,875
Transfer from non-banking assets	64,815	-	-	-	-	-	64,815
Disposals	-	-	(26,000)	(1,147)	(17,576)	(112,909)	(157,632)
Depreciation charge (note 30)	-	(152,665)	(745,208)	(107,459)	(1,400,698)	(716,579)	(3,122,609)
Closing net book value	6,493,499	2,956,328	4,685,302	705,612	5,027,624	2,428,727	22,297,092
At December 31, 2022							
Cost	6,493,499	3,908,076	10,172,770	1,378,281	12,241,117	4,161,690	38,355,433
Accumulated depreciation	-	951,748	5,487,468	672,669	7,213,493	1,732,963	16,058,341
Net book value	6,493,499	2,956,328	4,685,302	705,612	5,027,624	2,428,727	22,297,092
Rate of depreciation (percentage)	-	5	10	10	10 and 20	20	

	2021						
	Leasehold Land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Total
	Rupees in '000						
At January 1, 2021							
Cost	4,881,161	2,012,816	7,901,111	921,210	7,628,283	2,597,383	25,941,964
Accumulated depreciation	-	691,325	4,075,042	504,963	5,128,924	1,011,545	11,411,799
Net book value	4,881,161	1,321,491	3,826,069	416,247	2,499,359	1,585,838	14,530,165
At December 31, 2021							
Opening net book value	4,881,161	1,321,491	3,826,069	416,247	2,499,359	1,585,838	14,530,165
Additions	1,037,904	395,743	616,091	130,810	1,173,501	939,347	4,293,396
Transfer from non-banking assets	-	-	-	-	-	-	-
Disposals	-	-	(174)	(72)	(1,033)	(101,232)	(102,511)
Depreciation charge (note 30)	-	(107,758)	(719,231)	(76,320)	(941,015)	(572,083)	(2,416,407)
Closing net book value	5,919,065	1,609,476	3,722,755	470,665	2,730,812	1,851,870	16,304,643
At December 31, 2021							
Cost / Revalued amount	5,919,065	2,408,559	8,516,895	1,048,975	8,761,012	3,212,583	29,867,089
Accumulated depreciation	-	799,083	4,794,140	578,310	6,030,200	1,360,713	13,562,446
Net book value	5,919,065	1,609,476	3,722,755	470,665	2,730,812	1,851,870	16,304,643
Rate of depreciation (percentage)	-	5	10	10	10 and 20	20	

12.2.1 Included in cost of property and equipment are fully depreciated items still in use aggregating Rs 6,529 million (2021: Rs 5,749 million).

12.2.2 Details of disposal of fixed assets to related parties or other persons having net book value of Rs 500,000 or above are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Vehicles						
Toyota Land Cruiser	11,525	8,644	2,881	5,655	MBL Staff Policy	Mr Arshad Majeed (Executive, Ex-employee)
Toyota Prado	8,906	7,391	1,515	3,331	MBL Staff Policy	Mr Ahmed Ali Siddiqui (Executive, Employee)
Toyota Fortuner	6,735	4,925	1,810	3,793	MBL Staff Policy	Mr Kazi Muhammad Aamir (Late) (Executive, Ex-employee)
Toyota Fortuner	6,166	5,532	634	2,339	MBL Staff Policy	Mr Shabbir Hamza Khandwala (Executive, Employee)
Toyota Revo	4,055	3,514	541	1,921	MBL Staff Policy	Mr Urooj Ul Hasan Khan (Executive, Employee)
KIA Sportage	5,020	1,504	3,516	4,036	MBL Staff Policy	Mr Imran Taufiq Dhedhi (Executive, Ex-employee)
KIA Sorento	4,195	764	3,431	4,581	MBL Staff Policy	Mr Mian Nasir Mehmood (Executive, Ex-employee)
BMW	6,318	5,792	526	2,271	MBL Staff Policy	Mr Ariful Islam (Deputy Chief Executive Officer, a related party)
Honda Civic	3,864	2,438	1,426	2,204	MBL Staff Policy	Mr Nizar Diamond Ali (Executive, Employee)
Honda Civic	3,495	2,384	1,111	1,810	MBL Staff Policy	Syed Mehdi Abbas Naqvi (Executive, Employee)
Honda Civic	3,491	2,321	1,170	1,896	MBL Staff Policy	Mr Mubasher Ahmed (Executive, Employee)
Honda Civic	3,393	2,201	1,192	1,967	MBL Staff Policy	Mr Muhammad Amin (Executive, Employee)
Honda Civic	2,933	2,035	898	1,676	MBL Staff Policy	Mr Sohail Aslam (Executive, Ex-employee)
Honda Civic	2,864	2,272	592	1,282	MBL Staff Policy	Mr Mohammad Adil Sami (Executive, Employee)
Honda Civic	2,822	1,687	1,135	1,636	MBL Staff Policy	Mr Shahzad Abdullah (Executive, Employee)
Honda Civic	2,818	2,141	677	1,301	MBL Staff Policy	Mr Bashir Ahmed (Executive, Ex-employee)
Honda Civic	2,768	2,147	621	1,551	MBL Staff Policy	Mr Kazi Muhammad Aamir (Late) (Executive, Ex-employee)
Honda Civic	2,767	2,483	284	1,054	MBL Staff Policy	Mr Shabbir Hamza Khandwala (Executive, Employee)
Honda Civic	2,632	2,104	528	1,181	MBL Staff Policy	Mr Shayan Ahmed Baig (Executive, Employee)

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Vehicles						
Honda Civic	2,236	1,408	828	1,285	MBL Staff Policy	Syed Tanveer Hussain (Executive, Employee)
Honda Civic	1,419	1,007	412	712	MBL Staff Policy	Mr Arshad Majeed (Executive, Ex-employee)
Toyota Corolla	3,238	2,148	1,090	1,755	MBL Staff Policy	Mr Zeeshan Ahmed (Executive, Employee)
Toyota Corolla	2,997	2,345	652	1,559	MBL Staff Policy	Mr Amjad Ayub Khan (Executive, Employee)
Toyota Corolla	2,187	1,384	803	1,268	MBL Staff Policy	Mr Nadeem Abdul Razzak (Executive, Employee)
Toyota Corolla	2,095	1,570	525	1,079	MBL Staff Policy	Mr Muhammad Adnan Razzak (Executive, Employee)
Honda City	2,621	1,347	1,274	2,525	MBL Staff Policy	Mr Munaf Usmani (Executive, Ex-employee)
Honda City	2,373	1,422	951	1,376	MBL Staff Policy	Mr Tariq Kamal (Executive, Employee)
Honda City	2,055	1,505	550	1,027	MBL Staff Policy	Mr Faisal Yunus (Executive, Employee)
Honda City	2,052	1,369	683	1,116	MBL Staff Policy	Mr Yousaf Ijaz (Executive, Employee)
Honda City	1,904	1,206	698	1,593	MBL Staff Policy	Mr Ghiyas Ud Din Butt (Late) (Executive, Ex-employee)
Suzuki Cultus	1,501	974	527	831	MBL Staff Policy	Mr Naveed Uz Zaman Khan Sherwani (Executive, Employee)
Toyota Corolla	2,836	1,312	1,524	2,577	Negotiation	Syed Muhammad Naeem
Honda City	2,577	1,238	1,339	2,372	Negotiation	M/s Vava Cars Pakistan Limited
Honda City	2,568	849	1,719	2,439	Negotiation	Mr Qaiser Ali Awan
Honda City	2,498	498	2,000	2,850	Negotiation	M/s Augmentech Business Solution
Honda City	2,496	663	1,833	2,701	Negotiation	M/s Augmentech Business Solution
Honda City	2,492	498	1,994	2,620	Negotiation	M/s Augmentech Business Solution
Honda City	2,491	579	1,912	2,401	Negotiation	M/s Vava Cars Pakistan Limited
Honda City	2,487	663	1,824	2,280	Negotiation	Syed Muhammad Naeem
Honda City	2,456	652	1,804	2,160	Negotiation	Mr Naveed Ahmad
Honda City	2,386	1,185	1,201	1,807	Negotiation	Mr Muhammad Yamin
Honda City	2,362	1,101	1,261	2,058	Negotiation	Mr Khurram Ayub
Honda City	1,968	1,145	823	2,173	Negotiation	Mr Khurram Ayub
Honda City	1,926	1,283	643	2,150	Negotiation	Mr Tanveer Mehmood
Honda City	1,914	1,339	575	2,064	Negotiation	Syed Muhammad Naeem
Honda City	1,906	1,237	669	2,166	Negotiation	Mr Khurram Ayub
Honda City	1,769	1,267	502	1,927	Negotiation	Mr Khurram Ayub
Suzuki Cultus	1,757	849	908	1,442	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,790	446	1,344	1,486	Negotiation	Mr Muhammad Chand
Suzuki Cultus	1,790	448	1,342	1,818	Negotiation	Mr Adeel Hameed
Suzuki Cultus	1,790	326	1,464	1,865	Negotiation	Mr Ahmar Hameed Sheikh
Suzuki Cultus	1,786	327	1,459	1,857	Negotiation	Mr Haseeb Tariq
Suzuki Cultus	1,770	825	945	2,125	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,768	852	916	1,721	Negotiation	M/s Vava Cars Pakistan Limited
Suzuki Cultus	1,757	849	908	1,486	Negotiation	M Shahbaz Munawar
Suzuki Cultus	1,757	936	821	1,464	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,757	847	910	1,627	Negotiation	Mr Tariq Mehmood
Suzuki Cultus	1,757	842	915	1,655	Negotiation	Mr Adeel Hameed
Suzuki Cultus	1,757	849	908	1,387	Negotiation	Mr Adnan Naseer Ahmed
Suzuki Cultus	1,757	847	910	1,488	Negotiation	Mr Adnan Naseer Ahmed
Suzuki Cultus	1,757	849	908	1,682	Negotiation	Mr Ahmar Hameed Sheikh
Suzuki Cultus	1,756	732	1,024	1,726	Negotiation	Mr Safeer Ahmed
Suzuki Cultus	1,756	732	1,024	1,756	Negotiation	Mr Safeer Ahmed
Suzuki Cultus	1,755	583	1,172	1,684	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,755	640	1,115	1,751	Negotiation	Mr Adeel Hameed
Suzuki Cultus	1,755	640	1,115	1,726	Negotiation	Mr Adeel Hameed
Suzuki Cultus	1,744	813	931	1,770	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,743	668	1,075	1,853	Negotiation	M/s Vava Cars Pakistan Limited
Suzuki Cultus	1,743	696	1,047	1,801	Negotiation	M/s Vava Cars Pakistan Limited
Suzuki Cultus	1,743	813	930	1,750	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,738	578	1,160	1,790	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,738	608	1,130	1,851	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,720	831	889	1,490	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,720	831	889	1,446	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,720	831	889	1,566	Negotiation	Mr Adnan Naseer Ahmed
Suzuki Cultus	1,485	716	769	1,514	Negotiation	Mr Adnan Naseer Ahmed

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Vehicles						
Suzuki Cultus	1,471	708	763	1,652	Negotiation	M/s Vava Cars Pakistan Limited
Suzuki Cultus	1,443	938	505	1,472	Negotiation	Mr Adnan Naseer Ahmed
Suzuki Cultus	1,429	809	620	1,636	Negotiation	M/s Vava Cars Pakistan Limited
Suzuki Cultus	1,419	851	568	1,412	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,413	895	518	1,434	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,407	767	640	1,602	Negotiation	Mr Riaz Ahmed Khan
Suzuki Cultus	1,404	795	609	1,623	Negotiation	M/s Vava Cars Pakistan Limited
Suzuki Cultus	1,404	772	632	1,801	Negotiation	M/s Vava Cars Pakistan Limited
Suzuki Cultus	1,385	716	669	1,541	Negotiation	Mr Riaz Ahmed Khan
Suzuki Cultus	1,336	801	535	1,470	Negotiation	Mr Tariq Mehmood
Suzuki Cultus	1,308	892	416	1,575	Negotiation	Mr Adeel Hameed
Toyota Corolla	2,735	1,959	776	2,135	Takaful Claim	M/s EFU General Insurance Limited
Toyota Corolla	2,493	1,536	957	2,606	Takaful Claim	M/s EFU General Insurance Limited
Honda City	2,492	664	1,828	2,467	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,786	587	1,199	1,780	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,774	206	1,568	1,780	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,773	147	1,626	1,780	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,404	794	610	1,425	Takaful Claim	M/s EFU General Insurance Limited
	231,074	131,114	99,960	178,124		
Leasehold improvements						
Civil Works	13,616	9,650	3,966	670	Negotiation	M/s Mughal Scrap
Civil Works	9,463	7,907	1,556	867	Negotiation	M/s Mughal Scrap
Civil Works	6,957	3,635	3,322	4,406	Takaful Claim	Ms Adamjee General Insurance Limited
Civil Works	618	108	510	557	Takaful Claim	Ms Adamjee General Insurance Limited
	30,654	21,300	9,354	6,500		
Other disposals						
Vehicles	226,164	213,215	12,949	99,504		
Electrical, office and computer equipment	234,981	217,405	17,576	58,125		
Furniture and Fixtures	14,247	13,100	1,147	4,953		
Leasehold improvements	47,226	30,580	16,646	25,223		
	522,618	474,300	48,318	187,805		
Total disposals	784,346	626,714	157,632	372,429		

12.3 Right-of-use assets	2022		
	Cost	Accumulated Depreciation	Net Book Value
	Rupees in '000		
At January 1,	19,050,825	(6,515,342)	12,535,483
Additions during the year	1,439,921	-	1,439,921
Adjusted upon reassessment of useful life (note 12.3.1)	624,880	-	624,880
Depreciation Charge	-	(3,054,831)	(3,054,831)
Derecognition during the year	(432,906)	234,469	(198,437)
At December 31,	20,682,720	(9,335,704)	11,347,016
Useful life			5 years

	2021		
	Cost	Accumulated Depreciation	Net Book Value
	Rupees in '000		
At January 1,	9,975,122	(4,167,850)	5,807,272
Additions during the year	942,515	-	942,515
Adjusted upon reassessment of useful life	8,178,322	-	8,178,322
Depreciation Charge	-	(2,392,626)	(2,392,626)
Derecognition during the year	(45,134)	45,134	-
At December 31,	19,050,825	(6,515,342)	12,535,483
Useful life			2 - 7 years

12.3.1 During the current year, the Bank has reassessed a number of existing lease agreements resulting in reassessment of the lease agreements under IFRS 16, 'Leases'.

The Bank has remeasured the lease liabilities by discounting the revised lease payments using the revised discount rates and making a corresponding adjustment to the right-of-use assets.

	2022	2021
	Rupees in '000	
13 INTANGIBLE ASSETS		
Computer Software	1,421,338	1,235,876
Advance against computer software	422,646	259,934
	1,843,984	1,495,810
13.1 At January 1, 2022		
Cost	3,178,875	2,331,467
Accumulated amortisation	1,942,999	1,585,954
Net book value	1,235,876	745,513
Year ended December 31,2022		
Opening net book value	1,235,876	745,513
Additions - directly purchased	644,046	847,408
Amortisation charge (note 30)	(458,584)	(357,045)
Closing net book value	1,421,338	1,235,876
At December 31, 2021		
Cost	3,822,921	3,178,875
Accumulated amortisation	2,401,583	1,942,999
Net book value	1,421,338	1,235,876
Rate of amortisation (percentage)	10-20	10-20
Useful life	5 - 10 years	5 - 10 years

13.1.1 Included in cost of intangible assets are fully amortised items still in use aggregating Rs 1,449 million (2021: Rs 1,219 million). Remaining life of intangible assets ranges from 1 to 10 years.

14 DEFERRED TAX ASSETS / (LIABILITIES)

	2022			
	At January 1, 2022	Recognised in profit and loss account	Recognised in OCI	At December 31, 2022
	Rupees in '000			
Taxable temporary differences on:				
Excess of accounting book values over tax written down values of owned assets	(136,865)	(326,465)	-	(463,330)
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	(15,045)	66	12,958	(2,021)
	(151,910)	(326,399)	12,958	(465,351)
Deductible temporary differences on:				
(Surplus) / deficit on revaluation of available for sale investments	(2,583,001)	-	3,085,686	502,685
Provision for diminution / impairment in value of investments	1,209,055	168,965	-	1,378,020
Income not accrued due to non-culmination of financing	1,365,823	1,632,208	-	2,998,031
Provision against non-performing Islamic financing and related assets	125,678	36,812	-	162,490
Provision against non-banking assets acquired in satisfaction of claims and others	209,910	(139,783)	-	70,127
	327,465	1,698,202	3,085,686	5,111,353
	175,555	1,371,803	3,098,644	4,646,002

	2021			
	At January 1, 2021	Recognised in profit and loss account	Recognised in OCI	At December 31, 2021
	Rupees in '000			
Taxable temporary differences on:				
Excess of accounting book values over tax written down values of owned assets	(321,162)	184,297	-	(136,865)
Surplus on revaluation of available for sale investments	(2,984,345)	-	401,344	(2,583,001)
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	(10,737)	60	(4,368)	(15,045)
	(3,316,244)	184,357	396,976	(2,734,911)
Deductible temporary differences on:				
Provision for diminution / impairment in value of investments	1,009,932	199,123	-	1,209,055
Income not accrued due to non-culmination of financing	1,048,537	317,286	-	1,365,823
Provision against non-performing Islamic financing and related assets	1,474,152	(1,348,474)	-	125,678
Provision against non-banking assets acquired in satisfaction of claims and others	173,276	36,634	-	209,910
	3,705,897	(795,431)	-	2,910,466
	389,653	(611,074)	396,976	175,555

	Note	2022	2021
		Rupees in '000	
15 OTHER ASSETS			
Profit / return accrued in local currency - net of provisions		68,614,403	48,899,926
Profit / return accrued in foreign currencies - net of provisions		390,362	109,199
Acceptances		12,495,872	10,925,144
Advances, deposits, and other prepayments	15.1	2,301,748	2,075,376
Non-banking assets acquired in satisfaction of claims	15.2	50,301	115,269
Mark to market gain on forward foreign exchange contracts	20.7	-	976,644
Receivables on account of sale of securities		61,941	-
Dividends receivable		950	4,093
Stamps		27,400	25,173
Security deposits		427,931	234,949
Advance for Investments		-	882
Other		1,111,114	436,175
		85,482,022	63,802,830
Less: provision held against other assets	15.3.1	(107,921)	(39,854)
Other Assets (net of provision)		85,374,101	63,762,976
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	23	4,699	38,578
Other assets - total		85,378,800	63,801,554

15.1 This includes prepaid takaful aggregating Rs 826 million (2021: Rs. 847 million) which is being amortised over a period of one year.

	2022	2021
	Rupees in '000	
15.2 Market value of Non-banking assets acquired in satisfaction of claims	55,000	153,847

Market value of the non-banking assets acquired in satisfaction of claims has been carried out by an independent valuers, M/s K.G. Traders (Private) Limited based on prevailing market values determined through independent market inquiries from local active realtors as more detailed in note 41.3. The valuer is listed on the panel of Pakistan Banks' Association.

15.2.1 Non-banking assets acquired in satisfaction of claims

	2022	2021
	Rupees in '000	
Opening Balance	115,269	115,422
Depreciation	(153)	(153)
Transfer to fixed assets	(64,815)	-
Closing Balance	50,301	115,269

15.3 Provision held against other assets

Others	107,921	39,854
	107,921	39,854

15.3.1 Movement in provision held against other assets

Opening balance	39,854	53,923
Charge for the year	134,167	61,004
Reversals	(8,056)	(36,518)
Amount adjusted / written off	(58,044)	(38,555)
Closing balance	107,921	39,854

	Note	2022	2021
16 BILLS PAYABLE		Rupees in '000	
In Pakistan		40,175,122	36,141,378
Outside Pakistan		-	-
		40,175,122	36,141,378
17 DUE TO FINANCIAL INSTITUTIONS			
In Pakistan		573,326,439	220,414,234
Outside Pakistan		-	-
		573,326,439	220,414,234
17.1 Details of due to financial institutions secured / unsecured			
Secured			
With State Bank of Pakistan			
Musharakah under Islamic Export Refinance Scheme	17.1.1	71,610,934	55,181,621
Investment under Islamic Long Term Financing Facility	17.1.2	25,694,774	17,490,047
Investment under Islamic Refinance Facility for Combating COVID-19	17.1.2	955,573	1,244,792
Investment under Islamic Financing for Renewal Energy	17.1.2	17,251,134	12,967,880
Investment under Islamic Temporary Economic Refinance Facility for Plant and Machinery	17.1.2	19,384,119	13,230,968
Investment under Islamic Refinance Scheme for storage of agriculture produce	17.1.2	282,324	40,677
Investment under Islamic Refinance Scheme for payment of wages and salaries	17.1.2	-	2,177,385
Investment under Islamic Refinance Scheme for SME Asaan Finance	17.1.2	201,614	-
Investment under Shariah Compliant Open Market Operations	17.1.3	363,382,155	-
Investment under Shariah Compliant Standing Ceiling Facility		-	39,993,944
Total secured		498,762,627	142,327,314
With Scheduled Bank	17.1.4	30,000,000	30,000,000
Other financial institutions	17.1.5	5,856,908	693,096
Unsecured			
Overdrawn nostro accounts		496,904	443,824
Musharakah with scheduled banks / financial institutions	17.1.6	37,775,000	46,950,000
Others		435,000	-
		573,326,439	220,414,234

17.1.1 These Musharakah are on a profit and loss sharing basis maturing between January 2023 to June 2023 and are secured against demand promissory notes executed in favour of SBP. A limit of Rs 81,869 million (2021: Rs 58,140 million) has been allocated to the Bank by SBP under Islamic Export Refinance Scheme. Last announced profit rate on the Musharakah investment is 7.22% per annum.

17.1.2 These Investments are on profit and loss sharing basis which has been invested in general pool of the Bank and are secured against demand promissory notes executed in favour of SBP. Last announced profit rate on these investments ranges from 0.18% to 4.90% per annum.

17.1.3 These represents acceptance of funds by the Bank on Mudarabah basis which has been invested in special pools of the Bank and are secured against lien of the Bank's investment in Federal Government securities. The expected average return on Open Market Operations is 15.91% (2021: Nil) per annum.

17.1.4 These represents acceptance of funds by the Bank on Musharakah basis which are secured against pledge of the Bank's investment in Federal Government securities (Note 10.2.2). The expected average return on these Musharakah is around 16.15% (2021: 10.65%) per annum. These balances have matured in January 2023 (2021: January 2022).

17.1.5 These Musharakah are on profit and loss sharing basis with Pakistan Mortgage Refinance Company and Karandaaz with the objective of promoting low cost consumer housing and growth in SME financing respectively. The expected average return on Karandaaz Musharakah ranges from 9.02% to 20.26% per annum. The expected profit rate on PMRC borrowing is 12.89% per annum (2021: Nil) having maturity in November 2027.

17.1.6 These represents acceptance of funds by the Bank on Musharakah basis. The expected average return on these Musharakah is around 15.51% (2021: 10.37%) per annum. These balances have matured in January 2023 (2021: January 2022).

		2022	2021
17.2	Particulars of due to financial institutions with respect to currencies	Rupees in '000	
	In local currency	572,829,535	219,970,410
	In foreign currencies	496,904	443,824
		573,326,439	220,414,234
17.3	Particulars of due to financial institutions		
	Short - term	504,444,883	175,358,839
	Long - term	68,881,556	45,055,395
		573,326,439	220,414,234

18 DEPOSITS AND OTHER ACCOUNTS

	2022			2021		
	In Local currency	In Foreign currencies	Total	In Local currency	In Foreign currencies	Total
	Rupees in '000					
Customers						
- Current accounts - non-remunerative	736,468,532	38,420,227	774,888,759	622,823,894	30,848,040	653,671,934
- Savings deposits	581,314,505	53,554,524	634,869,029	492,095,194	43,166,844	535,262,038
- Fixed deposits	181,114,576	16,136,130	197,250,706	231,366,955	14,454,313	245,821,268
- Margin	40,429,443	2,005,656	42,435,099	12,003,635	6,566	12,010,201
	1,539,327,056	110,116,537	1,649,443,593	1,358,289,678	88,475,763	1,446,765,441
Financial institutions						
- Current accounts - non-remunerative	1,770,475	345,846	2,116,321	1,829,027	308,877	2,137,904
- Savings deposits	5,929,062	904	5,929,966	6,096,621	702	6,097,323
- Fixed deposits	1,000,238	-	1,000,238	885,800	-	885,800
	8,699,775	346,750	9,046,525	8,811,448	309,579	9,121,027
	1,548,026,831	110,463,287	1,658,490,118	1,367,101,126	88,785,342	1,455,886,468

		2022	2021
		Rupees in '000	
18.1	Composition of deposits		
	- Individuals	1,162,218,140	979,782,648
	- Government (Federal and Provincial)	8,258,422	6,950,408
	- Public Sector Entities	15,684,966	16,747,910
	- Banking Companies	4,961	68,346
	- Non-Banking Financial Institutions	9,041,564	9,052,681
	- Private Sector	463,282,065	443,284,475
		1,658,490,118	1,455,886,468
18.2	Particulars of deposits and other accounts in Pakistan		
	- In local currency		
	Mudaraba based deposits	780,027,861	737,046,342
	Qard based deposits	767,998,970	630,054,784
		1,548,026,831	1,367,101,126
	- In foreign currencies		
	Mudaraba based deposits	71,688,818	57,621,859
	Qard based deposits	38,774,469	31,163,483
		110,463,287	88,785,342
		1,658,490,118	1,455,886,468

18.3 Eligible deposits covered under deposit protection scheme (including call deposit receipts disclosed under bills payable) amount to Rs 1,401,490 million (2021: Rs 1,243,142 million).

	Note	2022	2021
		Rupees in '000	
19 SUB-ORDINATED SUKUK			
Additional Tier I Sukuk	19.1	7,000,000	7,000,000
Tier II Sukuk	19.2	13,990,000	13,990,000
		20,990,000	20,990,000

19.1 In August 2018, the Bank issued regulatory Shariah compliant unsecured, sub-ordinated privately placed Additional Tier I Sukuk based on Mudaraba of Rs 7,000 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of Additional Tier I sukuk is as follows:

Credit Rating	AA (Double A) by VIS Credit Rating Company Limited.
Issue Date	August 01, 2018
Tenor	Perpetual
Profit payment frequency	Monthly in arrears
Redemption	Perpetual. However, the Bank has call option which can be exercised with prior approval of SBP.
Expected Periodic Profit Amount (Mudaraba Profit Amount)-Non-discretionary subject to actual profit of the pool	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 17.68% per annum.
Call Option	The Bank may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Additional Tier I Sukuk, at the option of the SBP, will be fully and permanently converted into common shares (variable) upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Additional Tier I Sukuk, upon directive of the SBP, if such payment will result in a shortfall in the Bank's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

19.2 In January 2020 and December 2021, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk based on Mudaraba of Rs 4,000 million and Rs 9,990 million respectively as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of Tier II sukuk is as follows:

Credit Rating	AA+ (Double A plus) by VIS Credit Rating Company Limited.
Issue Date	January 09, 2020 and December 16, 2021.
Tenor	10 years from the issue date.
Profit payment frequency	Semi-annually in arrears.
Redemption	Bullet payment at the end of the tenth year.
Expected Periodic Profit Amount (Mudaraba Profit Amount)-Non-discretionary subject to actual profit of the pool	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk are 16.28% and 16.28% per annum respectively.
Call Option	The Bank may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares (variable) upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Tier II Sukuk upon directive of the SBP, if such payment will result in a shortfall in the Bank's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

	Note	2022	2021
20 OTHER LIABILITIES		Rupees in '000	
Return on deposits and other dues			
- payable in local currency	20.1	13,408,460	4,643,447
- payable in foreign currencies		222,900	49,414
Unearned income	20.2	2,123,582	1,449,591
Accrued expenses	20.3	17,360,130	12,187,304
Current taxation (provision less payments)		20,084,580	13,498,972
Acceptances		12,495,872	10,925,144
Unclaimed dividends		3,825,350	19,490
Payable to defined benefit plan	37.3 & 37.15	1,198,444	941,589
Provision against off-balance sheet obligations	20.4	55,167	55,167
Charity payable	20.5	4,159	3,932
Security deposits against Ijarah		21,959,346	20,370,305
Payable on account of credit murabaha / ijarah / musawammah	20.6	53,681,143	24,819
Security deposits against lockers		183,412	160,555
Mark to market loss on forward foreign exchange commitments - net	20.7	214,602	-
Advance against future Diminishing Musharakah		34,987	490,951
Withholding taxes payable		400,426	275,530
Lease liability against right-of-use assets	20.8	12,813,226	13,107,177
Workers Welfare Fund payable	20.9	5,620,598	3,710,254
Others		3,408,755	1,067,904
		169,095,139	82,981,545

20.1 This includes Rs 1,226 million (2021: Rs 264 million) in respect of return accrued on acceptances from SBP under the Islamic Export Refinance Scheme and Rs 365.80 million (2021: Rs 221.30 million) in respect of return accrued on acceptances from the SBP under various Islamic Long Term Refinance Schemes.

20.2 The Bank expects that the present balance of unearned income will be recognised as income in the next financial year

20.3 This includes Rs 1.99 million (2021: Rs 3.97 million) in respect of payable to Al Meezan Investment Management Limited (Subsidiary).

	Note	2022	2021
20.4 Provision against off-balance sheet obligations		Rupees in '000	
Opening balance		55,167	36,489
Charge for the year		-	18,678
Closing balance	20.4.1	55,167	55,167

20.4.1 This represents provision recognised against guarantees and letter of credit of non-performing customers.

	Note	2022	2021
20.5 Reconciliation of charity payable		Rupees in '000	
Balance as at January 1		3,932	989
Additions during the year		147,472	201,777
Less: Transferred to charity savings account (included in deposits and other accounts)	20.5.1	(147,245)	(198,834)
Balance as at December 31		4,159	3,932

20.5.1 Charity paid through savings account during the year is Rs 121.43 million (2021: Rs 94.20 million). Charity of Rs 100,000 or higher was paid to the following organisations:

	2022	2021
	Rupees in '000	
Ihsan Trust - Related Party	55,000	63,000
Institute of Business Administration - Centre for Excellence in Islamic Finance	17,330	25,800
Alamgir Welfare Trust	8,500	-
Baitussalam Welfare Trust	5,000	-
Saylani Welfare Trust	5,000	-
Patients' Behbud Society for the Aga Khan University Hospital	2,000	-
Bahauddin Zakariya University, Multan	2,500	-
The Indus Hospital, Karachi	2,000	-
Rashid Memorial Welfare Organization	1,000	-
Friends of Burns Centre, Karachi	1,000	-
Transformation International Society, Karachi	1,000	-
Child Life Foundation, Karachi	1,000	-
Patients Welfare Foundation, Creek General Hospital	1,000	-
Diya Pakistan - Related Party	1,000	-
Idara Al-Khair Welfare Society	1,000	-
Pakistan's Childrens' Heart Foundation	1,000	500
Afzaal Memorial Thalassemia Foundation	500	-
Chhipa Welfare Association	500	-
Family Educational Services Foundation	500	-
Bin Qutab Foundation	500	500
The Garage School	500	400
Karigar Training Institute	500	300
Omair Sana Foundation	500	300
Muhammadi Blood Bank	500	-
NICE Welfare Society	500	-
Help of Patients in Exigency by Students (HOPES)	500	-
Patients Aid Foundation, Jinnah Postgraduate Medical Centre, Karachi	500	-
Balochistan University of Information Technology, Engineering and Management Sciences	500	-
University of Agriculture, Faisalabad	500	-
Islamia University, Bahawalpur	500	-
University of Punjab	500	-
Institute of Business Management, Karachi	500	-
NED University of Engineering & Technology, Karachi	500	-
Jinnah University for Women, Karachi	500	-
Quaid-i-Azam University, Islamabad	500	-
University of Karachi	500	-
Behbud Association, Karachi	500	-
Federal Urdu University of Arts, Science and Technology	500	-
COMSATS University, Islamabad	500	-
The Cancer Foundation, Karachi	500	-
Al Mustafa Welfare Society - Karachi	500	-
Pakistan Disabled Foundation	500	-
Zubaida Machiyara Trust	500	200
Pakistan Eye Bank	500	200
Mukhtaran Rafiq Foundation	500	200
Pakistan Association of Deaf	300	100
Kiran Foundation	300	-
Jamiyat Punjabi Saudagran-e-Delhi	300	-
Life Care Foundation Trust	300	-
Fatimid Foundation	200	-
Read Foundation	100	-
Dua Foundation	100	-
Prevention of Blindness Trust	-	500
Burhani Medical Welfare Association	-	400
Jamal Noor Hospital	-	300
Frontier Foundation Welfare Hospital And Blood Transfusion Service	-	200
Women Islamic Lawyer's Forum	-	200
Child Aid Association	-	200
Women Empowerment Group	-	200
Health Education Livelihood Promoters (HELP) - Balochistan	-	200
The Kidney Centre, Karachi	-	200
Health & Social Welfare Association	-	200
The Diabetes Centre	-	100
	121,430	94,200

20.5.2 The balance in Charity's savings account is Rs 155.79 million (2021: Rs 122.60 million).

20.5.3 Movement of charity fund during the year is as under:

	2022	2021
	Rupees in '000	
Opening balance	126,535	17,980
Additions during the year		
Received from customers on delayed payment	122,793	108,650
Dividend Purification Amount	15,359	16,002
Non-shariah compliance income	9,320	77,125
Profit on charity saving account (net of bank charges)	7,373	978
	154,845	202,755
Distribution of Charity		
Education	(84,030)	(89,200)
Health	(13,200)	(4,000)
Health & Education	-	(1,000)
Community Development	(24,200)	-
	(121,430)	(94,200)
Closing balance	159,950	126,535

20.6 This represents payable on account of credit Musawammah in accordance with the guidelines of the State Bank of Pakistan.

20.7 This is net off gain on forward foreign exchange commitments of Rs 1,787 million (2021: net off loss on forward foreign exchange commitments of Rs 1,965 million - Note 15).

20.8 The carrying amounts of lease liability against right-of-use assets and the movement during the year are as follows:

	2022	2021
	Rupees in '000	
As at January 1,	13,107,177	6,474,235
Additions	1,439,921	942,515
Adjustment upon reassessment of useful life	624,880	8,178,322
Amortisation of lease liability against right-of-use assets	1,522,963	770,406
Derecognition during the year	(198,437)	-
Payments	(3,683,278)	(3,258,301)
As at December 31,	12,813,226	13,107,177

20.9 The Bank has made full provision for Workers Welfare Fund (WWF) based on profit for the respective years (2008-2022). In 2016, the Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue filed review petitions against this order which are currently pending. Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not be treated as conclusive. Accordingly, the Bank continues to maintain the provision in respect of WWF.

21 SHARE CAPITAL

21.1 Authorised capital

2022	2021		2022	2021
(Number of Shares)			Rupees in '000	
3,253,860,000	3,253,860,000	Ordinary shares of Rs 10 each	32,538,600	32,538,600

21.2 Issued, subscribed and paid up capital

2022	2021		2022	2021
(Number of Shares)			Rupees in '000	
		Fully paid-up ordinary shares of Rs 10 each		
516,517,908	516,517,908	Issued for cash	5,165,179	5,165,179
1,273,106,413	1,110,413,293	Issued as bonus shares	12,731,064	11,104,133
1,789,624,321	1,626,931,201		17,896,243	16,269,312

21.3 Shareholding held by associated companies / entities are as follows:

Name of Shareholders	2022 Number of shares held	2022 Percentage of Shareholding	2021 Number of shares held	2021 Percentage of Shareholding
Noor Financial Investment Company, Kuwait	630,819,684	35.25%	573,472,440	35.25%
Pakistan Kuwait Investment Company (Private) Limited	536,887,288	30.00%	488,079,353	30.00%
Islamic Development Bank, Jeddah	166,863,457	9.32%	151,694,052	9.32%
CDC - Trustee Meezan Islamic Fund	15,079,983	0.84%	15,277,983	0.94%
CDC - Trustee Al Meezan Mutual Fund	2,871,197	0.16%	2,285,548	0.14%
CDC - Trustee Meezan Tahaffuz Pension Fund	2,712,724	0.15%	2,374,743	0.15%
CDC - Trustee KSE Meezan Index Fund	1,658,338	0.09%	1,294,530	0.08%
CDC - Trustee Meezan Balanced Fund	817,023	0.05%	1,149,463	0.07%
CDC - Trustee Meezan Asset Allocation Fund	526,683	0.03%	645,167	0.04%
CDC - Trustee Meezan Dedicated Equity Fund	498,227	0.03%	497,080	0.03%
Trustee Habbah Education Trust	72,532	0.00%	65,939	0.00%
CDC - Trustee Meezan Pakistan Exchange Traded Fund	66,263	0.00%	-	0.00%

22 RESERVES

	Note	2022	2021
		Rupees in '000	
Share Premium		2,406,571	2,406,571
Statutory reserve	22.1	22,169,518	17,668,857
Non Distributable Capital Reserve - Gain on Bargain Purchase		3,117,547	3,117,547
Employee share option compensation reserve	39	427,419	133,457
General reserve		66,766	66,766
		28,187,821	23,393,198

22.1 Under section 21(i)(b) of the Banking Companies Ordinance, 1962, an amount not less than 10.00% of the profit is to be transferred to create a reserve fund.

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

	Note	2022	2021
		Rupees in '000	
Available for sale securities			
- Listed shares		1,035,172	1,928,965
- Sukuk		(2,204,206)	4,694,113
		(1,169,034)	6,623,078
Non-banking assets acquired in satisfaction of claims	23.1	4,699	38,578
		(1,164,335)	6,661,656
Less: Deferred tax asset / (liability) on			
- Available for sale securities		502,685	(2,583,001)
- Non-banking assets acquired in satisfaction of claims	23.1	(2,021)	(15,045)
		500,664	(2,598,046)
		(663,671)	4,063,610

23.1 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Surplus on revaluation as at January 1	38,578	30,678
Recognised during the year	(3,542)	8,053
Adjusted upon transfer to fixed assets during the year	(30,184)	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(153)	(153)
Surplus on revaluation as at December 31	4,699	38,578
Less: related deferred tax liability on:		
- Revaluation as at January 1	15,045	10,737
- Impact of change in applicable tax rate	1,544	-
- Revaluation recognised during the year	(1,523)	4,368
- Adjusted upon transfer to fixed assets during the year	(12,979)	-
- Incremental depreciation charged during the year	(66)	(60)
	2,021	15,045
	2,678	23,533

24 CONTINGENCIES AND COMMITMENTS

	Note	2022	2021
		Rupees in '000	
-Guarantees	24.1	56,485,801	45,072,765
-Commitments	24.2	1,238,876,726	887,366,094
-Other contingent liabilities	24.3	1,802,000	1,802,000
		1,297,164,527	934,240,859

24.1 Guarantees:

Financial guarantees		570,477	930,441
Performance guarantees		33,361,532	23,651,964
Other guarantees		22,553,792	20,490,360
		56,485,801	45,072,765

24.2 Commitments:

Documentary letters of credit		221,689,496	175,227,624
Commitments in respect of:			
- forward foreign exchange transactions	24.2.1	243,862,470	200,615,279
Commitments for acquisition of:			
- fixed assets		640,778	389,225
- intangible assets		291,358	309,824
Other commitments	24.2.2	772,392,624	510,824,142
		1,238,876,726	887,366,094

24.2.1 Commitments in respect of forward foreign exchange contracts

	Note	2022	2021
		Rupees in '000	
Purchase		139,648,096	114,757,851
Sale		104,214,374	85,857,428
		243,862,470	200,615,279

24.2.2 Other Commitments

Commitments in respect of financing	24.2.2.1	772,392,624	510,824,142

24.2.2.1 The Bank makes commitments to extend credit (including to related parties) in the normal course of business but these being revocable commitments do not attract any significant penalty or the expense if the facility is unilaterally withdrawn, other than commitments in respect of syndicated / long term financings amounting to Rs 61,232 million (2021: Rs 70,453 million).

24.3 Other contingent liabilities

The Income Tax Department amended the deemed assessment orders of the Bank for prior years including the tax year 2021. The additions / disallowances were mainly due to allocation of expenses relating to dividends and capital gain, allowability of provision against loans and advances, provision against investments and provision against other assets. In the amended order for tax year 2015, additional issues with respect to the taxability of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches have also been raised. The Bank has obtained stay order from the High Court of Sindh against the demands raised through the amended order for the tax year 2015. Both the Bank and the department have filed appeals with the Appellate Authorities in respect of the aforementioned matters.

The management of the Bank, in consultation with its tax advisors, is confident that the decision in respect of the above matters would be in Bank's favour and accordingly no provision has been made in these unconsolidated financial statements with respect thereto. The additional tax liability in respect of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches is Rs 1,096 million and Rs 706 million respectively.

25 PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS

	Note	2022	2021
		Rupees in '000	
On financing	25.1	89,733,691	43,330,817
On investments in			
- Available for sale securities		109,855,350	40,689,074
- Held for trading securities		484	-
- Held to maturity securities		23,329,436	1,391,185
On deposits / placements with financial institutions		9,202,271	24,661,471
		232,121,232	110,072,547

25.1 The income on Ijarah under IFAS 2 is net of takaful of Rs 2,164 million (2021: Rs 1,737 million) recovered from customers.

26 PROFIT / RETURN ON DEPOSITS AND OTHER DUES EXPENSED

	Note	2022	2021
		Rupees in '000	
Deposits and other accounts	26.1	59,584,928	33,995,613
Sub-ordinated Sukuk		3,022,277	1,588,467
Shariah Compliant Open Market Operations and Standing Ceiling Facility from the State Bank of Pakistan		34,969,578	11,781
Other Musharakahs / Mudarabas	26.2	11,317,860	4,785,171
Amortisation of lease liability against right-of-use assets		1,522,963	770,406
		110,417,606	41,151,438

26.1 This includes conversion cost of Rs 2,252 million (2021: Rs 2,373 million) against foreign currency deposits.

26.2 This includes Rs 2,478 million (2021: Rs 989 million) paid / payable to SBP under Islamic Export Refinance Scheme and Rs 1,284 million (2021: Rs 689 million) paid / payable to SBP under the various Islamic Long Term Refinance Schemes.

27 FEE AND COMMISSION INCOME

		2022	2021
		Rupees in '000	
Trade related fees and commissions	27.1	3,790,368	3,318,195
Commission on guarantees		174,358	179,041
Branch banking customer fees		2,278,685	1,715,285
Credit related fees	27.2	102,394	124,379
Debit card related fees		5,773,464	3,081,103
Investment banking related fees		347,619	305,304
Commission on cash management		301,411	172,878
Commission on home remittances		259,616	283,302
Others		288,139	173,321
		13,316,054	9,352,808

27.1 Trade related income pertain to corporate, commercial and SME segments, branch banking fees pertain to retail banking segment and debit card fee pertains to alternative delivery channel segment (others).

27.2 This includes consumer processing fees of Rs 46.30 million (2021: Rs 47.70 million).

28 (LOSS) / GAIN ON SECURITIES

	Note	2022	2021
		Rupees in '000	
Realised - net	28.1	(55,093)	348,884
Unrealised - held for trading - net		18	-
		(55,075)	348,884

28.1 Realised (loss) / gain on:

Federal Government Securities	34,033	9,315
Listed Shares	37,056	306,888
Non Government Sukuk (Pakistan Energy Sukuk)	-	32,659
Foreign Securities	(126,182)	-
Associates	-	22
	(55,093)	348,884

29 OTHER INCOME

	Note	2022	2021
		Rupees in '000	
Gain on termination of			
- Ijarah financing		573,794	671,649
- Diminishing Musharakah and other financing		70,935	19,698
Gain on sale of operating fixed assets		214,797	145,657
Liabilities written back - donation to Meezan Foundation (Liquidated)		350,000	-
Others		27,876	2,506
		1,237,402	839,510

30 OPERATING EXPENSES

	Note	2022	2021
Total compensation expense	30.1	26,327,851	19,625,308
Property expense			
Depreciation on right-of-use assets		3,054,831	2,392,626
Rent and taxes		64,112	62,320
Utilities cost (including electricity and diesel)		2,081,765	1,224,763
Security (including guards)		1,197,309	824,785
Repair and maintenance (including janitorial charges)		806,487	589,158
Depreciation		897,873	826,989
Takaful expenses		3,583	4,800
Others		40,835	30,458
		8,146,795	5,955,899
Information technology expenses			
Software maintenance		875,434	619,499
Hardware maintenance		337,590	312,745
Depreciation		728,752	502,687
Amortisation		458,584	357,045
Network charges		318,459	267,614
		2,718,819	2,059,590
Other operating expenses			
Stationery and printing (including debit card related cost)		1,501,807	845,771
Repairs and maintenance		439,545	304,655
Local transportation and car running		1,214,852	646,817
Depreciation on vehicles, equipment etc.		1,495,984	1,086,731
Legal and professional charges		122,727	139,513
NIFT and other clearing charges		214,124	197,646
Marketing, advertisement and publicity		954,066	1,005,603
Security charges - cash transportation		720,409	601,360
Communication (including courier)		580,749	468,882
Travelling and conveyance		173,296	71,806
Training and Development		93,542	26,561
Donation	30.4	44,317	512
Fees, subscription and other charges		437,499	347,777
Brokerage and bank charges		267,411	306,749
Office supplies		417,196	304,337
Entertainment		72,861	67,314
Takaful expense		130,718	124,012
Outsourced services costs	30.2	22,537	23,478
Auditors' Remuneration	30.3	25,247	21,856
Fees and allowances to Shariah Board	40	43,403	36,915
Directors' fees and allowances	40	71,490	65,040
Others		2,586	22,161
		9,046,366	6,715,496
		46,239,831	34,356,293

30.1 Total compensation expense	Note	2022	2021
		Rupees in '000	
Managerial Remuneration			
i) Fixed		12,810,754	10,821,768
ii) Cash Bonus / Awards etc.		11,251,653	7,088,789
iii) Share based compensation expense	39	293,962	133,457
Charge for defined benefit plan		605,247	462,114
Contribution to defined contribution plan		538,270	463,194
Compensated absences		190,939	110,097
Others including EOBI, SESSI, uniform, sports etc.		637,026	545,889
Total compensation expense		26,327,851	19,625,308

30.2 Total cost for the year included in other operating expenses relating to outsourced activities is Rs 3,230 million (2021: Rs 2,689 million). This cost includes outsourced service costs, which are disclosed specifically in note 30. The entire cost pertains to payments to companies incorporated in Pakistan and mainly on account of security guards, janitorial staff and courier services. Total cost of outsourced activities on account of portfolio management for the year given to Al-Meezan Investment Management Limited (a related party) is Rs 22.50 million (2021: Rs 23.5 million) has been disclosed in outsourced services costs, which has been disclosed above under operating expenses.

30.3 Auditors' remuneration	Note	2022	2021
		Rupees in '000	
Audit fee		7,000	7,000
Fee for interim review		1,170	1,170
Special certifications / review / tax advisory services		13,483	10,500
		21,653	18,670
Sindh sales tax on services		2,184	2,275
Out of pocket expenses		1,410	911
		25,247	21,856

30.4 Donation

The Indus Hospital	35,000	-
Akhuwat Foundation	5,000	-
Citizen Police Liaison Committee	4,317	-
Idara Al-Khair	-	512
	44,317	512

None of the directors, executives or their spouses had any interest in the donees.

31 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	95,150	28,172

32 PROVISIONS AND WRITE OFFS - NET

Provision against non-performing Islamic financing and related assets - net	11.12	3,249,734	744,810
Provision for diminution in value of investments	10.3	806,681	214,623
Provision against other assets	15.3.1 & 32.1	126,111	24,486
Provision against off-balance sheet obligations	20.4	-	18,678
Bad debts written off directly		-	515
Recoveries of written off financings	32.2	(5,865)	(10,282)
		4,176,661	992,830

32.1 This mainly represents provision (net of recoveries) against operational losses incurred by the Bank in the current or prior years.

32.2 This includes recoveries against financing written off by HSBC ME prior to its acquisition by the Bank.

33 TAXATION

	Note	2022	2021
		Rupees in '000	
Current	33.1	45,118,283	18,529,514
Prior years		(368,262)	-
Deferred		(1,371,803)	611,074
		43,378,218	19,140,588

33.1 Through Finance Act 2022, the effective tax rate on banking companies has been increased and consequently for the year 2022, tax rates has been enhanced to 49% (inclusive of 10% Super Tax) from 39% in 2021 (inclusive of 4% Super Tax). Accordingly, the Bank has recognised super tax charge of Rs 9,210 million (2021: Rs 1,806 million) in the current year based on taxable income for the year.

33.2 Relationship between tax expense and accounting profit

	Note	2022	2021
		Rupees in '000	
Profit before taxation		88,384,828	47,495,745
Effects of:			
- Tax calculated at the applicable rate of 39% / 35%		34,470,083	16,623,511
- Super tax @ 10% / 4%		9,209,551	1,806,110
- Expenses not deductible for tax purposes		(86,979)	198,572
- Other additions / adjustments for tax purposes		(284,472)	119,848
- Others		70,035	392,547
Tax charge for the year		43,378,218	19,140,588

34 BASIC AND DILUTED EARNINGS PER SHARE

34.1 Basic Earnings per share

	Note	2022	2021
Profit for the year		45,006,610	28,355,157
		(Number)	Restated
Weighted average number of ordinary shares		1,789,624,321	1,789,624,321
		(Rupees)	Restated
Basic earnings per share	34.4	25.15	15.84

34.2 Diluted Earnings per share

	Note	2022	2021
		Rupees in '000	
Profit for the year		45,006,610	28,355,157
		(Number)	Restated
Weighted average number of ordinary shares	34.3	1,790,444,362	1,789,665,752
		(Rupees)	Restated
Diluted earnings per share	34.4	25.14	15.84

34.3 Reconciliation of basic and diluted earning per share

	2022	2021
	(Number)	
Weighted average number of ordinary shares	1,789,624,321	1,789,624,321
Add: Diluted impact of Employee stock option scheme	820,041	41,431
Dilutive potential ordinary shares	1,790,444,362	1,789,665,752

34.4 The Bank has issued bonus shares during the year and accordingly the earnings per share for the comparative year has been restated.

	Note	2022	2021
		Rupees in '000	
35 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	7	117,743,106	170,500,698
Balances with other banks	8	13,676,159	16,420,036
		131,419,265	186,920,734

35.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2022		
	Sub-ordinated Sukuk	Lease liability against right-of-use assets	Dividend Payable
	Rupees in '000		
Balance as at January 01, 2022	20,990,000	13,107,177	19,490
Changes from financing cash flows			
Payment against lease liability against right-of-use assets	-	(3,683,278)	-
Dividend paid	-	-	(7,908,045)
Total changes from financing cash flows	-	(3,683,278)	(7,908,045)
Other changes			
Addition to right-of-use-assets	-	1,439,921	-
Amortisation of lease liability against right-of-use assets	-	1,522,963	-
Adjustment upon reassessment of useful life	-	624,880	-
Derecognition during the year	-	(198,437)	-
Cash dividend (Rs 7 per share)	-	-	11,713,905
	-	3,389,327	11,713,905
Balance as at December 31, 2022	20,990,000	12,813,226	3,825,350

	2021		
	Sub-ordinated Sukuk	Lease liability against right-of-use assets	Dividend Payable
	Rupees in '000		
Balance as at January 1, 2021	18,000,000	6,474,235	21,219
Changes from financing cash flows			
Issuance of Sub-ordinated Sukuk - Tier II	9,990,000	-	-
Redemption of Sub-ordinated Sukuk - Tier II	(7,000,000)	-	-
Payment against lease liability against right-of-use assets	-	(3,258,301)	-
Dividend paid	-	-	(9,515,742)
Total changes from financing cash flows	2,990,000	(3,258,301)	(9,515,742)
Other changes			
Addition to right-of-use-assets	-	942,515	-
Amortisation of lease liability against right-of-use assets	-	770,406	-
Adjustment upon reassesment of useful life	-	8,178,322	-
Cash dividend (Rs 6.5 per share)	-	-	9,514,013
	-	9,891,243	9,514,013
Balance as at December 31, 2021	20,990,000	13,107,177	19,490

35.2 Additional information on operational cash flows from profit / return

	2022	2021
	Rupees in '000	
Profit / Return received on financings, investments and placements	212,125,592	102,096,277
Profit / Return paid on deposits and other dues	101,479,107	40,477,380
	313,604,699	142,573,657

36 STAFF STRENGTH

	Note	2022	2021
		(Number of Staff)	
Permanent		12,324	11,275
On Bank's contract		920	830
Bank's own staff strength at the end of the year		13,244	12,105
Outsourced	36.1	2,136	1,902
Total Staff Strength		15,380	14,007

36.1 This excludes outsourced security guards and janitorial staff.

37 DEFINED BENEFIT PLAN

37.1 Meezan Bank Gratuity Funded Scheme

The activities of the Gratuity Funded Scheme are governed by Meezan Bank Limited Staff Gratuity Fund established in 2000 under the provisions of a Trust Deed. Plan assets held in trust are governed by the Trust Deed as is the nature of the relationship between the Bank and the trustees and their composition. Responsibility for governance of the plan including the investment decisions lies with the Trustees. The Board of Trustees comprise of representatives of the Bank and scheme participants in accordance with the Fund's Trust Deed.

37.2 Number of Employees under the Gratuity Funded Scheme

	Note	2022	2021
		(Number)	
Number of Employees eligible under the Gratuity Funded Scheme		9,941	9,245

37.3 Reconciliation of amount payable to defined benefit plan

		Rupees in '000	
Present value of defined benefit obligations	37.5	3,671,959	2,688,572
Fair value of plan assets	37.5	(3,002,944)	(2,150,857)
		669,015	537,715

37.4 Components of plan assets

	Entity / Instrument Credit Rating	2022 Rupees in '000	2022 %	2021 Rupees in '000	2021 %
GoP Ijarah Sukuk	Govt. Guaranteed	2,792,376	92.99	900,000	41.84
Meezan Aamdan Certificates	AAA	-	-	1,078,388	50.13
Mutual Funds managed by Al Meezan Investment Management Limited	AM1	130,926	4.36	133,530	6.21
Bank Islami Pakistan Limited - Additional Tier 1 Sukuk	A-	5,000	0.17	5,000	0.23
Savings account with Dubai Islamic Bank Limited	AA	141	-	133	0.01
Savings account with Meezan Bank Limited	AAA	74,501	2.48	33,806	1.58
		3,002,944	100	2,150,857	100

37.5 The movement in the defined benefit obligation over the year is as follows:

	2022		
	Present Value of obligation	Fair Value of Plan Assets	Total
	Rupees in '000		
At January 1	2,688,572	(2,150,857)	537,715
Current service cost	466,852	-	466,852
Return expense / (income)	314,103	(243,317)	70,786
	3,469,527	(2,394,174)	1,075,353
Remeasurements:			
-Return on plan assets, excluding amounts included in return expense / (income) shown as above	-	(279,586)	(279,586)
-Experience gains	410,963	-	410,963
	410,963	(279,586)	131,377
	3,880,490	(2,673,760)	1,206,730
Contribution	-	(537,715)	(537,715)
Benefit payments	(208,531)	208,531	-
At December 31	3,671,959	(3,002,944)	669,015

	2021		
	Present Value of obligation	Fair Value of Plan Assets	Total
	Rupees in '000		
At January 1	2,190,677	(1,886,514)	304,163
Current service cost	375,047	-	375,047
Return expense / (income)	217,802	(184,021)	33,781
	2,783,526	(2,070,535)	712,991
Remeasurements:			
-Return on plan assets, excluding amounts included in return expense / (income) shown as above	-	102,047	102,047
-Experience gains	26,840	-	26,840
	26,840	102,047	128,887
	2,810,366	(1,968,488)	841,878
Contribution	-	(304,163)	(304,163)
Benefit payments	(121,794)	121,794	-
At December 31	2,688,572	(2,150,857)	537,715

37.6 Charge for defined benefit plan (in respect of the Gratuity Funded Scheme)

	2022	2021
	Rupees in '000	
37.6.1 Cost recognised in profit and loss		
Current service cost	466,852	375,047
Net return cost	70,786	33,781
	537,638	408,828
37.6.2 Re-measurements recognised in OCI during the year		
Gain on obligation - Experience adjustment	410,963	26,840
Return on plan assets over expected return	(279,586)	102,047
Total re-measurements recognised in OCI	131,377	128,887

Total expense recognised in unconsolidated Profit and Loss Account amounted to Rs 605.248 million (2021: Rs 462.11 million) of which Rs 537.64 million (2021: Rs 408.83 million) pertains to approved Gratuity Funded Scheme and Rs 67.61 million (2021: Rs 53.29 million) pertains to End of Service Unfunded Defined Benefit Scheme. Total expense recognised in Other Comprehensive Income amounted to Rs 189.32 million (2021: credit of Rs 120.50 million) of which expense of Rs 131.377 million (2021: credit of Rs 128.887 million) pertains to Gratuity Funded Scheme and charge of Rs 57.946 million (2021: credit of Rs 8.390 million) pertains to End of Service Unfunded Defined Benefit Scheme.

37.7 The plan assets and defined benefit obligations (in respect of the Gratuity Funded Scheme) are based in Pakistan.

37.8 Principal actuarial assumptions

	2022	2021
Discount rate	14.25% p.a	12.25% p.a
Expected rate of increase in salaries	14.25% p.a	11.25% p.a
Expected rate of return on investments	14.25% p.a	12.25% p.a
Normal retirement age	60 years	60 years

37.9 Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables.

37.10 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation - Increase / (Decrease)			
		December 31, 2022		December 31, 2021	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		Rupees in '000			
Discount rate	1.00%	(386,264)	455,722	(277,147)	327,488
Salary growth rate	1.00%	469,642	(403,962)	340,683	(292,327)
Withdrawal rate	10.00%	(7)	6	1,204	(1,212)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the unconsolidated Statement of Financial Position.

37.11 The weighted average duration of the defined benefit obligation is 11.49 years.

37.12 Expected maturity analysis of undiscounted defined benefit obligation for the Gratuity Funded Scheme is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Rupees in '000				
At December 31, 2022	191,654	158,718	702,933	35,224,168	36,277,473
At December 31, 2021	165,485	137,177	429,283	15,785,623	16,517,568

37.13 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Contribution for the next year works out to Rs 586.373 million as per the actuarial valuation report of the Bank as of December 31, 2022.

37.14 Through its Gratuity Funded Scheme, the Fund is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to corporate sukuk yields; if plan assets underperform to the yield, this will create a deficit. The Fund believes that due to long-term nature of the plan liabilities and the Bank's support, the current investment strategy manages this risk adequately.
Changes in Sukuk yields	A decrease in corporate sukuk yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' sukuk holdings.
Inflation risk	The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. However plan assets are variable rate instruments and are re-priced at regular intervals to off set inflationary impacts.
Life expectancy / Withdrawal rate	The majority of the plans' obligations are to provide benefits on severance with the Bank on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

37.15 **End of Service Unfunded Defined Benefit Scheme**

The Bank also operates an End of Service Unfunded Defined Benefit Scheme for the founding President and Chief Executive Officer.

The charge in respect of current service cost is recognised based on expected period of future service. The net charge for the year of this benefit amounted to Rs 125.56 million. The charge of Rs 67.61 million has been recognized in the Profit and Loss Account and the charge of Rs 57.95 million has been recognised in Other Comprehensive Income. The present value of defined benefit obligation recognised in respect of this scheme amounts to Rs 529.43 million.

The principal actuarial assumptions comprise of discount rate of 14.25 percent and salary increase rate of 8.00 percent. The sensitivity of the defined benefit obligation due to a one percent change in discount rate would be Rs 10.10 million (in case the discount rate is increased) and Rs 10.40 million (in case the discount rate is decreased). These sensitivities are calculated using the same methodology as explained in note 37.10.

37.16 The disclosures made in notes 37.1 to 37.15 are based on the information included in the actuarial valuation reports of the Bank as of December 31, 2022.

38 DEFINED CONTRIBUTION PLAN

The Bank also operates a recognised contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Bank and the employees, to the fund at a rate of 10% of basic salary.

	2022	2021
	Rupees in '000	
Contribution from the Bank	538,270	463,194
Contribution from the employees	538,270	463,194
	1,076,540	926,388

39 EMPLOYEES STOCK OPTION SCHEME

During the year 2022, the Board Human Resources, Remuneration and Compensation Committee (the Committee) has granted Share Options to the designated employees under the Meezan Bank Employees Share Option Scheme, 2021 (the Scheme) approved by the shareholders and Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SMD/Co.86(1)/3/2001/4 dated April 21, 2021.

Under the scheme, the exercise price has been determined as 70% of the average market closing price of the Bank's shares quoted on the Pakistan Stock Exchange during the last forty trading days prior to the date of grant. There are no performance measures attached to options granted. The options carry neither right to dividends nor voting rights till shares are issued to employees on exercise of options on completion of the vesting period. The shares will be vested over a period of 4 years, with one-third being vested after two years from the date of grant, remaining one-third after three years and the remaining one-third after four years.

The value of these equity-settled options have been determined using the Black Scholes Merton (BSM) method using an independent valuer. The key details of the share options granted during the year on May 01, 2022 and May 01, 2021 are as under:

	Vesting Period	Exercise Date	Options granted	Options outstanding	Exercise Price (Rs)	Fair value per option (Rs)	Risk Free Rate	Standard Deviation
Share options issued in 2022	2 years	01-May-24	2,498,648	2,498,648	94.34	44	13.50%	30.08%
	3 years	01-May-25	2,498,648	2,498,648	94.34	55		
	4 years	01-May-26	2,498,648	2,498,648	94.34	64		
			7,495,944	7,495,944				

	Vesting Period	Exercise Date	Options granted	Options outstanding	Exercise Price (Rs)	Fair value per option (Rs)	Risk Free Rate	Standard Deviation
Share options issued in 2021	2 years	01-May-23	2,340,833	2,340,833	77.43	78	10.50%	31.63%
	3 years	01-May-24	2,340,833	2,340,833	77.43	85		
	4 years	01-May-25	2,340,834	2,340,834	77.43	90		
			7,022,500	7,022,500				

Expense arising from this scheme is disclosed in Note 30.1.

40 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

	2022						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non-Executives				
	Rupees in '000						
Fees and allowances	11,640	-	59,850	2,500	-	-	-
Managerial remuneration							
i) Fixed	-	-	-	34,903	88,818	402,318	460,947
ii) Cash Bonus	-	-	-	6,000	200,000	460,000	370,350
iii) Share based compensation expense	-	-	-	-	4,290	21,375	30,236
Charge for gratuity fund / EOSB	-	-	-	-	125,555	12,019	18,691
Contribution to defined contribution plan	-	-	-	-	-	14,952	22,876
Others	-	-	-	-	4,180	1,224	-
	11,640	-	59,850	43,403	422,843	911,888	903,100
Number of persons	1	-	9	4	1	22	63

	2021						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non-Executives				
	Rupees in '000						
Fees and allowances	11,640	-	53,400	2,100	-	-	-
Managerial remuneration							
i) Fixed	-	-	-	18,815	82,239	336,441	394,768
ii) Cash Bonus	-	-	-	16,000	175,000	388,000	330,000
iii) Share based compensation expense	-	-	-	-	1,900	8,134	12,714
Charge for gratuity fund / EOSB	-	-	-	-	44,896	10,008	15,962
Contribution to defined contribution plan	-	-	-	-	-	12,061	19,615
Others	-	-	-	-	2,146	1,434	-
	11,640	-	53,400	36,915	306,181	756,078	773,059
Number of persons	1	-	9	4	1	19	55

40.1 The Chief Executive, the key management personnel, certain members of Shariah board and certain material risk takers / controllers have been provided with free use of the Bank's cars.

40.2 The amount of cash bonus to the key management personnel, Resident Shariah Board Member and other material risk takers / controllers, is based on the management's best estimate.

40.3 Remuneration to Directors for participation in Board and Committee Meetings

2022

Sr. No.	Name of Director	Meeting Fees and Allowances						
			For Board Committees					
		For Board Meetings	Audit Committee	Risk Management Committee	Information Technology Committee	Human Resources, Remuneration & Compensation Committee	IFRS 9 Implementation Oversight Committee	Total Amount
		Rupees in '000						
1	Mr Riyadh S.A.A. Edrees (Chairman)	3,840	-	-	2,600	2,600	2,600	11,640
2	Mr Faisal A.A.A. Al-Nassar (Vice Chairman)	3,200	2,600	2,600	2,600	-	-	11,000
3	Mr Bader H.A.M.A. Al-Rabiah	3,200	650	1,950	-	-	-	5,800
4	Mr Mubashar Maqbool	3,200	1,950	2,600	2,600	-	-	10,350
5	Mr Faisal Fahad Al-Muzaini	3,200	-	-	-	-	1,950	5,150
6	Mr Naveed Iftikhar Sherwani	3,200	-	-	-	-	-	3,200
7	Mr Mohamed Guermazi	3,200	1,950	650	-	-	-	5,800
8	Mr Mohammad Abdul Aleem	3,200	2,600	-	-	2,600	-	8,400
9	Ms Nausheen Ahmad	3,200	-	-	-	2,600	-	5,800
10	Mr Yousef S.M.A. Al-Saad	2,400	-	1,950	-	-	-	4,350
		31,840	9,750	9,750	7,800	7,800	4,550	71,490

2021

Sr. No.	Name of Director	Meeting Fees and Allowances						
			For Board Committees					
		For Board Meetings	Audit Committee	Risk Management Committee	Information Technology Committee	Human Resources, Remuneration & Compensation Committee	IFRS 9 Implementation Oversight Committee	Total Amount
		Rupees in '000						
1	Mr Riyadh S.A.A. Edrees (Chairman)	3,840	-	-	2,600	2,600	2,600	11,640
2	Mr Faisal A.A.A. Al-Nassar (Vice Chairman)	3,200	2,600	2,600	2,600	-	-	11,000
3	Mr Bader H.A.M.A. Al-Rabiah	2,400	1,950	-	-	-	-	4,350
4	Mr Mubashar Maqbool	3,200	-	2,600	2,600	-	-	8,400
5	Mr Saad Fazil Abbasi	800	-	650	-	-	-	1,450
6	Mr Mohamed Guermazi	3,200	-	2,600	-	-	-	5,800
7	Mr Noorur Rahman Abid	3,200	2,600	-	-	2,600	-	8,400
8	Ms Nausheen Ahmad	3,200	-	-	-	2,600	-	5,800
9	Mr Atif Azim	3,200	-	-	2,600	-	-	5,800
10	Mr Naveed Iftikhar Sherwani	2,400	-	-	-	-	-	2,400
		28,640	7,150	8,450	10,400	7,800	2,600	65,040

40.4 Remuneration to Members Shariah Board

	2022			2021		
	Chairman	Resident Member	Non Resident Members	Chairman	Resident Member	Non Resident Members
	Rupees in '000					
Meeting Fees	-	-	2,500	-	-	2,100
Managerial remuneration and allowances	-	6,007	28,896	-	4,157	14,658
Cash Bonus	-	6,000	-	-	4,000	12,000
	-	12,007	31,396	-	8,157	28,758
Total Number of Persons	1	1	2	1	1	2

41 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

41.1 Fair value of financial assets

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

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

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

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

	2022				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	917,873,562	-	917,873,562	-	917,873,562
- Shares	7,565,867	7,565,867	-	-	7,565,867
- Non Government Sukuk	119,509,708	119,509,708	-	-	119,509,708
- Foreign Securities	8,568,475	-	8,568,475	-	8,568,475
	1,053,517,612	127,075,575	926,442,037	-	1,053,517,612
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	217,208,259	-	203,805,000	-	203,805,000
	217,208,259	-	203,805,000	-	203,805,000
	1,270,725,871	127,075,575	1,130,247,037	-	1,257,322,612
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts	244,685,475	-	244,685,475	-	244,685,475

	2021				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	386,597,737	-	386,597,737	-	386,597,737
- Shares	8,718,285	8,718,285	-	-	8,718,285
- Non Government Sukuk	120,028,511	120,028,511	-	-	120,028,511
- Foreign Securities	10,703,622	-	10,703,622	-	10,703,622
	526,048,155	128,746,796	397,301,359	-	526,048,155
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	76,687,798	-	76,651,000	-	76,651,000
	76,687,798	-	76,651,000	-	76,651,000
	602,735,953	128,746,796	473,952,359	-	602,699,155
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts	203,234,909	-	203,234,909	-	203,234,909

41.2 Fair Value of non-financial assets

	2022				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000				
Non-banking assets acquired in satisfaction of claims	55,000	-	-	55,000	55,000
	55,000	-	-	55,000	55,000

	2021				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000				
Non-banking assets acquired in satisfaction of claims	153,847	-	-	153,847	153,847
	153,847	-	-	153,847	153,847

Non-banking assets acquired in satisfactions of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values.

Valuation techniques used in determination of fair values

Item	Valuation approach and input used
Listed Securities	The valuation has been determined through closing rates of Pakistan Stock Exchange.
GoP Sukuk	The fair value of GoP Ijarah Sukuk quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined/ approved dealers / brokers.
Foreign Sukuk	The valuation has been determined through closing rates of Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by SBP.
Mutual Funds	The valuation has been determined based on Net asset values declared by respective funds.

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 during the year.

Fair value of Islamic financing and related assets, unquoted sukuk, other assets, other liabilities and fixed term deposits and other accounts and due to financial institutions cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing and related assets has been made in accordance with the Bank's accounting policy as stated in note 6.3.2.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these assets and liabilities are short term in nature or in the case of financings and deposits are frequently repriced.

42 SEGMENT ANALYSIS

42.1 Segment Details with respect to Business Activities

	2022					
	Corporate and Commercial banking	Retail banking	Trading and sales	Others	Inter-segment Eliminations	Total
	Rupees in '000					
Profit and loss account						
External funded revenue	83,882,167	7,655,763	140,583,302	-	-	232,121,232
External non funded revenue	4,558,746	3,326,592	4,809,368	6,408,482	-	19,103,188
Inter segment revenue - net	-	196,667,127	-	173,327	(196,840,454)	-
Total Income	88,440,913	207,649,482	145,392,670	6,581,809	(196,840,454)	251,224,420
External cost of funds	6,777,093	61,280,572	42,359,941	-	-	110,417,606
Segment direct expenses	1,400,367	44,750,561	165,724	1,928,673	-	48,245,325
Inter segment expense allocation	74,213,540	-	122,626,914	-	(196,840,454)	-
Total expenses	82,391,000	106,031,133	165,152,579	1,928,673	(196,840,454)	158,662,931
Provisions and write offs - net	3,201,688	124,306	806,681	43,986	-	4,176,661
Profit before tax	2,848,225	101,494,043	(20,566,590)	4,609,150	-	88,384,828
Statement of financial position						
Cash and bank balances	-	112,300,051	8,905,757	10,213,457	-	131,419,265
Due from financial institutions - net	-	-	34,964,299	-	-	34,964,299
Investments - net	11,019,547	-	1,272,190,740	-	-	1,283,210,287
Net inter segment lending	-	1,544,149,502	-	-	(1,544,149,502)	-
Islamic financings and related assets - net	902,768,059	92,740,295	-	-	-	995,508,354
Others	35,208,094	52,596,851	43,932,977	557,384	-	132,295,306
Total Assets	948,995,700	1,801,786,699	1,359,993,773	10,770,841	(1,544,149,502)	2,577,397,511
Due to financial institutions	134,872,920	6,364,466	432,089,053	-	-	573,326,439
Deposits and other accounts	-	1,658,490,118	-	-	-	1,658,490,118
Subordinated sukuk	20,990,000	-	-	-	-	20,990,000
Net inter segment borrowing	675,947,666	-	861,843,217	6,358,619	(1,544,149,502)	-
Others	74,724,128	125,404,634	5,211,198	3,930,301	-	209,270,261
Total liabilities	906,534,714	1,790,259,218	1,299,143,468	10,288,920	(1,544,149,502)	2,462,076,818
Equity	42,460,986	11,527,481	60,850,305	481,921	-	115,320,693
Total Equity and liabilities	948,995,700	1,801,786,699	1,359,993,773	10,770,841	(1,544,149,502)	2,577,397,511
Contingencies and Commitments	965,252,925	88,049,132	243,862,470	-	-	1,297,164,527

	2021					
	Corporate and Commercial banking	Retail banking	Trading and sales	Others	Inter-segment Eliminations	Total
	Rupees in '000					
Profit and Loss Account						
External funded revenue	38,904,867	5,784,199	65,383,481	-	-	110,072,547
External non funded revenue	3,984,822	2,556,850	5,095,743	3,254,385	-	14,891,800
Inter segment revenue - net	-	89,808,493	-	-	(89,808,493)	-
Total Income	42,889,689	98,149,542	70,479,224	3,254,385	(89,808,493)	124,964,347
External cost of funds	3,266,249	34,832,977	3,052,212	-	-	41,151,438
Segment direct expenses	1,077,132	32,047,212	762,109	1,437,881	-	35,324,334
Inter segment expense allocation	30,037,728	-	59,760,519	10,246	(89,808,493)	-
Total expenses	34,381,109	66,880,189	63,574,840	1,448,127	(89,808,493)	76,475,772
Provisions and write offs - net	642,026	92,940	218,079	39,785	-	992,830
Profit before tax	7,866,554	31,176,413	6,686,305	1,766,473	-	47,495,745
Statement of financial position						
Cash and bank balances	-	174,828,996	1,518,093	10,573,645	-	186,920,734
Due from financial institutions - net	-	-	238,401,637	-	-	238,401,637
Investments - net	15,926,987	-	604,205,056	-	-	620,132,043
Net inter segment lending	-	1,267,123,798	-	-	(1,267,123,798)	-
Islamic financings and related assets - net	670,252,106	87,834,014	-	-	-	758,086,120
Others	18,243,198	40,247,352	40,932,915	7,401	-	99,430,866
Total Assets	704,422,291	1,570,034,160	885,057,701	10,581,046	(1,267,123,798)	1,902,971,400
Due to financial institutions	102,332,649	693,821	117,387,764	-	-	220,414,234
Deposits and other accounts	-	1,455,886,468	-	-	-	1,455,886,468
Subordinated sukuk	20,990,000	-	-	-	-	20,990,000
Net inter segment borrowing	533,751,157	-	724,249,670	9,122,971	(1,267,123,798)	-
Others	15,307,422	99,675,815	3,162,896	976,790	-	119,122,923
Total liabilities	672,381,228	1,556,256,104	844,800,330	10,099,761	(1,267,123,798)	1,816,413,625
Equity	32,041,063	13,778,056	40,257,371	481,285	-	86,557,775
Total Equity and liabilities	704,422,291	1,570,034,160	885,057,701	10,581,046	(1,267,123,798)	1,902,971,400
Contingencies and Commitments	657,044,559	76,581,021	200,615,279	-	-	934,240,859

43 TRUST ACTIVITIES

The Bank provides trustee services in respect of Islamic Financing transactions. The services primarily includes holding of assets as security trustee / custodian on behalf of investors.

44 RELATED PARTY TRANSACTIONS

44.1 Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes a subsidiary company, associated companies, retirement benefit funds, directors, and key management personnel and their close family members.

44.2 The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration and other benefit to the key management personnel is determined in accordance with the terms of their appointment.

44.3 Subsidiary company

- Al Meezan Investment Management Limited

44.4 Associates

Associates include mutual funds managed by Al Meezan Investment Management Limited and entities having common directorship with the Board. However, entities are not considered related party only if common director is an independent director working on both the Boards.

44.5 Key management personnel

- President and Chief Executive Officer
- Deputy Chief Executive Officer

44.6 Details of transactions with related parties and balances with them (other than those disclosed in respective notes) as at the year-end as are follows:

	Total		Subsidiary		Associates		Directors		Key Management Personnel		Other Related Parties	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees in '000											
Islamic financing and related assets												
At January 1,	-	-	-	-	-	-	-	-	-	-	-	-
Addition during the year	29,972,348	-	-	-	29,972,348	-	-	-	-	-	-	-
Repayment / redemption / deletion during the year	-	-	-	-	-	-	-	-	-	-	-	-
At December 31	29,972,348	-	-	-	29,972,348	-	-	-	-	-	-	-
Investments												
At January 1,	907,788	908,669	63,050	63,050	844,738	845,619	-	-	-	-	-	-
Addition during the year	514	-	-	-	514	-	-	-	-	-	-	-
Repayment / redemption / deletion during the year	-	(881)	-	-	-	(881)	-	-	-	-	-	-
At December 31	908,302	907,788	63,050	63,050	845,252	844,738	-	-	-	-	-	-
Due from financial institutions												
At January 1,	21,858,348	36,671,288	-	-	21,858,348	36,671,288	-	-	-	-	-	-
Addition during the year	-	76,546,772	-	-	-	76,546,772	-	-	-	-	-	-
Repayment / redemption / deletion during the year	(21,858,348)	(91,359,712)	-	-	(21,858,348)	(91,359,712)	-	-	-	-	-	-
At December 31	-	21,858,348	-	-	-	21,858,348	-	-	-	-	-	-

Balances pertaining to parties that were related at the beginning of the year but ceased to be related during any part of the current year are not reflected as part of the closing balance. However, new related parties have been added during the year. The same are accounted for through the movement presented above.

	Total		Subsidiary		Associates		Directors		Key Management Personnel		Other Related Parties	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees in '000											
Deposits	4,494,250	7,236,303	20,530	15,388	3,565,923	2,386,870	134,806	131,435	180,487	188,427	592,504	4,514,183
Other Assets												
Profit receivable on financing / investments / placements	684,919	725,460	-	-	684,919	725,460	-	-	-	-	-	-
Fee and Other Receivable	47,936	59,573	24,975	22,111	17,864	9,037	-	-	1,745	-	3,352	28,425
Due to financial institutions												
At January 1,	-	-	-	-	-	-	-	-	-	-	-	-
Addition during the year	53,500,000	-	-	-	53,500,000	-	-	-	-	-	-	-
Repayment / redemption / deletion during the year	(35,500,000)	-	-	-	(35,500,000)	-	-	-	-	-	-	-
At December 31	18,000,000	-	-	-	18,000,000	-	-	-	-	-	-	-
Sub-ordinated Sukuk												
At January 1,	200,000	578,000	-	-	200,000	578,000	-	-	-	-	-	-
Addition during the year	10,000	10,000	-	-	10,000	10,000	-	-	-	-	-	-
Repayment / redemption / deletion during the year	-	(388,000)	-	-	-	(388,000)	-	-	-	-	-	-
At December 31	210,000	200,000	-	-	210,000	200,000	-	-	-	-	-	-
Other Liabilities												
Profit payable on musharakah acceptance	54,568	-	-	-	54,568	-	-	-	-	-	-	-
Payable to defined benefit plan	1,198,444	941,589	-	-	-	-	-	-	529,429	403,874	669,015	537,715
Accrued Expenses	1,992	353,974	1,992	3,974	-	-	-	-	-	-	-	350,000
Unearned Income	16,615	16,648	-	-	16,615	16,648	-	-	-	-	-	-
Contingencies and Commitments												
Letters of credit (unfunded)	725,168	-	-	-	725,168	-	-	-	-	-	-	-
Letters of Guarantee (unfunded)	2,387,177	2,491,377	100	100	2,387,077	2,491,277	-	-	-	-	-	-
Transactions, income and expenses												
Profit earned on financing / investments / placements	753,103	2,850,799	-	-	753,103	2,850,799	-	-	-	-	-	-
Fees and other income earned	622,220	163,937	98,516	94,734	173,219	69,005	18	20	404	100	350,063	78
Dividend income earned	358,056	650,000	357,500	650,000	556	-	-	-	-	-	-	-
Capital gain - net	2,028	302	-	-	-	302	-	-	-	-	2,028	-
Return on deposits / acceptance expensed	668,541	581,473	3,273	1,612	497,492	251,625	1,784	733	7,440	7,695	158,552	319,808
Recovery of expenses	3,352	3,155	-	-	-	-	-	-	-	-	3,352	3,155
Charge for defined benefit plan	669,015	537,715	-	-	-	-	-	-	-	-	669,015	537,715
Contribution to defined contribution plan	538,270	463,194	-	-	-	-	-	-	-	-	538,270	463,194
Contribution to staff benevolent fund	65,993	54,418	-	-	-	-	-	-	-	-	65,993	54,418
Fees expensed	24,193	24,949	22,537	23,478	1,224	1,471	-	-	-	-	432	-
Charity Paid	56,000	63,000	-	-	1,000	-	-	-	-	-	55,000	63,000
Purchase of fixed assets	153,417	425,393	-	-	153,417	425,393	-	-	-	-	-	-
Remuneration to key management personnel	631,638	489,318	-	-	-	-	-	-	631,638	489,318	-	-
Fee to non-executive directors (note 40)	71,490	65,040	-	-	-	-	71,490	65,040	-	-	-	-
Proceeds from sale of fixed assets having net book value of Rs 526 thousands	2,271	-	-	-	-	-	-	-	2,271	-	-	-

45 CAPITAL ASSESSMENT AND ADEQUACY BASEL SPECIFIC

Capital structure

The State Bank of Pakistan (SBP) introduced updated guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks vide its communication dated November 5, 2014. These guidelines are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by banks in Pakistan. The SBP had specified a transitional period for implementing new standards which came to its end on December 31, 2019. The disclosures below have been prepared on the basis of these new guidelines. The comparative information is as per requirements which were applicable last year.

45.1 Capital structure

Under Basel III framework, the Bank's regulatory capital has been analysed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:

a) Common Equity Tier 1 (CET1), which includes fully paid up capital, balance in share premium account, statutory and general reserves, and un-appropriated profits (net of losses), after regulatory deductions for book value of intangibles, reciprocal cross holdings and deficit on revaluation of AFS investments.

b) Additional Tier 1 capital (AT1), which includes perpetual, unsecured, subordinated, non-cumulative and contingent convertible Sukuk instrument issued by the Bank.

- Tier II capital, which includes sub-ordinated sukuk, general provisions for loan losses (up to a maximum of 1.25% of credit risk weighted assets).

Banking operations are categorised in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

The required capital adequacy ratio is achieved by the Bank through:

(a) Adequate level of paid up capital;
(b) Adequate risk profile of asset mix;
(c) Ensuring better recovery management; and
(d) Maintaining acceptable profit margins.

45.2 Capital adequacy ratio

The main objective of the capital management is to improve the financial position and strengthen the statement of financial position of the Bank to support the growth in business, provide protection to depositors and enhance shareholders' value.

The Bank's Board and the management is committed to maintaining a sound balance between depositors' liability and shareholders' funds so that optimal capital / debt ratio is maintained. The optimal capital / debt ratio will provide reasonable assurance to depositor's about safety and security of their funds and at the same time provide impetus to the management to invest their depositors' funds into profitable ventures without compromising the risk profile of the Bank. The capital requirement of the Bank has been determined based on the projected growth plan to be achieved in the next 3 years in all areas of business operations. Further, it also takes into account a road map for capital enhancement as directed by the State Bank of Pakistan vide its various circulars issued from time to time.

The Bank prepares Annual Budget and Three Year Plan for purpose of the growth map and future direction. Bottom up approach is used to prepare annual budget and detailed deliberations are held while preparing Three Year Plan. The growth prospects takes into consideration prevailing economic and political factors in Pakistan and abroad.

In implementing current capital requirements the State Bank of Pakistan requires banks to maintain minimum Capital Adequacy Ratio (CAR) of 11.50% as of December 31, 2022 whereas CAR stood at 18.42% at the year ended December 31, 2022.

The Bank calculates capital adequacy ratio for credit risk, market risk and operational risk based upon requirements under Basel Accord as per guidelines issued by the State Bank of Pakistan from time to time in this regard.

Sensitivity and stress testing of the Bank under different risk factors namely yield rate, forced sale value of collateral, non-performing financings and foreign exchange rate depicts that the Bank's capital adequacy ratio is above the regulatory requirements.

The Bank has taken into account credit risk, market risk and operational risk when planning its assets.

46 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2022	2021
	Rupees in '000	
Minimum Capital Requirement (MCR)		
Paid-up capital (net of losses)	17,896,243	16,269,312
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 (CET 1) Capital	113,339,894	80,903,080
Eligible Additional Tier 1 (ADT 1) Capital	7,000,000	7,000,000
Total Eligible Tier 1 Capital	120,339,894	87,903,080
Eligible Tier 2 Capital	20,962,210	23,900,095
Total Eligible Capital (Tier 1 + Tier 2)	141,302,104	111,803,175
Risk weighted assets (RWAs):		
Credit Risk	557,776,813	471,179,745
Market Risk	22,678,235	22,956,751
Operational Risk	186,602,267	133,736,815
Total	767,057,315	627,873,311
Common Equity Tier 1 Capital Adequacy ratio	14.78%	12.89%
Tier 1 Capital Adequacy Ratio	15.69%	14.00%
Total Capital Adequacy Ratio	18.42%	17.81%
Leverage ratio (LR)		
Tier-1 Capital	120,339,894	87,903,080
Total Exposures	2,940,154,033	2,244,744,326
Leverage Ratio	4.09%	3.92%
Liquidity coverage ratio (LCR)		
Total High Quality Liquid Assets	682,411,975	464,998,495
Total Net Cash Outflow	240,277,969	209,348,310
Liquidity Coverage Ratio	284%	222%
Net stable funding ratio (NSFR)		
Total Available Stable Funding	1,628,565,640	1,370,517,865
Total Required Stable Funding	1,038,717,022	829,111,476
Net Stable Funding Ratio	157%	165%

46.1 In the latest assessment carried out by the SBP under the Framework for Domestic Systemically Important Banks (D-SIBs) introduced vide BPRD Circular No.04 of 2018 dated April 13, 2018, the Bank has been identified as a sample D-SIB. In line with the framework, the Bank is required to meet the HLA capital surcharge, in the form of additional Common Equity Tier 1 (CET-1) capital of 0.5% on a standalone and consolidated basis till June 30, 2023.

Full disclosure on Capital Adequacy, Leverage Ratio & Liquidity Requirements prepared as per SBP instructions is available at https://www.meezanbank.com

47 RISK MANAGEMENT

During 2022, Pakistan witnessed significant economic headwinds. Rising inflation, increasing fuel prices, depleting foreign exchange reserves, massive devaluation of the Pakistani rupee, political instability, increasing interest rates, and high budget deficit made the year more challenging. In this backdrop, Fitch, Moody's and S&P Global lowered the country's sovereign credit rating. In June 2022, Pakistan was hit with a natural catastrophe in the shape of worst ever floods in the history of the country. The floods resulted in millions of people being displaced and severe damage to both crops and livestock. Additionally, international commodity prices also remained elevated through the year. The headline inflation increased significantly touching a multi-year high of 27.32% in August. During the year, SBP increased the benchmark interest rate by a cumulative 625 bps to 16%. This steep increase was aimed at reducing aggregate demand in the economy and also to counter high inflation. This led to a steep uptick in domestic food prices.

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

The wide variety of the Bank's business activities require the Bank to identify, assess, measure, aggregate and manage risks effectively which are constantly evolving as the business activities expand in response to the Bank's strategy and growth. The Bank manages the risk through a framework of risk management encompassing policies and procedures, organisational structures, risk measurement and monitoring processes and techniques that are closely aligned with business activities of the Bank.

Risk management principles

- The Board of Directors (the Board) provides overall risk management supervision. The Board Risk Management Committee regularly reviews the Bank's risk profile.
- The Bank has set up objectives and policies to manage the risks that arise in connection with the Bank's activities. The risk management framework and policies of the Bank are guided by specific objectives to ensure that comprehensive and adequate risk management tools and techniques are established to mitigate the salient risk elements in the operations of the Bank.
- The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent risk management framework.
- The structure of risk management function is closely aligned with the organisational structure of the Bank.
- The risk management function is independent of the Bank's operations.

Risk management organisation

The Board Risk Management Committee comprises of four non-executive directors. One of the non-executive directors of the Bank chairs the Risk Management Committee.

Specialized Committees comprising of Senior Management team members perform their functions in line with the strategic direction set by the Board while ensuring that there is optimal balance between risk reward trade-off. The Committees include:

Name of the sub-committee	Chaired by
Credit Risk Management Committee (CRMC)	President & CEO
Asset and Liability Management Committee (ALCO)	President & CEO
Compliance & Operational Risk Management Committee (CORMC)	President & CEO

CRMC is responsible to oversee credit risk activities on bank wide basis while ensuring compliance with regulatory requirements and internal policies. Its responsibilities also include to provide support and guide front lines in managing their businesses, perform finance portfolio review, establish financing standards and benchmarks, maintain adequate industry diversification and decide upon provisioning. It is also required to delegate financing approving powers & prudential limits on large financing exposures. Credit Committee, a sub-committee of CRMC is the highest level body for approval of financing transactions.

ALCO is responsible for reviewing the Asset and Liability structure of the Bank, monitoring the liquidity situation and overall changing market scenario. Market and Liquidity risks are examined based on stress testing exercises and gap analysis. ALCO is also responsible for monitoring policy rate movements and taking necessary steps across various products to ensure that the overall profitability of the Bank is maximized without compromising on risk appetite. ALCO also ensures that the Banks' overall operations are fully compliant with regulatory framework for the business as provided by the State Bank of Pakistan.

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

The Bank's risk management, compliance, internal audit and legal departments support the risk management function. The role of the risk management department is to assess, measure, identify risks and established risk mitigants through a detailed policy and monitoring framework. The compliance department ensures that all the directives and guidelines issued by the SBP are being complied with in order to mitigate the compliance risk. The internal audit and BRR department reviews the compliance of internal control procedures with internal and regulatory standards.

47.1 Credit risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligations is impaired resulting in economic loss to the Bank. This credit risk arises mainly from both direct financing activities as well as contingent liabilities.

Credit risk management and structure

The Bank manages credit risk by effective credit appraisal mechanism, approving and reviewing authorities, limit structures, internal credit risk rating system, collateral management and post disbursement monitoring so as to ensure prudent financing activities and sound financing portfolio under the umbrella of a comprehensive Financing Policy approved by the Board of Directors. A comprehensive financing procedural manual approved by the senior management is also in place. The Bank also ensures diversification of its portfolio into different business segments, products and sectors. Further, to avoid risk concentration; counterparty limits, counterparty group limits and industry concentration limits are also established, monitored and assessed in the light of changing counterparty and market conditions.

Watchlist procedure is also functioning which identifies financings with early warning indicators in respect of clients having the potential to become non performing. The risk management function also monitors the non-performing financing portfolio of the Bank and reports all significant matters to the Board Risk Management Committee.

The Bank takes into account the risk mitigating effect of the eligible collaterals for the calculation of capital requirement for credit risk. Use of Credit Risk Mitigation (CRM) resulted in the total credit risk weighted amount of Rs 557,776.81 million (2021: Rs 471,179.75 million).

Thus, use of CRM resulted in capital adequacy ratio of the Bank of 18.42%.

47.1.1 Segmental information

47.1.1.1 Due from financial institutions

Credit risk by public / private sector

	Gross amount due from financial institutions		Non-performing amount due from financial institution		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees in '000					
Public / Government	-	112,003,699	-	-	-	-
Private	35,005,865	126,439,504	41,566	41,566	41,566	41,566
	35,005,865	238,443,203	41,566	41,566	41,566	41,566

47.1.1.2 Investment in Sukuk and government securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees in '000					
Automobile and transportation equipment	1,132,254	883,640	-	-	-	-
Chemical and Pharmaceuticals	25,892	25,892	25,892	25,892	25,892	25,892
Construction and allied industries	333,333	416,667	-	-	-	-
Steel and allied industries	868,750	1,100,000	-	-	-	-
Federal Government Securities	1,142,267,556	464,586,190	-	-	-	-
Financial	3,347,228	2,572,735	-	-	-	-
Foreign Government Securities	5,314,367	7,684,473	-	-	-	-
Oil and Gas	-	2,950,000	-	-	-	-
Power (electricity)	123,034,537	124,928,266	-	-	-	-
Textile	135,714	178,571	50,000	50,000	50,000	50,000
	1,276,459,631	605,326,434	75,892	75,892	75,892	75,892

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees in '000					
Public / Government	1,269,926,455	598,968,924	-	-	-	-
Private	6,533,176	6,357,510	75,892	75,892	75,892	75,892
	1,276,459,631	605,326,434	75,892	75,892	75,892	75,892

47.1.1.3 Islamic financing and related assets

Credit risk by industry sector

	Gross Amounts		Non-performing amounts		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees in '000					
Agriculture, Food, Feed Mills, Poultry, Dairy, Forestry and Fishing	208,073,442	162,478,493	2,270,930	3,395,929	2,270,930	3,165,623
Automobile and transportation equipment	26,072,313	20,719,843	157,974	74,585	82,035	73,158
Cement	19,353,573	13,825,174	-	-	-	-
Chemical and Pharmaceuticals	36,842,695	16,542,558	22,036	22,036	22,036	22,036
Construction	17,530,547	11,737,462	1,367,291	1,278,654	1,283,436	1,278,654
Steel and allied industries	27,836,119	26,145,539	472,264	546,615	378,626	416,337
Plastic products manufacturer	4,539,985	3,994,568	-	-	-	-
Electronics and electrical appliances	7,671,307	8,281,523	-	-	-	-
Exports/Imports	1,522,101	2,016,709	195,415	205,493	195,415	205,493
Fertilizer	28,544,431	19,743,356	-	38,833	-	38,833
Financial	38,074,312	519,309	-	-	-	-
Footwear and Leather garments	4,964,169	4,170,916	-	11,435	-	11,435
Individuals	73,475,097	66,641,606	1,011,366	933,318	534,783	370,138
Takaful / Insurance	654,300	627,760	-	-	-	-
Mining and Quarrying	3,530,578	5,309,238	-	-	-	-
Oil and Gas	85,322,255	44,479,242	4,364,340	4,224,503	4,337,347	4,206,236
Paper, board and packaging	21,977,610	10,388,890	123,435	231,306	121,420	229,291
Power (electricity)	88,675,574	97,775,783	788,840	817,480	788,840	817,480
Services	9,415,229	9,363,039	20,285	84,219	18,071	45,915
Sugar	21,257,976	12,612,935	-	-	-	-
Textile	172,803,936	143,773,181	2,361,930	2,058,162	2,361,930	2,021,650
Transport, Storage and Communication	50,649,542	31,497,141	77,129	77,513	43,697	41,466
Wholesale and Retail Trade	63,955,770	61,749,684	337,378	338,625	317,430	287,482
Others	5,358,896	2,901,177	57,674	110,832	56,766	107,761
	1,018,101,757	777,295,126	13,628,287	14,449,538	12,812,762	13,338,988

Credit risk by public / private sector

	Gross Amounts		Non-performing amounts		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees in '000					
Public / Government	318,259,246	237,476,802	-	-	-	-
Private	699,842,511	539,818,324	13,628,287	14,449,538	12,812,762	13,338,988
	1,018,101,757	777,295,126	13,628,287	14,449,538	12,812,762	13,338,988

47.1.1.4 Contingencies and Commitments

Credit risk by industry sector

	2022	2021
	Rupees in '000	
Agriculture, Food, Feed Mills, Poultry, Dairy, Forestry and Fishing	98,417,326	71,453,206
Automobile and transportation equipment	43,510,460	27,560,120
Cement	24,368,223	14,392,244
Chemical and Pharmaceuticals	37,636,764	36,754,088
Construction	32,544,198	39,002,386
Steel and allied industries	41,774,472	32,541,776
Plastic products manufacturer	7,488,719	6,924,962
Electronics and electrical appliances	16,899,349	11,565,939
Exports/Imports	5,531,431	3,965,076
Fertilizer	18,124,795	16,005,439
Financial	266,595,919	161,294,410
Footwear and Leather garments	7,538,339	5,934,844
Individuals	336,981	7,687,462
Takaful / Insurance	374,450	263,952
Mining and Quarrying	12,314,638	5,654,762
Oil and Gas	92,706,034	41,796,492
Paper, board and packaging	22,947,107	14,058,322
Power (electricity)	146,814,179	76,128,620
Services	66,587,092	63,951,481
Sugar	22,340,850	25,102,487
Textile	217,879,460	214,583,093
Transport, Storage and Communication	23,137,093	23,854,641
Wholesale and Retail Trade	75,625,125	22,649,002
Others	15,671,523	11,116,055
	1,297,164,527	934,240,859

Credit risk by public / private sector

Public / Government	271,179,069	92,770,090
Private	1,025,985,458	841,470,769
	1,297,164,527	934,240,859

47.1.1.5 Concentration of Top 10 exposures

Top 10 exposures on the basis of total (funded and non-funded) exposures aggregated to Rs 408,589 million (2021: Rs 301,905 million) as follows:

	2022	2021
	Rupees in '000	
Funded Exposure	331,735,662	249,871,722
Non Funded Exposure	76,853,260	52,033,362
Total Exposure	408,588,922	301,905,084

The sanctioned limits against these top 10 exposures aggregated to Rs 518,795 million (2021: Rs 324,895 million). None of the exposure against these top 10 customers is in classified stage.

47.1.1.6 Islamic Financings and related assets - Province/Region-wise Disbursement & Utilization

Province / Region	2022						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees in '000						
Punjab	664,533,491	664,533,491	-	-	-	-	-
Sindh	770,568,389	-	770,568,389	-	-	-	-
KPK including FATA	9,151,023	-	-	9,151,023	-	-	-
Balochistan	2,169,900	-	-	-	2,169,900	-	-
Islamabad	137,770,908	-	-	-	-	137,770,908	-
AJK including Gilgit-Baltistan	399,082	-	-	-	-	-	399,082
Total	1,584,592,793	664,533,491	770,568,389	9,151,023	2,169,900	137,770,908	399,082

Province / Region	2021						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees in '000						
Punjab	442,069,392	442,069,392	-	-	-	-	-
Sindh	409,068,056	-	409,068,056	-	-	-	-
KPK including FATA	5,683,347	-	-	5,683,347	-	-	-
Balochistan	1,186,334	-	-	-	1,186,334	-	-
Islamabad	41,009,443	-	-	-	-	41,009,443	-
AJK including Gilgit-Baltistan	246,833	-	-	-	-	-	246,833
Total	899,263,405	442,069,392	409,068,056	5,683,347	1,186,334	41,009,443	246,833

47.1.2 Credit Risk - General Disclosures

The Bank has adopted Standardised Approach of Basel Accord for calculation of capital charge against credit risk. Therefore, risk weights for the credit risk related assets (on-balance sheet and off-balance sheet - market and non market related exposures) are assigned on basis of standardised approach.

The Bank is committed to further strengthen its risk management framework which will enable the Bank to move ahead for adopting Foundation Internal Ratings Based (IRB) approach of Basel II. Meanwhile, none of the Bank's assets class is subject to the Foundation IRB or advanced IRB approaches.

47.1.2.1 Credit Risk: Disclosures for portfolio subject to the Standardised Approach

Under standardised approach the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognised by the SBP for capital adequacy purposes. In this connection, the Bank utilises the credit ratings assigned by ECAIs and has recognised agencies such as PACRA (Pakistan Credit Rating Agency) and VIS Credit Rating Company which are also recognised by the SBP.

In case of foreign currency exposures against banks, ratings assigned by S&P, Fitch and Moody's have been applied. In case of exposure against banks, some banks have multiple ratings but those ratings do not result in mapping with different risk weights.

Types of Exposure and ECAI's used

Exposures	2022				
	VIS	PACRA	Standard & Poor's	Fitch	Moody's
Corporate	√	√	√	√	√
Banks	√	√	√	√	√
Public Sector Entities	√	√	-	-	-

Use of ECAI Ratings

The Bank prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings. Unsolicited ratings may only be used in cases where a solicited rating is not available.

Mapping to SBP Rating Grades

The alignment of the Alphanumerical scale of each agency used with risk buckets is as per instructions laid down by SBP under Basel III requirements.

47.1.2.2 Credit exposures subject to standardised approach

On-balance sheet Exposures	2022			2021		
	Amount Outstanding	Deduction Credit Risk Management	Net amount	Amount Outstanding	Deduction Credit Risk Management	Net amount
	Rupees in '000					
Banks						
20%	83,540,160	59,789,988	23,750,172	256,066,796	192,460,283	63,606,513
50%	1,692,525	-	1,692,525	255,474	-	255,474
100%	1,082,999	-	1,082,999	807,999	-	807,999
150%	63,662	-	63,662	53,321	-	53,321
Unrated	1,572,546	-	1,572,546	298,108	-	298,108
Sovereigns						
0%	1,254,669,893	50,766,630	1,203,903,263	643,811,199	50,351,600	593,459,599
20%	1,340,122	-	1,340,122	2,779,262	-	2,779,262
50%	2,259,452	-	2,259,452	2,828,610	-	2,828,610
100%	-	-	-	1,624,771	-	1,624,771
Unrated	-	-	-	-	-	-
150%	8,460,046	-	8,460,046	-	-	-
Public Sector entities						
20%	44,501,577	14,769,333	29,732,244	19,201,818	16,463,593	2,738,225
50%	8,875,000	7,124,600	1,750,400	-	-	-
Unrated (50%)	311,881,517	283,200,020	28,681,497	291,758,453	263,798,927	27,959,526
Corporate						
20%	217,913,433	3,147,228	214,766,205	140,474,238	1,626,445	138,847,793
50%	165,544,908	1,225,652	164,319,256	123,360,922	47,298	123,313,624
100%	7,212,656	-	7,212,656	5,196,338	-	5,196,338
Unrated 1 (100%)	130,349,482	9,753,949	120,595,533	103,327,444	7,927,692	95,399,752
Unrated 2 (125%)	74,547,481	12,564,932	61,982,549	85,647,398	13,186,425	72,460,973
Retails						
75%	73,405,947	15,669,516	57,736,431	70,160,902	15,910,991	54,249,911
Residential Mortgage						
35%	20,728,463	-	20,728,463	19,193,855	-	19,193,855
25%	6,371,277	2,548,049	3,823,228	2,904,311	1,160,239	1,744,072
Past Due						
50%	256,255	109,883	146,372	138,686	88,442	50,244
100%	694,837	21,672	673,165	937,088	30,727	906,361
150%	41,733	12,253	29,480	57,362	15,293	42,069
Total	2,417,005,971	460,703,705	1,956,302,266	1,770,884,355	563,067,955	1,207,816,400

47.1.2.3 Credit Risk: Disclosures with respect to Credit risk mitigation for Standardised approach and IRB

The Bank obtains capital relief for both its on-balance and off-balance sheet non-market related exposures by using simple approach for credit risk mitigation (CRM). Off-balance sheet items under the simplified standardised approach are converted into credit exposure equivalents through the use of credit conversion factors. Under the standardised approach the Bank has taken advantage of the cash collaterals available with the Bank in the form of security deposits, cash margins, certificates of Islamic investment, monthly mudaraba certificate, saving accounts, guarantees, shares and Government securities.

Valuation and management of eligible collaterals for CRM is being done in accordance with the conditions laid down by the State Bank of Pakistan. Eligible collaterals for CRM purposes do not expose the Bank to price risk as they are in the form of cash/cash equivalent collaterals. Since eligible collaterals for CRM purposes are all in the form of cash/cash equivalent collaterals, they generally do not pose risk to the Bank in terms of change in their valuation due to changes in the market condition.

The credit equivalent amount of an off-balance sheet market related foreign exchange contracts are determined by using the current exposure (mark to market) method.

The total benefit of Rs 460,703.71 million was availed through CRM against total on-balance sheet exposure of Rs 2,576,920.56 million. Under off-balance sheet, total benefit of Rs 25,942.350 million was availed by the Bank through CRM against total off-balance sheet, non-market related exposure of Rs 1,053,302.06 million. In the year 2022, total CRM benefit was Rs 486,646.05 million as against amount of Rs 577,988.90 million in year 2021.

47.1.2.4 Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz., industry, geography, and single / group borrower obligor. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single and group obligors. Within the SBP limits, the Bank has further defined limits to avoid excessive concentration of portfolio.

47.2 Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects yield rate risk, currency risk and other price risks. Banks could be adversely affected by movements in market rates or prices such as benchmark rates, deposit rates, foreign exchange rates, equity prices and market conditions resulting in a loss to earnings and capital.

47.2.1 Equity position in the banking and trading book

The Bank classifies and values its investment portfolio in accordance with the directives of SBP as stated in note 6.4 to these unconsolidated financial statements.

Trading book

Held for trading and available for sale securities with trading intent;

- They are marked to market daily; and
- Any valuation difference is charged / credited to the profit and loss account in case of held for trading securities and to surplus on revaluation of investments - net of tax under equity in case of available for sale securities.

Banking book

Assets outside trading book are part of the banking book. These may include assets classified as available for sale and held to maturity investments.

47.2.2 Balance sheet split by trading and banking books

	2022			2021		
	Banking Book	Trading Book	Total	Banking Book	Trading Book	Total
	Rupees in '000					
Cash and balances with treasury banks	117,743,106	-	117,743,106	170,500,698	-	170,500,698
Balances with other banks	13,676,159	-	13,676,159	16,420,036	-	16,420,036
Due from financial institutions	34,964,299	-	34,964,299	238,401,637	-	238,401,637
Investments	1,274,796,680	8,413,607	1,283,210,287	610,569,020	9,563,023	620,132,043
Islamic financings and related assets	995,508,354	-	995,508,354	758,086,120	-	758,086,120
Fixed assets	40,426,520	-	40,426,520	33,957,947	-	33,957,947
Intangible assets	1,843,984	-	1,843,984	1,495,810	-	1,495,810
Deferred tax asset	4,646,002	-	4,646,002	175,555	-	175,555
Other assets - net	85,378,800	-	85,378,800	63,801,554	-	63,801,554
	2,568,983,904	8,413,607	2,577,397,511	1,893,408,377	9,563,023	1,902,971,400

The Bank uses a number of methods to monitor and control market risk exposures. One of the major tools used by the Bank to monitor and limit market risk is Value at Risk (VaR). VaR is defined as the estimated loss that will arise on a position or a portfolio over a particular (holding) period of time from an adverse market movement with a specific probability (confidence level). The VaR model used by the Bank takes 99% confidence level and assumes a 1 to 10 days holding period whilst using the historical simulation taking the data of the last three years. Daily VaR figures are circulated to the senior management and regular summaries are reported in ALCO meetings.

The VaR reports are complemented by various other position and sensitivity limit structures, including stress, sensitivity, gap and scenario analysis. The capital charge for market risk has been calculated by using Standardized Approach.

47.2.3 Foreign exchange risk

The foreign exchange risk is defined as the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movement in currency exchange rates on the value of open foreign currency position. The objectives of the foreign exchange risk management is to minimise the adverse impact of foreign exchange rate movements on the assets and liabilities mismatch (tenor and position) and maximise their earnings.

Whenever a commercial bank deals in foreign currency, it is exposed to risk of exchange rate. The Bank's assets and liabilities in foreign currencies give rise to foreign exchange risk which has to be managed by the Bank; this risk is mitigated by using different hedging techniques. Hedging is a way used by a bank to eliminate or minimize its risk exposures. Hedging can be done using different ways like gap analysis, hedging (forwards), assigning limits in terms of amount, tenor, currency, product, countries, counterparties etc. The Bank limits its currency exposure to the extent of statutory net open position prescribed by the SBP except in the cases where exemption is provided by the SBP. Foreign exchange open and mismatch positions are controlled through close monitoring and are marked to market on a daily basis.

The analysis below represents the concentration of the Bank's foreign currency risk for on and off balance sheet financial instruments:

	2022			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	2,491,886,514	2,337,854,056	(35,433,722)	118,598,736
United States Dollars	81,666,765	110,417,824	25,453,007	(3,298,052)
Great Britain Pounds	955,161	7,493,793	6,546,533	7,901
Japanese Yen	142,804	88,927	(59,976)	(6,099)
Euro	1,474,874	5,437,092	4,019,733	57,515
Singapore Dollars	18,118	-	(6,743)	11,375
Australian Dollars	257,134	132	(253,346)	3,656
Canadian Dollars	52,441	976	(33,417)	18,048
United Arab Emirates Dirham	27,242	547	(36,991)	(10,296)
Swiss Francs	58,950	-	(51,456)	7,494
Saudi Riyal	26,006	-	-	26,006
Swedish Krona	5,390	-	(6,496)	(1,106)
Malaysian Ringgit	3,208	-	-	3,208
Hong Kong Dollar	39,714	23	(34,848)	4,843
Thailand Bhat	837	-	-	837
Norwegian Krone	10,157	-	(4,581)	5,576
Danish Krone	11,968	-	-	11,968
Chinese Offshore Spot	-	-	-	-
Chinese Yuan	760,228	783,448	(97,697)	(120,917)
Total foreign currency exposure	85,510,997	124,222,762	35,433,722	(3,278,043)
Total currency exposure	2,577,397,511	2,462,076,818	-	115,320,693

	2021			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	1,826,584,181	1,708,416,423	(28,900,423)	89,267,335
United States Dollars	70,850,151	95,296,400	21,587,004	(2,859,245)
Great Britain Pounds	1,694,459	6,837,618	5,155,365	12,206
Japanese Yen	36,322	72,666	24,528	(11,816)
Euro	2,045,814	4,821,334	2,746,479	(29,041)
Singapore Dollars	6,532	-	-	6,532
Australian Dollars	283,338	2,082	(280,530)	726
Canadian Dollars	9,457	1,105	-	8,352
United Arab Emirates Dirham	146,900	37,311	(48,056)	61,533
Swiss Francs	77,144	55,712	(8,687)	12,745
Saudi Riyal	27,791	-	-	27,791
Swedish Krona	12,058	-	-	12,058
Malaysian Ringgit	2,642	-	-	2,642
Hong kong Dollar	4,519	29	-	4,490
Thailand Bhat	1,624	-	-	1,624
Norwegian Krone	7,178	-	-	7,178
Danish Krone	16,712	-	-	16,712
Chinese Offshore Spot	-	-	-	-
Chinese Yuan	1,164,578	872,945	(275,680)	15,953
Total foreign currency exposure	76,387,219	107,997,202	28,900,423	(2,709,560)
Total currency exposure	1,902,971,400	1,816,413,625	-	86,557,775

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in foreign exchange rates on				
- Profit and Loss Account	-	17,526	-	17,997
- Other Comprehensive Income	-	-	-	-

47.2.4 Equity position risk

Equity position risk is defined as the risk to earnings or capital arising from adverse changes in value of equity portfolios of Bank. The limits assigned to various individual scripts and total portfolio investments are fixed as per the guidelines issued by the SBP. The Bank invests in only Shariah compliant equities as advised by the Resident Shariah Board Member.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 5% change in equity prices on				
- Profit and Loss Account	-	-	-	-
- Other Comprehensive Income	-	192,930	-	265,908

47.2.5 Yield / profit rate risk

Yield risk occurs when there is a mismatch between positions, which are subject to profit rate alterations within a particular time period. The Bank's financing, placement and investment activities give rise to profit rate risk. The effect of changes in profit rate is on the Bank's income, and resultant impact is on the Bank's net worth.

Profit rate risk is primarily managed by monitoring the rate sensitive gaps and by having the pre-approved limits for repricing buckets. ALCO is the supervising body for adherence with these, complemented by the monitoring of sensitivity of the Bank's financial assets and liabilities to various scenarios.

The Bank estimates changes in the market value of equity due to changes in the yield rates on on-balance sheet positions and their impact on capital adequacy ratio by conducting stress tests. It also assesses risk on earnings of the Bank by various shocks.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in discount rates with other factors remaining constant, on:				
- Profit and Loss account	4,378,356	-	3,419,294	-
- Other Comprehensive Income	-	-	-	-

47.2.6 Mismatch of yield rate sensitive assets and liabilities

2022

	Effective yield rate %	Total	Exposed to yield risk									Non-yield bearing financial instruments
			Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	117,743,106	-	-	-	-	-	-	-	-	-	117,743,106
Balances with other banks	0.87	13,676,159	4,825,629	-	-	-	-	-	-	-	-	8,850,530
Due from financial institutions	11.25	34,964,299	-	-	-	-	-	34,964,299	-	-	-	-
Investments	14.52	1,283,210,287	53,732,129	94,242,965	868,512,735	-	2,005,915	20,459,705	235,226,102	-	-	9,030,736
Islamic financing and related assets	13.96	995,508,354	345,002,704	271,683,454	179,853,354	34,107,321	32,096,915	18,916,857	40,236,413	60,119,468	7,616,509	5,875,359
Other assets	-	83,102,573	-	-	-	-	-	-	-	-	-	83,102,573
		2,528,204,778	403,560,462	365,926,419	1,048,366,089	34,107,321	34,102,830	74,340,861	275,462,515	60,119,468	7,616,509	224,602,304
Liabilities												
Bills payable	-	40,175,122	-	-	-	-	-	-	-	-	-	40,175,122
Due to financial institutions	13.89	573,326,439	275,653,427	204,300,004	23,513,500	46,047	518,145	6,930,569	4,057,809	57,375,034	-	931,904
Deposits and other accounts	3.71	1,658,490,118	847,047,998	4,668,681	-	-	-	-	-	-	-	806,773,439
Sub-ordinated Sukuk	16.75	20,990,000	11,000,000	-	9,990,000	-	-	-	-	-	-	-
Other liabilities	-	144,922,057	-	-	-	-	-	-	-	-	-	144,922,057
		2,437,903,736	1,133,701,425	208,968,685	33,503,500	46,047	518,145	6,930,569	4,057,809	57,375,034	-	992,802,522
On-balance sheet gap		90,301,042	(730,140,963)	156,957,734	1,014,862,589	34,061,274	33,584,685	67,410,292	271,404,706	2,744,434	7,616,509	(768,200,218)
Non financial assets												
- Fixed assets		40,426,520										
- Intangible assets		1,843,984										
- Deferred tax asset		4,646,002										
- Other assets		2,276,227										
		49,192,733										
Non financial liabilities												
- Other liabilities		24,173,082										
- Deferred tax liabilities		-										
		24,173,082										
Total net assets		115,320,693										
Off-balance sheet financial instruments												
Guarantees		56,485,801	-	-	-	-	-	-	-	-	-	56,485,801
Documentary letter of credits		221,689,496	-	-	-	-	-	-	-	-	-	221,689,496
Forward purchase of foreign exchange contracts		139,648,096	-	-	-	-	-	-	-	-	-	139,648,096
Forward sale of foreign exchange contracts		(104,214,374)	-	-	-	-	-	-	-	-	-	(104,214,374)
Off-balance sheet gap		313,609,019	-	-	-	-	-	-	-	-	-	313,609,019
Total yield risk rate sensitivity gap			(730,140,963)	156,957,734	1,014,862,589	34,061,274	33,584,685	67,410,292	271,404,706	2,744,434	7,616,509	(454,591,199)
Cumulative yield risk rate sensitivity gap			(730,140,963)	(573,183,229)	441,679,360	475,740,634	509,325,319	576,735,611	848,140,317	850,884,751	858,501,260	403,910,061

2021

	Effective yield rate %	Total	Exposed to yield risk									Non-yield bearing financial instruments
			Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	170,500,698	-	-	-	-	-	-	-	-	-	170,500,698
Balances with other banks	0.02	16,420,036	242,527	-	-	-	-	-	-	-	-	16,177,509
Due from financial institutions	7.52	238,401,637	21,858,347	24,458,492	113,251,970	43,868,529	-	-	34,964,299	-	-	-
Investments	9.13	620,132,043	54,282,173	127,373,150	294,986,218	904,146	26,851,491	1,678,453	102,017,553	1,851,471	-	10,187,388
Islamic financing and related assets	9.28	758,086,120	197,161,911	259,970,790	141,996,581	19,491,897	10,436,579	17,798,822	32,792,056	67,931,120	-	10,506,364
Other assets	-	61,587,012	-	-	-	-	-	-	-	-	-	61,587,012
		1,865,127,546	273,544,958	411,802,432	550,234,769	64,264,572	37,288,070	19,477,275	169,773,908	69,782,591	-	268,958,971
Liabilities												
Bills payable	-	36,141,378	-	-	-	-	-	-	-	-	-	36,141,378
Due to financial institutions	5.78	220,414,234	121,110,629	31,267,637	20,301,496	2,235,253	111,303	1,062,131	4,261,659	39,620,302	-	443,824
Deposits and other accounts	2.66	1,455,886,468	793,728,828	762,073	177,300	-	-	-	-	-	-	661,218,267
Sub-ordinated Sukuk	10.40	20,990,000	11,000,000	-	9,990,000	-	-	-	-	-	-	-
Other liabilities	-	60,615,531	-	-	-	-	-	-	-	-	-	60,615,531
		1,794,047,611	925,839,457	32,029,710	30,468,796	2,235,253	111,303	1,062,131	4,261,659	39,620,302	-	758,419,000
On-balance sheet gap		71,079,935	(652,294,499)	379,772,722	519,765,973	62,029,319	37,176,767	18,415,144	165,512,249	30,162,289	-	(489,460,029)
Non financial assets												
- Fixed assets		33,957,947										
- Intangible assets		1,495,810										
- Deferred tax asset		175,555										
- Other assets		2,214,542										
		37,843,854										
Non financial liabilities												
- Other liabilities		22,366,014										
- Deferred tax liabilities		-										
		22,366,014										
Total net assets		86,557,775										
Off-balance sheet financial instruments												
Guarantees		45,072,765	-	-	-	-	-	-	-	-	-	45,072,765
Documentary letter of credits		175,227,624	-	-	-	-	-	-	-	-	-	175,227,624
Forward purchase of foreign exchange contracts		114,757,851	-	-	-	-	-	-	-	-	-	114,757,851
Forward sale of foreign exchange contracts		(85,857,428)	-	-	-	-	-	-	-	-	-	(85,857,428)
Off-balance sheet gap		249,200,812	-	-	-	-	-	-	-	-	-	249,200,812
Total yield risk rate sensitivity gap			(652,294,499)	379,772,722	519,765,973	62,029,319	37,176,767	18,415,144	165,512,249	30,162,289	-	(240,259,217)
Cumulative yield risk rate sensitivity gap			(652,294,499)	(272,521,777)	247,244,196	309,273,515	346,450,282	364,865,426	530,377,675	560,539,964	560,539,964	320,280,747

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market profit rates on both its fair value and cash flow risks.

Profit margins may increase as a result of such changes but may reduce to losses in the event that unexpected movement arise.

47.3 Liquidity risk

Liquidity risk is the potential for loss to the Bank arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring an unacceptable cost.

The Bank's Board of Directors sets the Bank's policy for managing liquidity risk and entrusts accountability for supervision of the implementation of this strategy to senior management. Senior management exercises its responsibilities for managing market & liquidity risk through various committees including the Asset & Liability Management Committee (ALCO). Treasury department manages the Bank's liquidity position on 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.

47.3.1 Maturities of assets and liabilities based on contractual maturity of the assets and liabilities of the bank

	2022													
	Total	Upto 1 Day	Over 1 to 7 Days	Over 7 to 14 Days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 Year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	117,743,106	117,743,106	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	13,676,159	13,676,159	-	-	-	-	-	-	-	-	-	-	-	-
Due from financial institutions	34,964,299	-	-	-	-	-	-	-	-	-	-	34,964,299	-	-
Investments	1,283,210,287	319,671	1,670,524	1,973,944	6,682,242	7,940,803	2,281,694	23,988,326	309,464	763,631	4,298,970	218,041,978	891,620,782	123,318,258
Islamic financing and related assets	995,508,354	288,980,031	8,005,870	15,154,782	25,186,893	81,025,104	38,107,478	143,955,527	25,186,148	12,913,739	73,911,982	57,797,039	84,192,273	141,091,488
Fixed assets	40,426,520	28,673	172,040	200,715	647,890	1,526,448	857,782	3,119,196	4,352,176	1,828,959	5,258,721	4,772,674	7,664,848	9,996,398
Intangible assets	1,843,984	1,024	6,147	7,171	16,391	30,733	30,733	92,199	92,199	92,199	368,797	368,797	737,594	-
Deferred tax assets	4,646,002	-	-	-	-	-	-	-	580,750	580,750	1,161,500	1,161,501	1,161,501	-
Other assets	85,378,800	277,139	2,306,303	2,105,615	6,358,060	10,891,171	7,582,453	19,610,361	17,752,123	17,802,424	64,942	64,942	563,267	-
	2,577,397,511	421,025,803	12,160,884	19,442,227	38,891,476	101,414,259	48,860,140	190,765,609	48,272,860	33,981,702	85,064,912	317,171,230	985,940,265	274,406,144
Liabilities														
Bills payable	40,175,122	13,257,790	8,972,444	8,972,444	8,972,444	-	-	-	-	-	-	-	-	-
Due to financial institutions	573,326,439	2,298,935	105,138,698	23,793,134	145,354,564	120,221,095	84,078,910	23,513,500	26,312	19,735	518,145	1,930,569	9,057,809	57,375,033
Deposits and other accounts	1,658,490,118	1,460,253,236	8,936,398	9,236,718	18,123,288	18,687,094	11,075,804	22,113,911	17,034,887	20,089,632	36,187,302	6,392,202	15,959,780	14,399,866
Sub-ordinated Sukuk	20,990,000	-	-	-	-	-	-	-	-	-	-	-	-	20,990,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	169,095,139	416,931	3,172,103	3,083,369	8,379,443	62,207,493	13,357,315	22,425,414	22,699,152	2,569,673	5,067,092	5,447,003	9,275,417	10,994,734
	2,462,076,818	1,476,226,892	126,219,643	45,085,665	180,829,739	201,115,682	108,512,029	68,052,825	39,760,351	22,679,040	41,772,539	13,769,774	34,293,006	103,759,633
Net assets	115,320,693	(1,055,201,089)	(114,058,759)	(25,643,438)	(141,938,263)	(99,701,423)	(59,651,889)	122,712,784	8,512,509	11,302,662	43,292,373	303,401,456	951,647,259	170,646,511
Share capital	17,896,243													
Reserves	28,187,821													
Deficit on revaluation of assets	(663,671)													
Unappropriated profit	69,900,300													
	115,320,693													

	2021													
	Total	Upto 1 Day	Over 1 to 7 Days	Over 7 to 14 Days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 Year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	170,500,698	170,500,698	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	16,420,036	16,420,036	-	-	-	-	-	-	-	-	-	-	-	-
Due from financial institutions	238,401,637	-	9,136,188	2,075,902	10,646,257	7,433,912	17,024,580	113,251,970	43,868,529	-	-	-	34,964,299	-
Investments	620,132,043	732,568	1,732,906	2,046,724	4,621,084	42,933,604	146,905	1,504,998	366,607	2,013,046	29,400,035	5,997,866	402,324,802	126,310,898
Islamic financing and related assets	758,086,120	222,414,768	5,656,941	5,563,877	26,406,246	68,076,001	28,083,086	106,257,573	11,059,239	10,946,216	37,499,645	56,775,730	80,633,851	98,712,947
Fixed assets	33,957,947	32,762	196,570	229,331	524,186	1,328,842	838,525	2,932,714	3,850,315	1,979,854	6,313,992	5,894,054	1,945,624	7,891,178
Intangible assets	1,495,810	831	4,986	5,816	13,296	24,930	24,930	74,791	74,791	74,791	299,162	299,162	598,324	-
Deferred tax assets	175,555	488	2,926	3,414	7,802	14,629	14,629	43,889	87,778	-	-	-	-	-
Other assets	63,801,554	2,019,083	1,637,791	1,699,188	4,757,563	7,468,312	5,478,049	13,768,725	13,451,644	12,949,677	542,421	9,700	19,401	-
	1,902,971,400	412,121,234	18,368,308	11,624,252	46,976,434	127,280,230	51,610,704	237,834,660	72,758,903	27,963,584	74,055,255	68,976,512	520,486,301	232,915,023
Liabilities														
Bills payable	36,141,378	11,926,655	8,070,370	8,070,370	8,073,983	-	-	-	-	-	-	-	-	-
Due to financial institutions	220,414,234	397,683	118,164,846	690,226	2,301,698	24,271,935	6,995,702	20,301,496	25,387	2,209,866	111,303	1,062,131	4,261,659	39,620,302
Deposits and other accounts	1,455,886,468	1,209,179,399	15,515,306	13,316,714	33,137,209	21,177,259	9,079,052	21,999,364	27,942,075	27,289,340	38,868,341	6,998,947	17,840,254	13,543,208
Sub-ordinated Sukuk	20,990,000	-	-	-	-	-	-	-	-	-	-	-	-	20,990,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	82,981,545	288,430	2,269,956	2,436,382	6,443,515	10,621,946	8,621,633	23,195,302	10,167,730	9,664,976	4,902,615	4,369,060	-	-
	1,816,413,625	1,221,792,167	144,020,478	24,513,692	49,956,405	56,071,140	24,696,387	65,496,162	38,135,192	39,164,182	43,882,259	12,430,138	22,101,913	74,153,510
Net assets	86,557,775	(809,670,933)	(125,652,170)	(12,889,440)	(2,979,971)	71,209,090	26,914,317	172,338,498	34,623,711	(11,200,598)	30,172,996	56,546,374	498,384,388	158,761,513

Share capital	16,269,312
Reserves	23,393,198
Surplus on revaluation of assets	4,063,610
Unappropriated profit	42,831,655
	86,557,775

Current and Savings deposits have been classified under maturity upto one day as these do not have any contractual maturity.

47.3.2 Maturities of assets and liabilities based on expected maturity of the assets and liabilities of the Bank

2022

	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	117,743,106	117,743,106	-	-	-	-	-	-	-	-
Balances with other banks	13,676,159	13,676,159	-	-	-	-	-	-	-	-
Due from financial institutions	34,964,299	-	-	-	-	-	34,964,299	-	-	-
Investments	1,283,210,287	9,801,129	10,222,498	23,988,325	1,073,095	4,298,970	218,887,230	891,620,782	123,318,258	-
Islamic financing and related assets	995,508,354	109,889,188	170,557,449	191,790,440	166,278,495	73,911,982	57,797,039	84,192,273	116,506,442	24,585,046
Operating fixed assets	40,426,520	1,049,317	2,384,231	3,119,196	6,181,135	5,258,721	4,772,674	7,664,848	2,395,829	7,600,569
Intangible assets	1,843,984	30,733	61,466	92,199	184,398	368,797	368,797	737,594	-	-
Deferred tax assets	4,646,002	-	-	-	1,161,500	1,161,500	1,161,501	1,161,501	-	-
Other assets	85,378,800	11,047,116	18,473,625	19,610,361	35,554,547	64,942	64,942	563,267	-	-
	2,577,397,511	263,236,748	201,699,269	238,600,521	210,433,170	85,064,912	318,016,482	985,940,265	242,220,529	32,185,615
Liabilities										
Bills payable	40,175,122	40,175,122	-	-	-	-	-	-	-	-
Due to financial institutions	573,326,439	276,585,332	204,300,004	23,513,500	46,047	518,145	1,930,569	9,057,809	56,549,574	825,459
Deposits and other accounts	1,658,490,118	126,858,570	102,452,709	89,729,270	132,747,075	171,418,019	110,158,381	180,509,205	316,778,745	427,838,144
Sub-ordinated Sukuk	20,990,000	-	-	-	-	-	-	-	13,990,000	7,000,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	169,095,139	16,569,847	78,772,948	27,581,854	15,386,244	5,067,092	5,447,003	9,275,417	10,994,734	-
	2,462,076,818	460,188,871	385,525,661	140,824,624	148,179,366	177,003,256	117,535,953	198,842,431	398,313,053	435,663,603
Net assets	115,320,693	(196,952,123)	(183,826,392)	97,775,897	62,253,804	(91,938,344)	200,480,529	787,097,834	(156,092,524)	(403,477,988)
Share capital	17,896,243									
Reserves	28,187,821									
Deficit on revaluation of assets	(663,671)									
Unappropriated profit	69,900,300									
	115,320,693									

2021

	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	170,500,698	170,500,698	-	-	-	-	-	-	-	-
Balances with other banks	16,420,036	16,420,036	-	-	-	-	-	-	-	-
Due from financial institutions	238,401,637	21,858,347	24,458,492	113,251,970	43,868,529	-	-	34,964,299	-	-
Investments	620,132,043	9,133,282	43,080,508	1,504,998	2,379,653	29,400,035	5,997,866	402,324,802	122,638,679	3,672,220
Islamic financing and related assets	758,086,120	86,421,934	141,762,960	148,651,817	107,627,237	37,499,645	56,775,730	80,633,851	84,055,913	14,657,033
Operating fixed assets	33,957,947	982,849	2,167,366	2,932,714	5,830,169	6,313,992	5,894,054	1,945,624	1,510,526	6,380,653
Intangible assets	1,495,810	24,930	49,860	74,791	149,581	299,162	299,162	598,324	-	-
Deferred tax assets	175,555	-	-	-	43,889	43,889	43,889	43,888	-	-
Other assets	63,801,554	10,113,624	12,946,361	13,768,727	26,401,321	542,421	9,700	19,400	-	-
	1,902,971,400	315,455,700	224,465,547	280,185,017	186,300,379	74,099,144	69,020,401	520,530,188	208,205,118	24,709,906
Liabilities										
Bills payable	36,141,378	36,141,378	-	-	-	-	-	-	-	-
Due to financial institutions	220,414,234	121,554,453	31,267,637	20,301,496	2,235,253	111,303	1,062,131	4,261,659	39,620,302	-
Deposits and other accounts	1,455,886,468	141,392,780	94,015,603	81,307,639	139,105,982	157,484,891	98,016,627	162,173,475	308,209,213	274,180,258
Sub-ordinated Sukuk	20,990,000	-	-	-	-	-	-	-	13,990,000	7,000,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	82,981,545	11,438,283	19,243,579	23,195,302	19,832,706	4,902,615	4,369,060	-	-	-
	1,816,413,625	310,526,894	144,526,819	124,804,437	161,173,941	162,498,809	103,447,818	166,435,134	361,819,515	281,180,258
Net assets	86,557,775	4,928,806	79,938,728	155,380,580	25,126,438	(88,399,665)	(34,427,417)	354,095,054	(153,614,397)	(256,470,352)
Share capital	16,269,312									
Reserves	23,393,198									
Surplus on revaluation of assets	4,063,610									
Unappropriated profit	42,831,655									
	86,557,775									

Regarding behaviour of non-maturity deposits (non-contractual deposits), the Bank has carried out a behavioural study using the Value at Risk (VaR) methodology based on 5 years data. On the basis of its findings, 27.20% of current accounts and 16.20% of saving accounts are bucketed into 'Upto 1-Year maturity' whereas, 72.80% of current accounts and 83.80% of savings accounts are bucketed into maturities of above 1-Year.

47.4 Operational risk

The Bank uses Basic Indicator Approach (BIA) for assessing the capital charge for operational risk. Under BIA the capital charge is calculated by multiplying average positive annual gross income of the Bank over past three years with 15% as per guidelines issued by SBP under Basel II.

To reduce losses arising from operational risk, the Bank has strengthened its risk management framework by developing policies, strategies, guidelines and manuals. It also includes set up of functions like operational risk management, prevention of fraud and forgery and information security function, defining responsibilities of individuals, implementing four eye principle, enhancing security measures, improving efficiency and effectiveness of operations, outsourcing and improving quality of human resources through trainings and development.

48 PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS' POOLS AND SPECIFIC POOLS

48.1 The Bank managed following general and specific pools during the year:

2022							
General Remunerative (Savings and Fixed) Depositors' Pools	Profit Rate and weightage announcement period	Profit rate return earned - Average	Profit Sharing Ratio of Mudarib	Mudarib Fee based on profit sharing ratio	Profit rate return distributed to remunerative deposits (Savings and Fixed) - Average	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
				Rupees in '000			Rupees in '000
PKR Pool	Monthly	11.03%	50%	43,715,542	6.57%	18%	7,846,233
USD Pool	Monthly	3.78%	75%	1,750,106	0.95%	-	-
GBP Pool	Monthly	2.90%	90%	89,665	0.26%	-	-
EUR Pool	Monthly	1.77%	90%	26,538	0.16%	-	-

2021							
General Remunerative (Savings and Fixed) Depositors' Pools	Profit Rate and weightage announcement period	Profit rate return earned - Average	Profit Sharing Ratio of Mudarib	Mudarib Fee based on profit sharing ratio	Profit rate return distributed to remunerative deposits (Savings and Fixed) - Average	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
				Rupees in '000			Rupees in '000
PKR Pool	Monthly	7.80%	50%	27,182,756	3.98%	2%	564,181
USD Pool	Monthly	1.45%	75%	520,362	0.36%	-	-
GBP Pool	Monthly	0.88%	90%	24,673	0.09%	-	-
EUR Pool	Monthly	0.54%	90%	6,448	0.05%	-	-

2022							
Specific Pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio	Investment ratio	Profit rate return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba to remunerative deposits
Islamic Export Refinance (IERS) Musharaka Pool	Monthly	9.18%	-*	-*	3.63%	N/A	N/A
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	16.80% - 7.32%	-*	-*	16.75% - 9.50%	N/A	N/A
Special Sharikah Certificate Musharaka / Mudaraba borrowing Pool	As required	19.00% - 7.32%	-*	-*	16.77% - 2.87%	N/A	N/A

* The profit sharing ratio and the investment ratio varies on case to case basis.

2021							
Specific Pools	Profit Rate and weightage announcement period	Profit rate return earned	Profit Sharing Ratio	Investment ratio	Profit rate return distributed	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
Islamic Export Refinance (IERS) Musharaka Pool	Monthly	6.11%	-*	-*	2.03%	N/A	N/A
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	11.46% - 5.95%	-*	-*	4.00% - 10.80%	N/A	N/A
Special Sharikah Certificate Musharaka /Mudaraba borrowing Pool	As required	12.04% - 5.95%	-*	-*	9.20% - 2.75%	N/A	N/A

* The profit sharing ratio and the investment ratio varies on case to case basis.

48.2 Following weightages have been assigned to different major products under the General pools during the year:

	Percentage to Total Mudaraba based Deposits		Maximum Weightage	Minimum Weightage	Maximum Weightage	Minimum Weightage
	2022	2021	2022	2022	2021	2021
PKR Pool						
Saving Accounts	28.65%	27.25%	0.40	0.36	0.36	0.32
Meezan Bachat Account	17.29%	18.04%	0.41	0.36	0.38	0.32
Karobari Munafa Account	10.71%	8.36%	0.57	0.36	0.60	0.32
Certificate of Islamic Investment	10.96%	13.31%	0.66	0.34	0.80	0.47
Meezan Aamdan Certificate	4.45%	5.30%	0.80	0.57	0.92	0.65
USD Pool						
Saving Accounts	4.23%	4.00%	0.45	0.45	0.45	0.45
Certificate of Islamic Investment	1.76%	1.75%	1.35	0.77	1.35	0.77
GBP Pool						
Saving Accounts	0.37%	0.38%	0.27	0.27	0.27	0.27
EUR Pool						
Saving Accounts	0.18%	0.18%	0.27	0.27	0.27	0.27

48.3 Allocation of Income and Expenses to Depositors' Pools

Following are material items of revenues, expenses, gains and losses	2022	2021
	Rupees in '000	
Profit / return earned on Islamic financing and related assets, investments and placements	158,778,116	102,815,084
Other Income (including other charges and interpool income)	5,973,096	4,330,174
Directly related costs attributable to pool	(2,197,829)	(1,794,432)

49 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated financial statements, wherever necessary, to facilitate comparison and better presentation.

50 NON-ADJUSTING EVENT

The Board of Directors in their meeting held on February 16, 2023 has announced final cash dividend of Rs 3.00 per share (30%). The financial statements for the year ended December 31, 2022, do not include the effect of this appropriation which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2023.

51 DATE OF AUTHORISATION

These financial statements were authorised for issue on February 16, 2023 by the Board of Directors of the Bank.

Riyadh S. A. A. Edrees Chairman	**Irfan Siddiqui** President & CEO	**Faisal A. A. A. Al-Nassar** Director	**Mohammad Abdul Aleem** Director	**Syed Imran Ali Shah** Chief Financial Officer

STATEMENT SHOWING WRITTEN-OFF FINANCING OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE (ANNEXURE I)

During the year ended December 31, 2022

Rupees in '000

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2022 as referred in note 11.13 to these unconsolidated financial statements.

S. No.	Name and address of the borrower	Name of individuals / directors (with CNIC / Passport No)	Father's / Husband's Name	Outstanding liabilities as at January 1, 2022				Principal written-off	Profit written-off	Other Financial relief provided	Total (9+10+11)
				Principal	Profit	Others	Total (5+6+7)				
1	2	3	4	5	6	7	8	9	10	11	12
1	Millennium Industries Main National Highway, Hyderabad	Kalash Lohana 41207-9936424-7 Vinesh Kumar Lohana 41303-4170015-9	Nuko Mal Nuko Mal	454,961	93,202	-	548,163	79,618	126,938	-	206,556
2	Millennium Cotton Ginning And Oil Industries Main National Highway, Hyderabad	Kalash Lohana 41207-9936424-7 Vinesh Kumar Lohana 41303-4170015-9	Nuko Mal	29,935	26,670	-	56,605	5,278	21,487	-	26,765
3	Kevin Roy House # 448, Block-B, Phase 12, Sector-EME, Defence Housing Authority, Lahore	90406-0152911-1	Kenneth Manmouan Roy	28,403	3,409	972	32,784	-	6,204	972	7,176
4	Shoaib Maqsood House # 543, Block-D, Phase-6, Defence Housing Authority, Lahore	35202-3905341-3	Sheikh Maqsood Ahmad	23,191	4,371	696	28,258	-	5,069	696	5,765
5	Muhammad Riaz House # 22, Street # 1, Mahmoodabad, Faisalabad	33100-3959669-1	Muhammad Ismail	2,918	5,136	208	8,262	-	3,561	208	3,769
6	Kashif Mehmood House # 407, Khewat # 965, khatooni # 1244, Khasra # 7995/927, Hadbast Mouza Rakh Khamba, Airline Housing Society, Tehsil Raiwind, District Lahore	35202-2713326-7	Khalid Mahmood	18,837	3,812	565	23,214	-	2,854	565	3,419
7	Farhan Ahmad House # P-100, Canal Road, Saeed Colony # 1, Faisalabad	33100-4860917-9	Basharat Ahmad	1,942	411	-	2,353	-	2,056	475	2,531
8	Irfan Ali Apartment # 304, Tayyaba Homes, Plot # 125/1, Kharaget Road, Jamshed Quarters, Karachi,	42201-0383289-1	Ejaz Ali	7,663	2,343	-	10,006	-	2,343	-	2,343
9	Nayyar Ghias Khokhar Plot No 27, Block A-4, Phase I, Punjab Government Employees Co-Operative Housing Society, Lahore	35200-6618149-1	Khair Ud Din Khokhar	5,200	1,914	156	7,270	-	964	156	1,120
				573,050	141,268	2,597	716,915	84,896	171,476	3,072	259,444



Consolidated Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the members of Meezan Bank Limited

Opinion

We have audited the annexed consolidated financial statements of Meezan Bank Limited (the Bank) and its subsidiary, Al Meezan Investment Management Limited (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	**Provision against Islamic financing and related assets** (Refer notes 6.3.2 and 11.12 to the consolidated financial statements)	
	The Group makes provision against Islamic financing and related assets on a time-based criteria that involves ensuring that all non-performing Islamic financing and related assets are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).	Our audit procedures to verify provision against Islamic financing and related assets included, amongst others, the following: We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Group to identify loss events and for determining the extent of provisioning required against non-performing Islamic financing and related assets.

S.No.	Key Audit Matter	How the matter was addressed in our audit
	In addition to the above time-based criteria, the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of Islamic financing and related assets. The PRs also require the creation of general provision for certain categories of Islamic financing and related assets. The Group has recognised a net provision against Islamic financing and related assets amounting to Rs. 3,249.734 million in the consolidated profit and loss account in the current year. As at December 31, 2022, the Group holds a provision of Rs 22,593.403 million against Islamic financing and related assets. The determination of provision against Islamic financing and related assets based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements / estimations and the materiality of Islamic financing and related assets relative to the overall consolidated financial statements of the Group, we considered the area of provision against Islamic financing and related assets as a key audit matter.	The testing of controls included testing of: ▪ controls over correct classification of non-performing Islamic financing and related assets on time-based criteria; ▪ controls over monitoring of Islamic financing and related assets with higher risk of default and correct classification of non-performing Islamic financing and related assets on subjective criteria; ▪ controls over accurate computation and recording of provisions; and ▪ controls over the governance and approval process related to provisions, including continuous reassessment by the management. We selected a sample of Islamic financing accounts and performed the following substantive procedures: ▪ checked repayments of Islamic financing / profit instalments, tested classification of non-performing Islamic financing and related assets based on the number of days overdue; and ▪ evaluated the management's assessment for classification of a customer's financing facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and thorough discussions with the management. We checked the accuracy of specific provision made against non-performing Islamic financing and related assets and of general provision by recomputing the amount of provision as per the requirements of PRs.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The consolidated financial statements of the Group as at and for the year ended December 31, 2021 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion on those statements vide their report dated February 28, 2022.

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar**.

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: February 28, 2023
UDIN: AR202210068H4ZTiKcl0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

	Note	2022	2021
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	7	117,743,672	170,501,306
Balances with other banks	8	13,710,753	16,465,169
Due from financial institutions	9	34,964,299	238,401,637
Investments	10	1,287,316,423	624,332,881
Islamic financing and related assets	11	995,508,354	758,086,120
Fixed assets	12	40,624,658	34,185,975
Intangible assets	13	1,873,518	1,505,581
Deferred tax assets	14	4,439,835	-
Other assets	15	85,719,066	64,180,378
		2,581,900,578	1,907,659,047
LIABILITIES			
Bills payable	16	40,175,122	36,141,378
Due to financial institutions	17	573,326,439	220,414,234
Deposits and other accounts	18	1,658,469,588	1,455,871,080
Sub-ordinated sukuk	19	20,990,000	20,990,000
Deferred tax liabilities	14	-	72,189
Other liabilities	20	169,804,739	83,728,554
		2,462,765,888	1,817,217,435
NET ASSETS		119,134,690	90,441,612
REPRESENTED BY			
Share capital	21	17,896,243	16,269,312
Reserves	22	28,212,137	23,417,514
(Deficit) / surplus on revaluation of assets - net of tax	23	(663,671)	4,063,610
Unappropriated profit		72,485,599	45,494,657
Total equity attributable to the equity holders of the Bank		117,930,308	89,245,093
Non-controlling interest	24	1,204,382	1,196,519
		119,134,690	90,441,612
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes 1 to 52 and Annexure I form an integral part of these consolidated financial statements.

Riyadh S. A. A. Edrees Chairman	**Irfan Siddiqui** President & CEO	**Faisal A. A. A. Al-Nassar** Director	**Mohammad Abdul Aleem** Director	**Syed Imran Ali Shah** Chief Financial Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2022

	Note	2022	2021
		Rupees in '000	
Profit / return earned on Islamic financing and related assets, investments and placements	26	232,245,452	110,077,456
Profit / return on deposits and other dues expensed	27	110,426,062	41,171,867
Net profit / return		121,819,390	68,905,589
OTHER INCOME			
Fee and commission income	28	14,729,321	10,861,439
Dividend income		629,478	542,467
Foreign exchange income		3,617,274	3,158,131
(Loss) / gain on securities	29	(100,184)	536,390
Other income	30	1,238,374	843,518
Total other income		20,114,263	15,941,945
Total income		141,933,653	84,847,534
OTHER EXPENSES			
Operating expenses	31	46,841,953	34,939,071
Workers Welfare Fund	20.8	1,927,520	962,709
Other charges	32	95,150	28,172
Total other expenses		48,864,623	35,929,952
		93,069,030	48,917,582
Share of (loss) / profit of associates	10.7	(87,366)	52,006
Profit before provisions		92,981,664	48,969,588
Provisions and write offs - net	33	4,176,661	992,830
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		88,805,003	47,976,758
Taxation	34	43,663,751	19,469,170
PROFIT AFTER TAXATION		45,141,252	28,507,588
Attributable to:			
Equity holders of the Bank		44,936,695	28,227,560
Non-controlling interest	24	204,557	280,028
		45,141,252	28,507,588
		Rupees	Restated
Basic earnings per share	35	25.11	15.77
Diluted earnings per share	35	25.10	15.77

The annexed notes 1 to 52 and Annexure I form an integral part of these consolidated financial statements.

Riyadh S. A. A. Edrees Chairman	**Irfan Siddiqui** President & CEO	**Faisal A. A. A. Al-Nassar** Director	**Mohammad Abdul Aleem** Director	**Syed Imran Ali Shah** Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2022

	Note	2022	2021
		Rupees in '000	
Profit after taxation for the year		45,141,252	28,507,588
Other comprehensive income			
Items that may be reclassified to profit and loss account in subsequent periods:			
Movement in deficit on revaluation of investments - net of tax	23	(4,706,426)	(1,502,274)
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurement loss on defined benefit obligations - net of tax		(108,537)	(67,849)
Movement in (deficit) / surplus on revaluation of non - banking assets net of tax	23	(20,768)	3,685
Total comprehensive income for the year		40,305,521	26,941,150
Attributable to:			
Shareholders of the Holding Company		40,105,158	26,659,143
Non-controlling interest	24	200,363	282,007
		40,305,521	26,941,150

The annexed notes 1 to 52 and Annexure I form an integral part of these consolidated financial statements.

Riyadh S. A. A. Edrees	**Irfan Siddiqui**	**Faisal A. A. A. Al-Nassar**	**Mohammad Abdul Aleem**	**Syed Imran Ali Shah**
Chairman	President & CEO	Director	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2022

	Share capital	Capital reserves: Share premium	Capital reserves: Statutory reserve*	Capital reserves: Non - Distributable Capital Reserve - Gain on Bargain Purchase	Capital reserves: Employee share option compensation reserve	Revenue reserves: General reserve	(Deficit) / surplus on revaluation of: Investments	(Deficit) / surplus on revaluation of: Non-banking Assets	Unappropriated profit	Sub total	Non-controlling Interest	Total
	Rupees in '000											
Balance as at January 1, 2021	14,147,228	2,406,571	14,833,341	3,117,547	-	91,082	5,542,351	19,941	31,808,445	71,966,506	1,264,512	73,231,018
Profit after taxation for the year	-	-	-	-	-	-	-	-	28,227,560	28,227,560	280,028	28,507,588
Other comprehensive (loss) / income for the year -net of tax	-	-	-	-	-	-	(1,502,274)	3,685	(69,828)	(1,568,417)	1,979	(1,566,438)
	-	-	-	-	-	-	(1,502,274)	3,685	28,157,732	26,659,143	282,007	26,941,150
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(93)	93	-	-	-
Recognition of share based compensation (Note 40)	-	-	-	-	133,457	-	-	-	-	133,457	-	133,457
Other appropriations												
Transfer to statutory reserve*	-	-	2,835,516	-	-	-	-	-	(2,835,516)	-	-	-
Transactions with owners recognised directly in equity												
Issue of bonus shares @ 15%	2,122,084	-	-	-	-	-	-	-	(2,122,084)	-	-	-
Final cash dividend for the year 2020 @ Rs 2 per share	-	-	-	-	-	-	-	-	(2,829,446)	(2,829,446)	-	(2,829,446)
First interim cash dividend for the year 2021 @ Rs. 1.5 per share	-	-	-	-	-	-	-	-	(2,122,085)	(2,122,085)	-	(2,122,085)
Second interim cash dividend for the year 2021 @ Rs. 1.5 per share	-	-	-	-	-	-	-	-	(2,122,085)	(2,122,085)	-	(2,122,085)
Third interim cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	-	-	(2,440,397)	(2,440,397)	-	(2,440,397)
	-	-	-	-	-	-	-	-	(9,514,013)	(9,514,013)	-	(9,514,013)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	-	(350,000)	(350,000)
Balance as at December 31, 2021	16,269,312	2,406,571	17,668,857	3,117,547	133,457	91,082	4,040,077	23,533	45,494,657	89,245,093	1,196,519	90,441,612
Profit after taxation for the year	-	-	-	-	-	-	-	-	44,936,695	44,936,695	204,557	45,141,252
Other comprehensive loss for the year - net of tax	-	-	-	-	-	-	(4,706,426)	(20,768)	(104,343)	(4,831,537)	(4,194)	(4,835,731)
	-	-	-	-	-	-	(4,706,426)	(20,768)	44,832,352	40,105,158	200,363	40,305,521
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(87)	87	-	-	-
Recognition of share based compensation (Note 40)	-	-	-	-	293,962	-	-	-	-	293,962	-	293,962
Other appropriations												
Transfer to statutory reserve*	-	-	4,500,661	-	-	-	-	-	(4,500,661)	-	-	-
Transactions with owners recognised directly in equity												
Issue of bonus shares @ 10%	1,626,931	-	-	-	-	-	-	-	(1,626,931)	-	-	-
Final cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	-	-	(2,440,397)	(2,440,397)	-	(2,440,397)
First interim cash dividend for the year 2022 @ Rs 1.75 per share	-	-	-	-	-	-	-	-	(2,847,130)	(2,847,130)	-	(2,847,130)
Second interim cash dividend for the year 2022 @ Rs 1.75 per share	-	-	-	-	-	-	-	-	(2,847,130)	(2,847,130)	-	(2,847,130)
Third interim cash dividend for the year 2022 @ Rs. 2 per share	-	-	-	-	-	-	-	-	(3,579,248)	(3,579,248)	-	(3,579,248)
	-	-	-	-	-	-	-	-	(11,713,905)	(11,713,905)	-	(11,713,905)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	-	(192,500)	(192,500)
Balance as at December 31, 2022	17,896,243	2,406,571	22,169,518	3,117,547	427,419	91,082	(666,349)	2,678	72,485,599	117,930,308	1,204,382	119,134,690

* This represents reserve created under section 21(i)(b) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 52 and Annexure I form an integral part of these consolidated financial statements.

Riyadh S. A. A. Edrees	**Irfan Siddiqui**	**Faisal A. A. A. Al-Nassar**	**Mohammad Abdul Aleem**	**Syed Imran Ali Shah**
Chairman	President & CEO	Director	Director	Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2022

	Note	2022	2021
		Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		88,805,003	47,976,758
Less: Dividend income		(629,478)	(542,467)
Share of (loss) / profit of associates	10.7	87,366	(52,006)
		88,262,891	47,382,285
Adjustments:			
Depreciation	31	3,177,882	2,472,917
Amortisation	31	469,666	368,642
Non cash items related to right-of-use assets	27 & 31	4,657,904	3,250,363
Provisions and write offs - net	33	4,176,661	992,830
Charge for defined benefit plan	31.1	629,796	482,378
Share based compensation expense	40	293,962	133,457
Unrealised gain - held for trading		(18)	-
Gain on sale of operating fixed assets	30	(215,770)	(149,406)
		13,190,083	7,551,181
		101,452,974	54,933,466
(Increase) / decrease in operating assets			
Due from financial institutions		203,437,338	103,667,162
Islamic financing and related assets		(240,666,103)	(246,289,233)
Other assets		(21,701,668)	(11,906,053)
		(58,930,433)	(154,528,124)
Increase / (decrease) in operating liabilities			
Bills payable		4,033,744	9,647,372
Due to financial institutions		352,912,205	125,913,594
Deposits and other accounts		202,598,508	201,458,838
Other liabilities		75,747,451	13,150,430
		635,291,908	350,170,234
		677,814,449	250,575,576
Contribution to defined benefit plan	38.5	(557,689)	(322,792)
Income tax paid		(38,388,893)	(14,991,929)
Net cash generated from operating activities		638,867,867	235,260,855
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(531,153,574)	(121,925,177)
Net investments in held to maturity securities		(141,110,504)	(66,346,047)
Net investments in held for trading securities		(2,470)	-
Net redemption in associates		596,865	667,733
Dividends received		632,621	546,551
Investments in operating fixed assets		(10,999,090)	(6,219,443)
Investments in intangible assets		(837,603)	(782,711)
Proceeds from sale of fixed assets		375,048	253,700
Net cash used in investing activities		(682,498,707)	(193,805,394)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(3,780,665)	(3,335,554)
Issuance of sub-ordinated Sukuk - Tier II		-	9,990,000
Redemption of sub-ordinated Sukuk - Tier II		-	(7,000,000)
Dividend paid to equity shareholders of the Bank		(7,908,045)	(9,515,742)
Dividend paid to non-controlling interest		(192,500)	(350,000)
Net cash used in financing activities		(11,881,210)	(10,211,296)
(Decrease) / increase in cash and cash equivalents		(55,512,050)	31,244,165
Cash and cash equivalents at the beginning of the year	36	186,966,475	155,722,310
Cash and cash equivalents at the end of the year	36	131,454,425	186,966,475

The annexed notes 1 to 52 and Annexure I form an integral part of these consolidated financial statements.

Riyadh S. A. A. Edrees	**Irfan Siddiqui**	**Faisal A. A. A. Al-Nassar**	**Mohammad Abdul Aleem**	**Syed Imran Ali Shah**
Chairman	President & CEO	Director	Director	Chief Financial Officer

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

(i) Meezan Bank Limited - Holding Company
(ii) Al Meezan Investment Management Limited - Subsidiary Company

1.1.1 Holding Company - Meezan Bank Limited

Meezan Bank Limited (the Bank / Holding Company) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited. The Bank was registered as an 'Investment Finance Company' on August 8, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. A 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.

The Bank was granted a 'Scheduled Islamic Commercial Bank' license on January 31, 2002 and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from March 20, 2002, on receiving notification in this regard from the State Bank of Pakistan (the SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.

The Bank was operating through nine hundred and sixty two branches as at December 31, 2022 (2021: nine hundred and two branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.

Based on the financial statements of the Bank for the year ended December 31, 2021, the VIS Credit Rating Company Limited has reaffirmed the Bank's medium to long-term rating as 'AAA' and the short-term rating as "A1+".

1.1.2 Subsidiary Company - Al Meezan Investment Management Limited

	Percentage of holding	
	2022	2021
Al Meezan Investment Management Limited - Subsidiary	65%	65%

Al Meezan Investment Management Limited (AMIML) ('the Subsidiary Company') is involved in asset management, investment advisory, portfolio management, equity research, underwriting and corporate finance.

The principal activities of the Subsidiary Company are floating and managing Collective Investment Schemes, Voluntary Pension Schemes and providing investment advisory services. The registered office of the Company is situated at Ground Floor, Block B, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. AMIML is a subsidiary of Meezan Bank Limited (Holding Company) which owns 65% share capital of AMIML.

The Subsidiary Company has been assigned an Asset Manager rating of 'AM1' by the Pakistan Credit Rating Agency Limited (PACRA) dated June 23, 2022 (2022: 'AM1' dated June 23, 2021).

1.2 The Group's associates are as follows:

The Group considers the following open end funds managed by AMIML as its associates:

- Meezan Islamic Fund
- Meezan Balanced Fund
- Meezan Islamic Income Fund
- Al-Meezan Mutual Fund
- KSE Meezan Index Fund
- Meezan Sovereign Fund
- Meezan Tahaffuz Pension Fund
- Meezan Energy Fund
- Meezan Gold Fund
- Meezan Cash Fund
- Meezan Dedicated Equity Fund
- Meezan Strategic Allocation Fund
- Meezan Strategic Allocation Fund II
- Meezan Strategic Allocation Fund III
- Meezan Asset Allocation Fund
- Meezan Financial Planning Fund of Funds
- Meezan Rozana Amdani Fund
- Meezan Daily Income Fund
- Meezan Pakistan Exchange Traded Fund
- Meezan Paidar Munafa Plan II

The country of establishment in respect of all of the above funds is Pakistan. Further, all the above funds are individual open-end schemes and have been established by execution of trust deeds between AMIML and the Central Depository Company of Pakistan Limited (CDC) as the Trustee.

2 BASIS OF PRESENTATION AND CONSOLIDATION

2.1 These consolidated financial statements have been prepared from the information available in the audited financial statements of the Meezan Bank Limited (Holding Company) for the year ended December 31, 2022 and the condensed interim financial statements of Al-Meezan Investment Management Limited (AMIML) (Subsidiary Company) for the six months period ended December 31, 2022 which have only been subjected to review but are not audited. AMIML prepares its annual financial statements up to June 30 each year. In preparing the consolidated profit and loss account for the year ended December 31, 2022 the results for the period from January 1, 2022 to June 30, 2022 have been calculated from the audited financial statements of AMIML for the year ended June 30, 2022 after eliminating the results for the six months period ended December 31, 2021.

These consolidated financial statements comprise of the consolidated statement of financial position as at December 31, 2022, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement together with the notes forming part thereof for the year ended December 31, 2022.

The associates have been accounted for in these consolidated financial statements under the equity method of accounting. For applying equity method financial statements of respective funds for the half years ended December 31, 2022 and 2021 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2022 have been used.

2.2 Subsidiaries are those enterprises in which the Holding Company directly or indirectly exercises control over investee, and / or beneficially owns or holds more than 50 percent of the voting securities or otherwise, has power to elect and appoint more than 50 percent of its directors. The financial statements of the subsidiary are included in these consolidated financial statements from the date when the control commenced. The financial statements of AMIML have been consolidated on a line-by-line basis. The Group applies uniform accounting policies for similar transactions and events in similar circumstances except where specified otherwise.

Associates are entities over which the Group has a significant influence, but not control, over investee. The Group's share in an associate is the aggregate of the holding in that associate by the Holding Company and by the Subsidiary. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter for the post acquisition change in the Group's share of net assets of the associates. The consolidated profit and loss account reflects the Group's share of the results of operations of the associate. Any change in Other Comprehensive Income (OCI) of associates is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. These consolidated financial statements include the Group's share of income and expenses of associates from the date that significant influence commences until the date that such influence ceases.

Non-controlling interest is that part of the net results of operations and of net assets of the subsidiary attributable to interests which are not owned by the Holding Company.

All material intra-group balances and transactions have been eliminated.

3 STATEMENT OF COMPLIANCE

3.1 These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities Exchange Commission of Pakistan (SECP).

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

3.2 The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3, 'Profit and loss sharing on deposits' for Institutions offering Islamic Financial Services (IIFS) relating to annual, half yearly and quarterly financial statements would be notified by the SBP through issuance of specific instructions and uniform disclosure formats in consultation with IIFS. These reporting requirements have not been notified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in these consolidated financial statements.

3.3 The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial instruments: disclosures' through its S.R.O. 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

3.4 The SECP through S.R.O. 56(1)/2016 dated January 28, 2016, has directed that the requirements of IFRS 10, 'Consolidated financial statements' are not applicable in case of investments by companies in mutual funds established under Trust Deed structure. Accordingly, implications of IFRS 10 in respect of investment in mutual funds are not considered in these consolidated financial statements.

3.5 Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current year:

3.5.1 There are certain new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated financial statements.

3.6 Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective:

3.6.1 The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

Standard, Interpretations and Amendments	Effective date (annual periods beginning on or after)
- IFRS 9 - 'Financial instruments'	January 1, 2023
- IAS 1 - 'Accounting policy disclosures' (amendments)	January 1, 2023
- IAS 1 - Non current liabilities with covenants (amendments)	January 1, 2024
- IFRS 16 - Sale and leaseback (amendments)	January 1, 2024
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 12 - 'Income taxes' (amendments)	January 1, 2023

The management is in the process of assessing the impact of these standards and amendments on the consolidated financial statements of the Group except IFRS 9 (Financial Instruments), the impact of which is as follows:

IFRS 9 - 'Financial Instruments'

As directed by the SBP via BPRD Circular no 3 of 2022, (IFRS) 9, 'Financial Instruments' is effective for periods beginning on or after January 1, 2023 for banks having asset base of more than Rs. 500 billion as at December 31, 2021. SBP via the same circular has finalized the instructions on (IFRS) 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks.

During 2022, the management of the Holding Company 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 Holding Company at the time of finalizing the impact for initial application of (IFRS) 9. In addition, the Holding Company will implement changes in classification of certain financial instruments.

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

Classification and measurement

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

The business model reflects how groups of financial assets are managed to achieve a particular business objective. Financial assets can only be held at amortised cost if the instruments are held in order to collect the contractual cash flows ('hold to collect'), and where those contractual cash flows are solely payments of principal and profit (SPPI).

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

The classification of equity instruments is generally measured at FVTPL unless the Group, at initial recognition, irrevocably designates as FVOCI but both unrealized and realized gains or losses are recognized in reserves and no amounts other than dividends received are recognized in the consolidated profit and loss account.

All other financial assets will mandatorily be held at FVTPL. Financial assets may be designated at FVTPL only if doing so eliminates or reduces an accounting mismatch.

Impairment

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

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Based on the requirement of (IFRS) 9 and SBP's (IFRS) 9 application instructions, the Group has performed an ECL assessment taking into account the key elements such as assessment of SCIR, Probability of Default, Loss Given Default and Exposure at Default.

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

Presentation and disclosure

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

Impact of adoption of IFRS 9

The Group will adopt IFRS 9 in its entirety effective January 01, 2023 with modified retrospective approach for restatement. The cumulative impact of initial application will be recorded as an adjustment to equity at the beginning of the accounting period. The actual impact of adopting IFRS 9 on the Group's financial statements in the year 2023 will be dependent on the financial instruments that the Group would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future.

Nevertheless, the Group has performed a preliminary assessment of the potential impact of adoption of IFRS 9 and based on this assessment, the Group does not expect any material effect on the Group's Capital Adequacy Ratio (CAR) and equity as of December 31, 2022.

3.6.2 The SBP vide its BPRD Circular No. 02 of 2023 dated February 9, 2023 has specified the new reporting format for financial statements of Banking Companies. The new format has revised the disclosure requirements and will become applicable for the financial statements of the Group for the quarter ending March 31, 2023.

4 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except that certain available for sale investments, foreign currency balances, non-banking assets acquired in satisfaction of claims and certain foreign exchange commitments have been marked to market and carried at fair value in accordance with the requirements of the SBP.

4.1 Critical accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with the accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgments in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by the management in the application of the accounting policies are as follows:

i) classification and valuation of investments (notes 6.4.1, 6.4.4 and 10);
ii) provision against non-performing advances (notes 6.3.2 and 11.12);
iii) income taxes (notes 6.6 and 34);
iv) defined benefit plans (notes 6.11 and 38);
v) valuation and depreciation of fixed assets (notes 6.5.1, 6.5.5 and 12.2);
vi) valuation and amortisation of intangible assets (note 6.5.3, 6.5.5 and 13.1);
vii) valuation of right-of-use assets and their related lease liability (notes 6.5.2, 12.3 and 20.7);
viii) impairment (note 6.4.5);
ix) valuation of non-banking assets acquired in satisfaction of claims (note 6.7 and 23.1); and
x) assumptions and estimates used in valuation of options under share-based payments (note 40).

5 FUNCTIONAL AND PRESENTATION CURRENCY

5.1 Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

5.2 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

6.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash and non-restricted balances with treasury banks and balances with other banks in current and deposit accounts.

6.2 Due to / from financial institutions

Bai Muajjal

In Bai Muajjal, the Group sells sukuk on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. Bai Muajjal with the Federal Government is classified as investment.

Musharaka / Mudaraba

In Musharaka / Mudaraba, the Group (or the counterparty financial institutions / the SBP) invests in the shariah compliant business pools of the counterparty financial institutions / the SBP (or the Group) at the agreed profit and loss sharing ratio.

Musharaka from the SBP under IERS

Under IERS, the Group accepts funds from the SBP under Shirkat-ul-aqd to constitute a pool for investment in export refinance portfolio of the Group under the guidelines issued by the SBP. The profit of the pool is shared as per the agreed weightages between the partners.

Mudaraba investment from the SBP under various long term Islamic refinance schemes

Under various long term Islamic refinance schemes of the SBP, the Group accepts funds from the SBP which are received on Mudaraba basis for investment in general pool of the Group. The profit of the pool is shared as per the announced profit sharing ratio of the pool and the weightages assigned to these investments.

6.2.1 These are initially recognised at amount of funds disbursed / accepted (in case of Bai Muajjal, at sale price of the Sukuk net of deferred profit) and subsequently measured at amount receivable / payable under the contractual terms of the underlying agreement (in case of Bai Muajjal, at sale price of the sukuk net of remaining deferred profit at reporting date, if any).

6.3 Islamic financing and related assets

Murabaha

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

Ijarah

Ijarah assets are stated at cost less depreciation and are disclosed as part of 'Islamic financing and related assets'. The rental received / receivable on Ijarah under Islamic Financial Accounting Standard - 2 'Ijarah' (IFAS 2) are recorded as income / revenue. The Group charges depreciation from the date of recognition of Ijarah of respective assets to mustajir. Ijarah assets are depreciated over the period of Ijarah using the straight line method. Ijarah rentals outstanding are disclosed in 'other assets' on the consolidated statement of financial position at amortised cost. Impairment of Ijarah assets is determined in accordance with the Prudential Regulations issued by the SBP. The provision for impairment of Ijarah assets is shown as part of 'Islamic financing and related assets'.

Istisna

In Istisna financing, the Group places an order to purchase some specific goods / commodities from its customers to be delivered to the Group within an agreed time. The goods are then sold by the customer on behalf of the Group and the amount hence financed along with profit realised net of agency fee and incentives is paid to the Group.

Tijarah

In Tijarah financing, the Group purchases specific goods / commodities on cash basis from its customers which is then onward sold by the customer on behalf of the Group and on subsequent sale, the financed amount along with profit realised net of agency fee and incentives is paid by the customer to the Group.

Diminishing Musharakah

In Diminishing Musharakah financing, the Group enters into Musharakah based on Shirkat-ul-milk for purchasing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers. The customers pay periodic profit as per the agreement for the utilisation of the Group's Musharakah share and also periodically purchase the Group's share over the tenure of the transaction.

Running Musharakah

In Running Musharakah financing, the Group enters into financing with the customer based on Shirkat-ul-Aqd or business partnership in the customer's operating business. Under this mechanism the customer can withdraw and return funds to the Group subject to his Running Musharakah Financing limit during the Musharakah period. At the end of each quarter / half year the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half yearly / annual accounts of the customer.

Bai Muajjal

In Bai Muajjal financing, the Group sells Shariah compliant sukuk on credit to customers. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

Service Ijarah

In Service Ijarah financing, the Group provides financing by acquiring certain agreed services from the customer. After the purchase of services, the Group appoints the customer to sell these services in the market over a period and provide a sale confirmation of such sale. The profit is only accrued from the date of receipt of such confirmation.

Wakalah

Wakalah is an agency or a delegated authority where the Muwakkil (principal) appoints the Wakil (agent) to carry out a specific job on behalf of the Muwakkil. Funds disbursed are initially recorded as 'Advance against Wakalah'. On culmination, the same are recorded as financings.

Wakalah tul Istithmar

In Wakalah tul Istithmar financing, the Group enters into investment agency transaction with customer acting as an agent of the Group. Under this mechanism, the funds disbursed are invested by the customer on behalf of the Group and are recorded as financing upon their investment in the business. At the end of each quarter / half year / other defined period, the customer pays the provisional profit which is subject to adjustment upon actual declaration of wakala business performance by the agent.

Musawamah

In Musawammah financing, the Group purchases the goods and after taking the possession, sells them to the customer either in spot or credit transaction, without disclosing the cost.

6.3.1 Islamic financing and related assets are stated net of specific and general provisions against non-performing Islamic financing and related assets which are charged to the consolidated profit and loss account.

Funds disbursed, under financing arrangements for purchase of goods / assets are recorded as advance. On culmination, financing are recorded at the deferred sale price net of profit. Goods purchased but remaining unsold at the consolidated statement of financial position date are recorded as inventories.

6.3.2 Provision against non-performing Islamic financing and related assets

Specific provision

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

General provision

In accordance with Prudential Regulations issued by the SBP, general provision against consumer financing and house financing are maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages range from 0.5% to 2.5% for secured and 4% to 7% for unsecured portfolio.

In addition to the above mentioned requirements, the Group has also maintained a general provision in respect of financing against potential losses as may be present in the portfolio. This provision is based on management's

best estimate and is approved by the Board of Directors of the Holding Company.

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

6.3.3 Inventories

The Group values its inventories at the lower of cost and net realisable value.

The net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Cost of inventories represents actual purchases made by the Group / customers as an agent of the Group for subsequent sale. Inventory against each contract is maintained on specific identification method.

6.4 Investments

6.4.1 Classification

The Group classifies its investments as follows:

- **Held for trading**

  These are investments which are either acquired for generating profits from short-term fluctuations in market prices or are securities included in a portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

- **Held to maturity**

  These are investments with fixed or determinable payments and maturity that the Group has the positive intent and ability to hold till maturity.

- **Available for sale**

  These are investments, other than those in associates and subsidiaries, which do not fall under either 'held for trading' or 'held to maturity' categories.

- **Associates**

  Associates are all entities over which the Group has significant influence but not control. Certain mutual funds are managed by the subsidiary company of the Group and hence, the Group has significant influence over such funds and therefore, investment in these mutual funds are considered as investment in associates in these consolidated financial statements.

6.4.2 Regular way contracts

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognised at the trade date, which is the date on which the Group commits to purchase or sell the investments.

6.4.3 Initial recognition and measurement

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

6.4.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

- **Held for trading**

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

- **Held to maturity**

  These are measured at amortised cost less any impairment loss recognised to reflect irrecoverable amount. Premium / discount (if any) is amortised over the remaining maturity.

- **Available for sale**

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

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

  6.4.4.1 Details of valuation techniques used in determination of fair value is included in note 42 to the consolidated financial statements.

6.4.5 Impairment

Available for sale and Held to maturity investments

Impairment loss in respect of investments classified as available for sale and held to maturity (except sukuk certificates) is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment. The determination of "significant or prolonged" requires judgment.

Provision for diminution in the value of sukuk certificates is made as per the Prudential Regulations issued by the SBP. In case of impairment in available-for-sale investments, the related loss previously reported in other comprehensive income is transferred to profit and loss for period. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account.

Investment in associates

In respect of investment in associates, the Group reviews their carrying values at each reporting date to assess whether there is an indication of impairment. The amount of impairment loss would be determined based on the higher of value in use and fair value less cost to sell. Impairment loss is recognised in the consolidated profit and loss account.

6.5 Operating fixed assets

6.5.1 Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and any identified impairment loss. Items of fixed assets costing Rs 25,000 or less are not capitalised and are charged off in the month of purchase. An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Profit or loss on disposal of fixed assets is included in the consolidated profit and loss account currently.

6.5.2 Right-of-use assets and Lease liabilities

At the inception of the contract, the Group assesses whether a contract is, or contains, a lease. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within note 12 and are subject to impairment in line with the Group's policy as described in note 6.5.8.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental fund acceptance rate to measure lease liabilities.

6.5.3 Intangible assets

Intangible assets comprise of computer software. Intangible assets with definite useful lives are stated at cost less accumulated amortisation and impairment losses (if any).

6.5.4 Subsequent costs

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenditure are charged to the consolidated profit and loss account as and when incurred.

6.5.5 Depreciation / amortisation

Depreciation / amortisation is charged to the consolidated profit and loss account by applying the straight line method in accordance with the rates specified in notes 12.2 and 13.1 whereby the depreciable value of an asset is written off over its estimated service life. The Group charges depreciation / amortisation from the month of acquisition and up to the month preceding the disposal. Right-of-use assets are depreciated on a straight line basis over the lease term specified in note 12.3.

6.5.6 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

6.5.7 Useful lives and residual values

Useful lives, residual values and depreciation method are reviewed at each reporting date and adjusted if impact on depreciation / amortisation is significant

6.5.8 Impairment

The Group assesses at each reporting date whether there is any indication that the operating fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in the consolidated profit and loss account.

6.6 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the consolidated profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current

The charge for current taxation is based on expected taxable income for the year in accordance with the prevailing laws of taxation. The charge for current tax also includes adjustments to tax payable in respect of previous years including those arising from assessments finalised during the year and are separately disclosed.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences relating to initial recognition of goodwill, initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

In making the estimates for current and deferred taxes, the management considers the income tax law and the decisions of appellate authorities on certain issues in the past.

6.7 Non-banking assets acquired in satisfaction of claims

The non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation.

The useful lives are reviewed annually and adjusted, if appropriate. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of property, if any, is credited to the 'surplus on revaluation of assets' account in the statement of other comprehensive income. Any deficit arising on revaluation is taken to consolidated profit and loss account directly. On derecognition of the assets, the cumulative gain or loss previously reported in other comprehensive income is transferred directly to unappropriated profit in the consolidated statement of changes in equity. Legal fees, transfer cost and direct cost of acquiring title to property is charged to the consolidated profit and loss account

6.8 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors, however the funds of current accounts are treated as equity for the purpose of profit calculation and any profit earned / loss incurred on those funds are allocated to the equity of the Group. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

Profits realised in investment pools are distributed in pre-agreed profit sharing ratio between Rab-ul-Maal and Mudarib. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal up to a maximum of 50% of their profit as Incentive profits (Hiba).

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

Asset pools are created at the Group's discretion and the Group can add, amend or transfer an asset to any other pool in the interests of the deposit holders.

6.9 Sub-ordinated Sukuk

The Group records sub-ordinated sukuk initially at the amount of proceeds received. Profit accrued on sub-ordinated sukuk is charged to the consolidated profit and loss account. These are subsequently measured at amount outstanding.

6.10 Pool Management

The Group operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudaraba and Musharakah modes.

Under the general deposits pools, the Group accepts funds on Mudaraba basis from depositors (Rab-ul-Maal) where the Group acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financing, investments and placements. When utilising investing funds, the Group prioritizes the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for funds acquired / accepted from the State Bank of Pakistan and other banks for Islamic Export Refinance to the Group's customers and liquidity management respectively under the Musharakah / Mudaraba modes.

The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool after deduction of expenses directly incurred in earning the income of such pool along with related fee income, if any. The directly related costs comprise of depreciation on ijarah assets, takaful premium, documentation charges etc. No expense of general or administrative nature is charged to the pools. No provision against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. The profit of the pool is shared between equity and other members of the pool on the basis of Musharakah at gross level (before charging of mudarib fee) as per the investment ratio of the equity. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of mudarib fee. During the year, the Group has given General Hiba to the depositors of Rupee General Pool, keeping in view the prescribed guidelines of Pool Management provided by the SBP and with the approval of the Group's Resident Shariah Board Member. However, Hiba are given at the sole discretion of the Group without any contractual commitment and can be withdrawn or reduced by the Group at its sole discretion.

The risk characteristic of each pool mainly depends on the assets and liabilities profile of each pool. As per the Group's policy, relatively low risk / secured financing transactions and assets are allocated to general depositors pool of Rupee, USD, GBP and Euro. The Group maintains General Pools (Rupee, USD, EUR, GBP), FI Pools, IERS pool and Equity pool. The general pools are exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved.

General Pools:

For General Pools (Rupee, USD, EUR, GBP), the Group allocates PKR financing to Corporate, Commercial, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business as mentioned in note 48.1.1.3. Investments in Sovereign Guaranteed Sukuk, and Bai Muajjal with the State Bank of Pakistan / Government of Pakistan, are also done through General Pools. All remunerative deposits are tagged to these general pools and their funds generated from the depositors are invested on priority basis. Investments from the SBP under various long term Islamic refinance schemes, and sub-ordinated sukuks are also remunerated through the Rupee General Pool. Due to limited investment options in USD, GBP and EURO pool, funds from foreign currency pools are invested in available International Sukuk, Shariah Compliant Nostro accounts, foreign currency financing and the remaining funds are taken out and invested in Rupee general pool as part of equity. In such cases return from Rupee General Pool is given back to foreign currency pools, so that returns can be passed on to foreign currency pool customers accordingly. The Group as Mudarib in the general pools is responsible for financing costs / assets such as land, building, furniture, fixtures, computers and IT system from its own sources / equity.

IERS Pools:

The IERS pool assets comprise of sovereign guaranteed sukuk, and financing to / sukuk of mainly blue chip companies and exporters as allowed under the applicable rules and regulations, and as such are exposed to lower credit risk. The Musharakah with SBP under IERS is tagged to the IERS pool.

FI Pools:

The FI pool assets generally comprise of sovereign guaranteed sukuk and financing under diminishing musharakah mode only and the related liability of the FI pool comprise of Musharakah / Mudarabah from other banks and financial institutions. These pools are created to meet the liquidity requirements of the Group.

Equity Pools:

All other assets including fixed assets, exposure in shares, Rupee bai-salam financing and subsidized financing to the Group's employees are tagged to equity pool. To safeguard the interest of customers, all high risk investments are also done through equity pool. The Group as Mudarib in the equity pools is responsible for financing costs / assets such as land, building, furniture, fixtures, computers and IT system from its own sources / equity.

6.11 Staff retirement benefits

Defined benefit plan

The Holding Company operates an approved Gratuity Funded Scheme for its permanent employees. The scheme was approved by the tax authorities in April 2000. The liability recognised in respect of Gratuity Funded Scheme is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. The last valuation was conducted as on December 31, 2022.

The Holding Company also operates End of Service Unfunded Defined Benefit Scheme as approved by the Board of Directors for the benefit of the founding President and Chief Executive Officer of the Holding Company. The defined benefit obligation for this benefit has been calculated by an independent actuary using the projected unit credit method. The valuation has been conducted as on December 31, 2022.

Amounts arising as a result of "Remeasurements", representing the actuarial gains and losses and the difference between the actual investment returns and that implied by the net return cost are recognised in the consolidated Statement of Financial Position immediately, with a charge or credit to "Consolidated Other Comprehensive Income" in the periods in which they occur. The actuarial valuations involve assumption and estimates of discount rates, expected rates of return on assets, future salary increases and future inflation rates as disclosed in (Note 38).

Defined contribution plan

The Group also operates a recognised contributory Provident Fund for all permanent employees. Equal monthly contributions are made, both by the Group and the employees, to the fund at a rate of 10% of basic salary.

6.12 Compensated absences

The Group recognises liability in respect of employees compensated absences in the period in which these are earned up to the reporting date. The provision is recognised on the basis of actuarial valuation conducted on December 31, 2022 using the projected unit credit method.

6.13 Share-based compensation

The Holding Company has granted share options to its employees under the Meezan Group Employees Share Option Scheme, 2021 as approved by the shareholders and SECP. The cost of these share options is determined by the fair value at the date when the grant is made using a valuation model by an independent valuer and is recognised as expense over the vesting period together with a corresponding credit in equity - Employee share option compensation

reserve (Note 40). The dilutive effect of outstanding options (if any) is reflected as share dilution in the computation of diluted earnings per share. When the options are exercised, employee stock option compensation reserve relating to these options is transferred to share capital and share premium.

6.14 Dividend and reserves

Dividend declared and appropriations, except for transfer to statutory reserve, made subsequent to the reporting date are considered as non adjusting events and are recorded as a liability in the consolidated financial statements in the year in which these are approved by the directors / shareholders as appropriate.

6.15 Foreign currency transactions

Transactions and balances

Foreign currency transactions are recorded in rupees at exchange rates prevailing on the date of transaction. Monetary assets, monetary liabilities and contingencies and commitments in foreign currencies except forward commitments (promises) are reported in Rupees at exchange rates prevalent on the reporting date.

Forward commitments other than those with the SBP relating to the foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange commitments. Forward commitments with the SBP relating to foreign currency deposit, are valued at spot rate prevailing at the reporting date. Exchange gains and losses are included in the current year profit and loss account.

Commitments

Commitments for outstanding forward foreign exchange transactions are disclosed at the rates applicable at the reporting date. Contingent liabilities / commitments for letters of credit, and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the exchange rates prevailing on the reporting date.

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

6.16 Provisions and contingent assets and liabilities

Provision are recognised when the Group has a present legal or constructive obligation arising as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

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

6.17 Acceptances, guarantees and letters of credit

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are accounted for as on-balance sheet transactions and related balances are disclosed under other assets and other liabilities.

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

6.18 Offsetting and derecognition

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated Statement of Financial Position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting and reporting standards as applicable in Pakistan.

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset. The Group derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

6.19 Revenue recognition

i) Profit on Murabaha (including Commodity Murabaha) and Musawammah is recognised on an accrual basis. Profit on Murabaha and Musawammah transactions for the period from the date of disbursement to the date of culmination of Murabaha and Musawammah is recognised immediately upon the later date in line with IFAS requirements.

ii) Rentals on Ijarah contracts are recognised as income on an accrual basis in line with IFAS requirements.

iii) Profit on Bai Muajjal transaction is recognised on an accrual basis.

iv) Profit on Diminishing Musharakah financing is recognised on an accrual basis.

v) Profit on Running Musharakah financing is recognised on an accrual basis and is adjusted upon declaration of

profit by Musharakah partners.

vi) Profit on Tijarah and Istisna financing is recognised on an accrual basis commencing from time of sale of goods till the realisation of sale proceeds by the Group.

vii) Profit on Service Ijarah is recognised on an accrual basis commencing from the date of confirmation of sale.

viii) Profit on Wakalah tul Istithmar / Wakalah is recognised on an accrual basis and is commensurate with the Wakalah business performance / work done by the agent.

ix) Profit on Sukuk is recognised on an accrual basis. Where Sukuk (excluding held for trading securities) are purchased at a premium or discount, those premiums / discounts are amortised through the consolidated profit and loss account over the remaining maturity.

x) Commission on letters of credit, acceptances and guarantees is recognised on receipt basis, except for commission on guarantees in excess of Rs 250,000 which is recognised over the period of the guarantee. Fee and brokerage income are recognised when earned.

xi) The Group earns fee and commission income from certain non-funded banking services. The related fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services. The Group recognises fees earned on transaction-based arrangements at a point in time when the Group has fully provided the service to the customer. Where the contract requires services to be provided over time, the income is recognised on a systematic basis over the life of the related service. Unearned fees and commissions are included under other liabilities.

xii) Dividend income is recognised when the Group's right to receive dividend is established.

xiii) Gain or loss on sale of investments is included in the consolidated profit and loss account in the period in which they arise.

xiv) Gain or loss on disposal of fixed assets, intangible assets, Ijarah assets and Musharakah assets is taken to the profit and loss account in the period in which they arise.

xv) Profit suspended in compliance with the Prudential Regulations issued by the SBP is recognised on receipt basis. Profit on rescheduled / restructured financing and investments is recognised as permitted by the SBP.

xvi) Remuneration from funds (management fee) is recognised based on the net asset value of the funds calculated on daily basis.

6.20 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format of reporting is based on business segments. Operating segments are reported in a manner consistent with the internal reporting provided to the management. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

6.20.1 Business segments

Corporate and Commercial Banking

It includes trade finance, export finance, project finance, Ijarah, guarantees and bills of exchange relating to its Corporate and Commercial customers, investment banking, syndications, IPO related activities (excluding investments), secondary private placements, underwriting and securitisation.

Retail Banking

It includes retail financing, deposits and banking services offered to its retail customers and small and medium enterprises.

Asset Management

It includes asset management, investment advisory and portfolio management.

Trading and Sales

It includes equity, foreign exchanges, commodities, own securities and placements.

Others

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

6.20.2 Geographical segments

The Group operates only in Pakistan.

6.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing profit after tax for the year attributable to equity holders of the Holding company by the weighted average number of ordinary shares outstanding during the year. EPS is retrospectively adjusted for the effect of bonus shares issued.

Diluted EPS is calculated by dividing the net profit attributable to the equity shareholders of the Holding company (after adjusting for return and related tax impact) on the convertible instruments / share options by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion / exercise of all the dilutive potential ordinary shares into ordinary shares.

7 CASH AND BALANCES WITH TREASURY BANKS

	Note	2022	2021
		Rupees in '000	
In hand			
- local currency		40,142,946	36,029,312
- foreign currencies		1,120,217	2,821,769
		41,263,163	38,851,081
With the State Bank of Pakistan in			
- local currency current accounts		69,747,152	70,308,704
- foreign currency current accounts		6,433,593	10,259,746
	7.1	76,180,745	80,568,450
With the National Bank of Pakistan in			
- local currency current accounts		222,839	50,668,352
National Prize Bonds	7.2	76,925	413,423
		117,743,672	170,501,306

7.1 These include local and foreign currency amounts required to be maintained with the SBP under the Banking Companies Ordinance, 1962 and /or stipulated by the SBP. These accounts are non-remunerative in nature.

7.2 These represent the national prize bonds received from customers for onward surrendering to SBP. The Group, as a matter of Shariah principle, does not deal in prize bonds.

8 BALANCES WITH OTHER BANKS

	Note	2022	2021
		Rupees in '000	
In Pakistan			
- in current accounts		4,804,996	14,947,076
Outside Pakistan			
- in current accounts		4,080,128	1,275,566
- in deposit accounts	8.1	4,825,629	242,527
		13,710,753	16,465,169

8.1 It represents the balance in the remunerative account maintained with financial institutions outside Pakistan. The return on these balances ranges from 0.20% to 2.25% (2021: 0.0001%) per annum.

9 DUE FROM FINANCIAL INSTITUTIONS

	Note	2022	2021
		Rupees in '000	
Bai Muajjal receivable:			
- from scheduled banks / financial institutions - Secured	9.1	34,964,299	238,401,637
- from other Financial Institution		15,500	15,500
	9.2	34,979,799	238,417,137
Commodity Murabaha		26,066	26,066
	9.3	35,005,865	238,443,203
Less: Provision held against due from financial institutions	9.4	(41,566)	(41,566)
Due from financial institutions - net of provision		34,964,299	238,401,637

9.1 The effective average return on this product is 11.25% (2021: 8.10%) per annum. The balances have maturities in July 2025 (2021: ranging between January 2022 to July 2025). These Bai Muajjal are secured against Federal Government securities received as collateral and having market value of Rs 36,915 million as at December 31, 2022 (2021: Rs 240,575 million).

		2022	2021
		Rupees in '000	
9.2	Bai Muajjal Placements	52,821,177	270,204,082
	Less: Deferred Income	(9,878,329)	(18,895,001)
	Profit Receivable shown in other assets	(7,963,049)	(12,891,944)
	Bai Muajjal Placements	34,979,799	238,417,137
9.3	Particulars of due from financial institutions		
	In local currency	35,005,865	238,443,203
	In foreign currency	-	-
		35,005,865	238,443,203

		2022		2021	
		Non-performing due from financial institutions	Provision held	Non-performing due from financial institutions	Provision held
		Rupees in '000			
9.4	Category of classification				
	Loss	41,566	41,566	41,566	41,566

10 INVESTMENTS

10.1 Investments by types

	Note	2022				2021			
		Cost / Amortised cost	Provision for diminution	(Deficit) / surplus	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
		Rupees in '000							
Held to trading securities									
- Federal Government Securities		2,470	-	18	2,488	-	-	-	-
Available for sale securities									
- Federal Government Securities	10.5.1	925,056,827	-	(7,185,753)	917,871,074	387,898,392	-	(1,300,655)	386,597,737
- Shares	10.5.2 & 10.5.3	10,205,678	3,128,805	1,035,172	8,112,045	9,662,370	2,322,124	1,928,965	9,269,211
- Non Government Sukuk	10.5.4	125,483,520	78,192	5,123,927	130,529,255	130,409,690	78,192	5,624,000	135,955,498
- Foreign Securities	10.5.5	8,721,244	-	(142,380)	8,578,864	10,343,243	-	370,768	10,714,011
		1,069,467,269	3,206,997	(1,169,034)	1,065,091,238	538,313,695	2,400,316	6,623,078	542,536,457
Held to maturity securities									
- Federal Government Securities	10.6	217,740,599	-	-	217,740,599	76,941,760	-	-	76,941,760
- Non Government sukuk	10.6	311,665	-	-	311,665				
Associates (listed)									
- Units of funds	10.7	4,170,433	-	-	4,170,433	4,854,664	-	-	4,854,664
Total Investments		1,291,692,436	3,206,997	(1,169,016)	1,287,316,423	620,110,119	2,400,316	6,623,078	624,332,881

10.2 Investments by segments

	Note	2022				2021			
		Cost / Amortised cost	Provision for diminution	(Deficit) / surplus	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
		Rupees in '000							
Federal Government Securities									
- Ijarah Sukuks	10.5.1 & 10.6	1,111,634,399	-	(7,185,735)	1,104,448,664	399,111,534	-	(1,300,655)	397,810,879
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	10.5.1 & 10.6	23,224,694	-	-	23,224,694	64,443,192	-	-	64,443,192
- Islamic Naya Pakistan Certificates	10.5.1 & 10.6	7,940,803	-	-	7,940,803	1,285,426	-	-	1,285,426
		1,142,799,896	-	(7,185,735)	1,135,614,161	464,840,152	-	(1,300,655)	463,539,497
Shares									
Listed Companies	10.5.2	9,600,999	3,070,304	1,035,172	7,565,867	9,057,691	2,268,371	1,928,965	8,718,285
Unlisted Companies	10.5.3	604,679	58,501	-	546,178	604,679	53,753	-	550,926
		10,205,678	3,128,805	1,035,172	8,112,045	9,662,370	2,322,124	1,928,965	9,269,211
Non Government Sukuk									
Listed	10.2.1 & 10.5.4	114,385,781	-	5,123,927	119,509,708	114,404,511	-	5,624,000	120,028,511
Unlisted	10.5.4 & 10.6	11,409,404	78,192	-	11,331,212	16,005,179	78,192	-	15,926,987
		125,795,185	78,192	5,123,927	130,840,920	130,409,690	78,192	5,624,000	135,955,498
Foreign Securities									
Government Sukuk	10.5.5	5,314,367	-	(134,204)	5,180,163	7,684,473	-	300,073	7,984,546
Non Government Sukuk	10.5.5	3,396,488	-	(8,176)	3,388,312	2,648,381	-	70,695	2,719,076
Shares	10.5.5	10,389	-	-	10,389	10,389	-	-	10,389
		8,721,244	-	(142,380)	8,578,864	10,343,243	-	370,768	10,714,011
Associates	10.7								
Meezan Balanced Fund		317,124	-	-	317,124	318,543	-	-	318,543
Al-Meezan Mutual Fund		638,680	-	-	638,680	759,161	-	-	759,161
Meezan Islamic Fund		761,193	-	-	761,193	811,206	-	-	811,206
Meezan Strategic Allocation Fund - III - MCPP-IX		-	-	-	-	84,820	-	-	84,820
Meezan Financial Planning Fund - Conservative		9,255	-	-	9,255	8,815	-	-	8,815
KSE Meezan Index Fund		1,317,591	-	-	1,317,591	1,096,022	-	-	1,096,022
Meezan Pakistan Exchange Traded Fund		7,961	-	-	7,961	8,800	-	-	8,800
Meezan Tahaffuz Pension - Gold sub-fund		37,943	-	-	37,943	31,227	-	-	31,227
Meezan Tahaffuz Pension - Equity sub-fund		125,958	-	-	125,958	136,556	-	-	136,556
Meezan Energy Fund		85,737	-	-	85,737	85,475	-	-	85,475
Meezan Gold Fund		125,370	-	-	125,370	102,503	-	-	102,503
Meezan Rozana Amdani Fund		174,508	-	-	174,508	75,241	-	-	75,241
Meezan Daily Income Fund - MDIP - I		271,188	-	-	271,188	1,336,295	-	-	1,336,295
Meezan Sovereign Fund		115,954	-	-	115,954	-	-	-	-
Meezan Paidar Munafa Plan II		181,971	-	-	181,971	-	-	-	-
		4,170,433	-	-	4,170,433	4,854,664	-	-	4,854,664
Total Investments		1,291,692,436	3,206,997	(1,169,016)	1,287,316,423	620,110,119	2,400,316	6,623,078	624,332,881

10.2.1 This represents investment in Pakistan Energy Sukuk-I and Pakistan Energy Sukuk-II issued by Power Holding Limited, wholly owned by the Government of Pakistan. These Energy Sukuk are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuk are based on Islamic mode of Ijarah with semi-annual rental payments and are due to mature in 2029-30.

10.2.2 Investments given as collateral

	2022		2021	
	Cost / Amortised cost	Market value	Cost / Amortised cost	Market value
	Rupees in '000			
Federal Government Securities				
- Sukuk	404,000,000	401,903,600	30,000,000	30,054,000
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	-	-	28,150,000	28,150,000
	404,000,000	401,903,600	58,150,000	58,204,000

	2022	2021
10.3 Provision for diminution in value of investments	Rupees in '000	
Opening balance	2,400,316	2,185,693
Charge / (reversals)		
- Charge for the year	970,287	305,016
- Reversals for the year	-	(3,456)
- Reversals on disposals	(163,606)	(86,937)
	806,681	214,623
Closing balance	3,206,997	2,400,316

10.4 Particulars of provision against Sukuk

	2022		2021	
	Non-performing Investment	Provision held	Non-performing Investment	Provision held
	Rupees in '000			
Category of classification				
Domestic				
Loss	78,192	78,192	78,192	78,192

10.5 Quality of Available for Sale Securities

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

10.5.1 Federal Government Securities

	2022	2021
	Cost	
	Rupees in '000	
Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	23,224,694	64,443,192
Federal Government securities - Government guaranteed		
Government of Pakistan Ijarah Sukuk		
GIS VRR-18	10,680,852	10,704,268
GIS VRR-19	25,624,975	25,639,965
GIS VRR-20	16,982,294	16,982,211
GIS VRR-21	50,792,803	50,761,174
GIS FRR-04	9,979,161	9,951,546
GIS VRR-22	81,626,220	81,132,277
GIS FRR-07	2,625,000	2,625,000
GIS VRR-23	24,960,971	25,007,215
GIS VRR-24	283,874,972	87,866,118
GIS VRR-25	319,555,078	-
GIS VRR-26	40,225,999	-
GIS-FRR 08	5,000,000	5,000,000
GIS-FRR 11	21,963,005	6,500,000
	893,891,330	322,169,774
Islamic Naya Pakistan Certificate		
Islamic Naya Pakistan Certificate - PKR	741,885	58,724
Islamic Naya Pakistan Certificate - USD	6,506,281	907,167
Islamic Naya Pakistan Certificate - GBP	376,155	56,346
Islamic Naya Pakistan Certificate - EUR	316,482	263,189
	925,056,827	387,898,392

10.5.2 Shares - Listed

	2022	2021
	Cost	
	Rupees in '000	
Automobile Assembler	113,964	112,532
Automobile parts and accessories	55,908	55,908
Construction and materials (cement)	1,642,867	1,360,148
Power Generation and Distribution	198,419	193,729
Commercial Banks	40,922	-
Refinery	124,827	124,827
Oil and Gas Marketing Companies	773,163	618,263
Oil and Gas Exploration Companies	1,949,872	1,623,690
Fertilizers	950,977	890,114
Chemicals	163,557	402,861
Pharmaceuticals	748,869	748,869
Leather & Tanneries	19,336	19,336
Miscellaneous	26,974	26,974
Modarabas	66,390	66,390
Technology and Communication	642,311	445,542
Paper and Board	710,838	685,941
Glass and Ceramics	106,833	-
Textile (Composite)	464,327	516,520
Vanaspati and Allied Industries	-	174,923
Food and Personal Care Products	9,691	9,691
Engineering	790,954	981,433
	9,600,999	9,057,691

10.5.3 Shares - Unlisted

	2022		2021	
	Cost	Breakup value*	Cost	Breakup value*
	Rupees in '000			
Sapphire Electric Company Limited	318,638	993,415	318,638	920,535
Daewoo Pakistan Express Bus Service Limited	253,240	231,720	253,240	251,080
Pakistan Corporate Restructuring Company Limited	32,801	26,011	32,801	30,767
	604,679	1,251,146	604,679	1,202,382

* Based on latest available audited financial statements

10.5.4 Non Government Sukuk

	2022	2021
	Cost	
	Rupees in '000	
Listed		
- Government guaranteed	114,385,781	114,404,511
Unlisted		
- Government guaranteed	6,716,920	10,786,560
Unlisted		
Credit Ratings		
- AAA / AAA	1,241,831	1,307,190
- AA / AA+, AA, AA-	1,756,333	1,596,667
- A / A+, A, A-	1,304,463	2,236,570
- Unrated	78,192	78,192
	4,380,819	5,218,619
	125,483,520	130,409,690

10.5.5 Foreign Securities

	2022		2021	
	Cost	Rating	Cost	Rating
Government Sukuk	Rupees in '000			
Saudi Arabia	1,916,491	A	4,150,186	A
Qatar	1,132,295	Aa3	885,035	Aa3
Indonesia	2,265,581	Baa2	2,649,252	Baa2
	5,314,367		7,684,473	

	2022	2021
	Cost	
	Rupees in '000	
Non Government Sukuk - Unlisted		
Credit Ratings		
- Aa3 / A	2,264,229	1,764,736
- Baa2	1,132,259	883,645
	3,396,488	2,648,381
Equity securities - Unlisted		
S.W.I.F.T. SCRL	10,389	10,389
	8,721,244	10,343,243

10.6 Particulars relating to Held to Maturity securities are as follows:

Federal Government Securities - Government guaranteed		
GIS FRR-04	10,566,210	10,562,798
GIS FRR-07	2,625,000	2,625,000
GIS FRR-08	5,000,000	5,000,000
GIS FRR-11	199,395,069	58,500,000
GIS VRR-24	-	253,962
GIS VRR-26	154,320	-
	217,740,599	76,941,760
Non Government Sukuk		
Lucky Electric Power Sukuk	311,665	-
	218,052,264	76,941,760

The market value of securities classified as held-to-maturity as at December 31, 2022 amounted to Rs 204,617 million (2021: Rs 76,899 million).

10.7 Investment in associates

10.7.1 Movement of investment in associates

	2022						
	Country of incorporation	% Holding	Investment at the beginning of the year	Investment/ (redemption) during the year	Share of profit/(loss) in associates	Dividend received	Investment at the end of the year
			Rupees in '000				
Associates							
Al Meezan Mutual Fund	Pakistan	15.75%	759,161	(62,274)	(58,207)	-	638,680
Meezan Islamic Fund	Pakistan	3.66%	811,206	29,176	(79,189)	-	761,193
Meezan Balanced Fund	Pakistan	13.06%	318,543	-	(1,419)	-	317,124
Meezan Tahaffuz Pension - Gold Sub Fund	Pakistan	18.84%	31,227	-	6,716	-	37,943
Meezan Tahaffuz Pension - Equity Sub Fund	Pakistan	3.20%	136,556	-	(10,598)	-	125,958
KSE Meezan Index Fund	Pakistan	49.53%	1,096,022	249,629	(28,060)	-	1,317,591
Meezan Rozana Amdani Fund	Pakistan	0.19%	75,241	99,267	8,564	(8,564)	174,508
Meezan Daily Income Fund - MDIP - I	Pakistan	0.36%	1,336,295	(1,065,107)	43,585	(43,585)	271,188
Meezan Gold Fund	Pakistan	16.64%	102,503	-	23,409	(542)	125,370
Meezan Energy Fund	Pakistan	15.94%	85,475	346	(84)	-	85,737
Meezan Paidar Munafa Plan II	Pakistan	7.05%	-	174,500	7,471	-	181,971
Meezan Sovereign Fund	Pakistan	1.74%	-	115,384	584	(14)	115,954
Meezan Financial Planning Fund of Funds - Conservative	Pakistan	12.80%	8,815	286	489	(335)	9,255
Meezan Strategic Allocation Fund - III - MCPP-IX	Pakistan	0.00%	84,820	(85,032)	212	-	-
Meezan Pakistan Exchange Traded Fund	Pakistan	10.11%	8,800	-	(839)	-	7,961
Total			4,854,664	(543,825)	(87,366)	(53,040)	4,170,433

	2021						
	Country of incorporation	% Holding	Investment at the beginning of the year	Investment/ (redemption) during the year	Share of profit/(loss) in associates	Dividend received	Investment at the end of the year
			Rupees in '000				
Associates							
Al Meezan Mutual Fund	Pakistan	15.03%	931,058	(171,052)	(845)	-	759,161
Meezan Islamic Fund	Pakistan	2.66%	988,659	(191,480)	14,027	-	811,206
Meezan Balanced Fund	Pakistan	7.34%	309,220	-	9,323	-	318,543
Meezan Tahaffuz Pension - Gold Sub Fund	Pakistan	23.19%	50,424	(19,912)	715	-	31,227
Meezan Tahaffuz Pension - Equity Sub Fund	Pakistan	2.64%	131,589	-	4,967	-	136,556
KSE Meezan Index Fund	Pakistan	39.65%	1,130,226	77,495	(111,699)	-	1,096,022
Meezan Islamic Income Fund	Pakistan	0.00%	51,630	(50,205)	(1,425)	-	-
Meezan Rozana Amdani Fund	Pakistan	0.14%	1,574,673	(1,499,432)	91,126	(91,126)	75,241
Meezan Daily Income Fund - MDIP - I	Pakistan	10.15%	-	1,336,295	36,406	(36,406)	1,336,295
Meezan Gold Fund	Pakistan	17.05%	96,116	(28)	6,415	-	102,503
Meezan Energy Fund	Pakistan	16.85%	106,803	(20,335)	(993)	-	85,475
Meezan Sovereign Fund	Pakistan	0.00%	-	(297)	297	-	-
Meezan Financial Planning Fund of Funds - Conservative	Pakistan	3.88%	8,276	-	539	-	8,815
Meezan Strategic Allocation Fund - III - MCPP-IX	Pakistan	88.46%	80,977	-	3,843	-	84,820
Meezan Pakistan Exchange Traded Fund	Pakistan	9.96%	10,740	-	(690)	(1,250)	8,800
Total			5,470,391	(538,951)	52,006	(128,782)	4,854,664

		Note	2022	2021
11	ISLAMIC FINANCING AND RELATED ASSETS		Rupees in '000	
	In Pakistan:			
	Murabaha financing and related assets			
	- Murabaha financing	11.1	7,127,282	6,195,161
	- Advances against Murabaha		4,888,537	2,224,908
	- Murabaha inventory		3,872,679	2,085,908
	- Financing under Islamic Export Refinance - Murabaha	11.2	711,413	1,048,988
	- Financing against Islamic SME Asaan Finance	11.3	94,018	10,000
	- Inventory under Islamic Export Refinance - Murabaha		-	35,000
	- Advance against Islamic SME Asaan Finance		-	40,000
	- Advance against Islamic Export Refinance - Murabaha		2,465,400	460,014
			19,159,329	12,099,979
	Running Musharakah financing			
	- Running Musharakah financing		240,531,788	193,218,603
	- Financing under Islamic Export Refinance - Running Musharakah		50,965,430	37,235,077
			291,497,218	230,453,680
	Istisna financing and related assets			
	- Istisna financing		23,081,974	6,534,664
	- Advances against Istisna		94,010,017	68,370,720
	- Istisna inventory		13,309,627	5,574,727
	- Financing under Islamic Export Refinance - Istisna		72,143	266,800
	- Advances under Islamic Export Refinance - Istisna		10,957,214	7,985,372
	- Inventory under Islamic Export Refinance - Istisna		1,658,523	2,866,783
			143,089,498	91,599,066
	Tijarah financing and related assets			
	- Tijarah financing		1,959,394	1,715,312
	- Tijarah inventory		9,160,823	10,959,567
	- Financing under Islamic Export Refinance - Tijarah		1,056,241	1,549,127
	- Financing under Islamic SME Asaan Finance - Tijarah		-	2,738
	- Inventory under Islamic Export Refinance - Tijarah		1,132,182	413,901
			13,308,640	14,640,645
	Musawammah financing and related assets			
	- Musawammah financing	11.4	74,983,110	33,362,530
	- Advances against Musawammah		11,073,176	8,621,219
	- Musawammah Inventory		12,874,909	15,944,490
	- Financing under Islamic Export Refinance - Musawammah	11.5	1,481,762	2,313,610
	- Financing under SBP's Islamic Financing Facility for Renewable Energy (IFRE) - Musawammah	11.6	271,213	90,260
	- Advances under Islamic Export Refinance - Musawammah		412,100	647,638
	- Inventory under Islamic Export Refinance - Musawammah		-	1,215,492
			101,096,270	62,195,239
	Salam Financing and related assets			
	- Salam Financing		899,631	990,223
	- Advances against Salam		18,705,389	11,204,294
	- Salam Inventory		1,836,491	1,230,270
	- Advances under Islamic Export Refinance - Salam		-	449,206
			21,441,511	13,873,993
	Financing against bills			
	- Financing against bills - Salam		5,173,912	9,827,325
	- Advance against bills - Salam		1,738	1,947
			5,175,650	9,829,272
	- Bai Muajjal financing	11.7	35,969,952	39,429,724
	Ijarah financing and related assets			
	- Net investment in Ijarah		74,960	75,042
	- Net book value of assets/investment in Ijarah under IFAS 2		63,004,338	54,013,622
	- Net book value of assets/investment in Ijarah under IFAS 2 Islamic Long Term Financing Facility (ILTFF) for Plant & Machinery		-	11,030
		11.8	63,079,298	54,099,694
	- Advances against Ijarah		6,508,337	8,865,508
			69,587,635	62,965,202

	Note	2022	2021
		Rupees in '000	
Diminishing Musharakah financing and related assets			
- Diminishing Musharakah financing		151,635,702	110,857,954
- Diminishing Musharakah financing - housing		20,132,503	16,670,211
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)		263,206	62,913
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Renewable Energy (IFRE)		14,350,196	952,704
- Diminishing Musharakah financing - SBP's Islamic Refinance Facility for Combating COVID – 19 (IRFCC)		295,145	402,751
- Diminishing Musharakah financing - SBP's Islamic SME Asaan Finance (I-SAAF) Scheme		80,771	9,900
- Diminishing Musharakah financing - SBP's Islamic Long Term Financing Facility (ILTFF) for Plant & Machinery		15,771,049	12,881,740
- Diminishing Musharakah financing - SBP's Islamic Temporary Economic Refinance Facility (ITERF)		10,880,035	1,507,883
- Diminishing Musharakah financing - SBP's Islamic Refinance Scheme for Payment of Wages & Salaries to the Workers and Employees of Business Concerns (IRSPWS)		427,780	2,321,293
- Advances against Diminishing Musharakah		29,957,946	11,302,256
- Advances against Diminishing Musharakah under SBP's IFFSAP		57,141	83,939
- Advances against Diminishing Musharakah under SBP's IFRE		2,870,913	15,188,412
- Advances against Diminishing Musharakah under SBP's IRFCC		254,401	327,087
- Advances against Diminishing Musharakah under SBP's ISAAF		4,800	-
- Advances against Diminishing Musharakah under SBP's ITERF		9,030,290	12,148,592
- Advances against Diminishing Musharakah under SBP's ILTFF		9,986,155	4,963,408
		265,998,033	189,681,043
- Musharakah financing		888,725	-
- Wakalah Tul Istithmar financing		6,375,000	10,625,000
- Advances against Wakalah Tul Istithmar		19,227,133	23,714,700
- Advance against Service Ijarah		14,899,103	7,749,103
- Qard financing under SBP's IRSPWS		5,783	28,914
- Qard financing under SBP's IRFCC		406,027	528,791
- Labbaik (Qard for Hajj and Umrah)		9,714	274
- Staff financing (including under SBP's IFRE)	11.9	8,433,655	6,237,617
- Other financing		1,532,881	1,642,884
Gross Islamic Financing and Related Assets	11.10	1,018,101,757	777,295,126
Less: Provision against non-performing Islamic financing and related assets - Specific	11.12	(12,812,762)	(13,338,988)
Less: Provision against non-performing Islamic financing and related assets - General	11.12	(9,780,641)	(5,870,018)
Islamic financing and related assets - net of provision		995,508,354	758,086,120

11.1	Murabaha receivable - gross	11.1.1	12,435,057	6,944,861
	Less: Deferred murabaha income	11.1.3	(164,688)	(117,597)
	Profit receivable shown in other assets		(5,143,087)	(632,103)
	Murabaha financing	11.1.2	7,127,282	6,195,161

11.1.1 Murabaha Sale Price

Murabaha Sale Price	12,435,057	6,944,861
Murabaha Purchase Price	(7,127,282)	(6,195,161)
	5,307,775	749,700

11.1.2 The movement in Murabaha financing during the year is as follows:

Opening balance	6,195,161	7,292,120
Sales during the year	68,424,533	72,951,570
Adjusted during the year	(67,492,412)	(74,048,529)
Closing balance	7,127,282	6,195,161

11.1.3 Deferred Murabaha income

Opening balance	117,597	112,171
Arising during the year	10,906,739	2,621,586
Recognised during the year	(10,859,648)	(2,616,160)
Closing balance	164,688	117,597

		Note	2022	2021
			Rupees in '000	
11.2	Financing under Islamic Export Refinance - Murabaha - gross		745,114	1,068,203
	Less: Deferred income		(10,030)	(5,937)
	Profit receivable shown in other assets		(23,671)	(13,278)
	Financing under Islamic Export Refinance - Murabaha		711,413	1,048,988
11.2.1	The movement in Islamic Export Refinance Murabaha financing during the year is as follows:			
	Opening balance		1,048,988	873,321
	Sales during the year		3,990,743	3,159,707
	Adjusted during the year		(4,328,318)	(2,984,040)
	Closing balance		711,413	1,048,988
11.2.2	Deferred Islamic Export Refinance Murabaha income			
	Opening balance		5,937	5,106
	Arising during the year		82,533	51,534
	Recognised during the year		(78,440)	(50,703)
	Closing balance		10,030	5,937
11.3	Financing against Islamic SME Asaan Finance - Murabaha - gross		142,590	11,546
	Less: Deferred income	11.3.2	(37,218)	(1,526)
	Profit receivable shown in other assets		(11,354)	(20)
	Financing against Islamic SME Asaan Finance - Murabaha		94,018	10,000
11.3.1	The movement in Islamic SME Asaan Finance (Murabaha financing) during the year is as follows:			
	Opening balance		10,000	-
	Sales during the year		116,957	10,000
	Adjusted during the year		(32,939)	-
	Closing balance		94,018	10,000
11.3.2	Deferred Islamic SME Asaan Finance Murabaha income			
	Opening balance		1,506	-
	Arising during the year		47,066	1,546
	Recognised during the year		(11,354)	(20)
	Closing balance		37,218	1,526
11.4	Musawammah financing - gross		76,327,808	34,477,153
	Less: Deferred income		(593,935)	(468,449)
	Profit receivable shown in other assets		(750,763)	(646,174)
	Musawammah financing		74,983,110	33,362,530
11.5	Financing under Islamic Export Refinance - Musawammah - gross		1,548,225	2,346,068
	Less: Deferred income		(33,599)	(13,048)
	Profit receivable shown in other assets		(32,864)	(19,410)
	Financing under Islamic Export Refinance - Musawammah		1,481,762	2,313,610
11.6	Financing under SBP's IFRE - Musawammah - gross		304,510	101,406
	Less: Deferred income		(29,482)	(10,925)
	Profit receivable shown in other assets		(3,815)	(221)
	Financing under SBP's IFRE - Musawammah		271,213	90,260
11.7	Bai Muajjal financing - gross		42,504,634	40,373,453
	Less: Deferred income		(5,283,514)	(300,831)
	Profit receivable shown in other assets		(1,251,168)	(642,898)
	Bai Muajjal financing		35,969,952	39,429,724

11.8 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 45,881 million (2021: Rs 41,547 million).

11.9 This includes Rs 699 million (2021: Rs 671 million) representing profit free financing to staff advanced under the Holding Company's Human Resource Policies.

11.10 Particulars of financing - gross	2022	2021
	Rupees in '000	
In		
- local currency	972,271,359	733,552,562
- foreign currencies	45,830,398	43,742,564
	1,018,101,757	777,295,126

11.11 Islamic financing and related assets include Rs 13,628 million (2021: Rs 14,450 million) which have been placed under non-performing status as detailed below:

Category of classification	2022		2021	
	Non performing amount	Provision held	Non performing amount	Provision held
	Rupees in '000			
Domestic				
Other Assets Especially Mentioned	221,234	114	41,771	358
Substandard	318,621	69,740	409,772	82,151
Doubtful	305,332	127,458	1,000,601	356,314
Loss	12,783,100	12,615,450	12,997,394	12,900,165
Total	13,628,287	12,812,762	14,449,538	13,338,988

11.12 Particulars of provision against non-performing Islamic financing and related assets:

	2022			2021		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	13,338,988	5,870,018	19,209,006	13,602,974	5,452,711	19,055,685
Exchange Adjustment	219,559	-	219,559	-	-	-
Charge for the year	815,425	3,910,623	4,726,048	2,186,594	417,307	2,603,901
Less: Reversals	(1,476,314)	-	(1,476,314)	(1,859,091)	-	(1,859,091)
	(660,889)	3,910,623	3,249,734	327,503	417,307	744,810
Amount written off	(84,896)	-	(84,896)	(591,489)	-	(591,489)
Closing balance	12,812,762	9,780,641	22,593,403	13,338,988	5,870,018	19,209,006

11.12.1 Particulars of provision against non-performing financing:

	2022			2021		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	12,344,783	9,780,641	22,125,424	13,090,568	5,870,018	18,960,586
In foreign currencies	467,979	-	467,979	248,420	-	248,420
	12,812,762	9,780,641	22,593,403	13,338,988	5,870,018	19,209,006

11.12.2 The Holding Company maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and House Financing issued by the SBP.

In addition, the Holding Company has also maintained a general provision of Rs 9,100 million (2021: Rs 5,350 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations.

11.12.3 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Holding Company has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed amounts to Rs 256.30 million (2021: Rs 176.60 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 130.70 million (2021: Rs 107.70 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to shareholders.

	Note	2022	2021
		Rupees in '000	
11.13 Particulars of write offs			
Against provisions	11.12	84,896	591,489
Directly charged to consolidated profit and loss account		-	515
		84,896	592,004
Write offs Rs. 500,000 and above - Domestic		84,896	592,004
Write offs below Rs. 500,000 - Domestic		-	-
		84,896	592,004

11.13.1 Details of financing written off of Rs 500,000 and above

In term of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the Statement in respect of written off financing or any other financial relief of rupees five hundred thousand or above allowed to any person(s) during the year ended December 31, 2022 is given in Annexure I.

	Note	2022	2021
		Rupees in '000	
12 FIXED ASSETS			
Capital work-in-progress	12.1	6,788,047	5,117,821
Property and equipment	12.2	22,397,767	16,406,063
Right-of-use assets	12.3	11,438,844	12,662,091
		40,624,658	34,185,975
12.1 Capital work-in-progress			
Advances to suppliers and contractors for:			
- civil works		4,767,018	3,600,313
- computer hardware		815,696	583,704
- purchase of vehicles		76,824	346,210
- office machines		999,576	472,467
- furniture and fixtures		128,933	115,127
		6,788,047	5,117,821

12.2 Property and equipment

	2022						
	Leasehold Land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Total
	Rupees in '000						
At January 1, 2022							
Cost	5,919,065	2,408,559	8,516,895	1,133,257	9,006,197	3,301,369	30,285,342
Accumulated depreciation	-	799,083	4,794,140	648,413	6,230,634	1,407,009	13,879,279
Net book value	5,919,065	1,609,476	3,722,755	484,844	2,775,563	1,894,360	16,406,063
Year ended December 31, 2022							
Opening net book value	5,919,065	1,609,476	3,722,755	484,844	2,775,563	1,894,360	16,406,063
Additions	509,619	1,499,517	1,733,755	351,397	3,730,318	1,439,443	9,264,049
Transfer from non-banking assets	64,815	-	-	-	-	-	64,815
Disposals	-	-	(26,000)	(1,331)	(18,146)	(113,801)	(159,278)
Depreciation charge (note 31)	-	(152,665)	(745,208)	(115,051)	(1,429,492)	(735,466)	(3,177,882)
Closing net book value	6,493,499	2,956,328	4,685,302	719,859	5,058,243	2,484,536	22,397,767
At December 31, 2022							
Cost	6,493,499	3,908,076	10,172,770	1,468,943	12,499,790	4,271,872	38,814,950
Accumulated depreciation	-	951,748	5,487,468	749,084	7,441,547	1,787,336	16,417,183
Net book value	6,493,499	2,956,328	4,685,302	719,859	5,058,243	2,484,536	22,397,767
Rate of depreciation (percentage)	-	5	10	10	10, 20 and 33	20	

	2021						
	Leasehold Land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Total
	Rupees in '000						
At January 1, 2021							
Cost	4,881,161	2,012,816	7,901,111	1,004,393	7,855,608	2,684,083	26,339,172
Accumulated depreciation	-	691,325	4,075,042	569,478	5,300,335	1,052,254	11,688,434
Net book value	4,881,161	1,321,491	3,826,069	434,915	2,555,273	1,631,829	14,650,738
Year ended December 31, 2021							
Opening net book value	4,881,161	1,321,491	3,826,069	434,915	2,555,273	1,631,829	14,650,738
Additions	1,037,904	395,743	616,091	133,164	1,195,076	954,558	4,332,536
Transfer from non-banking assets	-	-	-	-	-	-	-
Disposals	-	-	(174)	(72)	(1,286)	(102,762)	(104,294)
Depreciation charge (note 31)	-	(107,758)	(719,231)	(83,165)	(973,498)	(589,265)	(2,472,917)
Closing net book value	5,919,065	1,609,476	3,722,755	484,842	2,775,565	1,894,360	16,406,063
At December 31, 2021							
Cost	5,919,065	2,408,559	8,516,895	1,133,257	9,006,197	3,301,369	30,285,342
Accumulated depreciation	-	799,083	4,794,140	648,413	6,230,634	1,407,009	13,879,279
Net book value	5,919,065	1,609,476	3,722,755	484,844	2,775,563	1,894,360	16,406,063
Rate of depreciation (percentage)	-	5	10	10	10, 20 and 33	20	

12.2.1 Included in cost of property and equipment are fully depreciated items still in use aggregating Rs 6,761 million (2021: Rs 5,943 million).

12.2.2 Details of disposal of fixed assets to related parties or other persons having net book value of Rs 500,000 or above are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Vehicles						
Toyota Land Cruiser	11,525	8,644	2,881	5,655	Group's Staff Policy	Mr Arshad Majeed (Executive, Ex-employee)
Toyota Prado	8,906	7,391	1,515	3,331	Group's Staff Policy	Mr Ahmed Ali Siddiqui (Executive, Employee)
Toyota Fortuner	6,735	4,925	1,810	3,793	Group's Staff Policy	Mr Kazi Muhammad Aamir (Late) (Executive, Ex-employee)
Toyota Fortuner	6,166	5,532	634	2,339	Group's Staff Policy	Mr Shabbir Hamza Khandwala (Executive, Employee)
Toyota Revo	4,055	3,514	541	1,921	Group's Staff Policy	Mr Urooj Ul Hasan Khan (Executive, Employee)
KIA Sportage	5,020	1,504	3,516	4,036	Group's Staff Policy	Mr Imran Taufiq Dhedhi (Executive, Ex-employee)
KIA Sorento	4,195	764	3,431	4,581	Group's Staff Policy	Mr Mian Nasir Mehmood (Executive, Ex-employee)
BMW	6,318	5,792	526	2,271	Group's Staff Policy	Mr Ariful Islam (Deputy Chief Executive Officer, a related party)
Honda Civic	3,864	2,438	1,426	2,204	Group's Staff Policy	Mr Nizar Diamond Ali (Executive, Employee)
Honda Civic	3,495	2,384	1,111	1,810	Group's Staff Policy	Syed Mehdi Abbas Naqvi (Executive, Employee)
Honda Civic	3,491	2,321	1,170	1,896	Group's Staff Policy	Mr Mubasher Ahmed (Executive, Employee)
Honda Civic	3,393	2,201	1,192	1,967	Group's Staff Policy	Mr Muhammad Amin (Executive, Employee)
Honda Civic	2,933	2,035	898	1,676	Group's Staff Policy	Mr Sohail Aslam (Executive, Ex-employee)
Honda Civic	2,864	2,272	592	1,282	Group's Staff Policy	Mr Mohammad Adil Sami (Executive, Employee)
Honda Civic	2,822	1,687	1,135	1,636	Group's Staff Policy	Mr Shahzad Abdullah (Executive, Employee)
Honda Civic	2,818	2,141	677	1,301	Group's Staff Policy	Mr Bashir Ahmed (Executive, Ex-employee)
Honda Civic	2,768	2,147	621	1,551	Group's Staff Policy	Mr Kazi Muhammad Aamir (Late) (Executive, Ex-employee)
Honda Civic	2,767	2,483	284	1,054	Group's Staff Policy	Mr Shabbir Hamza Khandwala (Executive, Employee)
Honda Civic	2,632	2,104	528	1,181	Group's Staff Policy	Mr Shayan Ahmed Baig (Executive, Employee)

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Vehicles						
Honda Civic	2,236	1,408	828	1,285	Group's Staff Policy	Syed Tanveer Hussain (Executive, Employee)
Honda Civic	1,419	1,007	412	712	Group's Staff Policy	Mr Arshad Majeed (Executive, Ex-employee)
Toyota Corolla	3,238	2,148	1,090	1,755	Group's Staff Policy	Mr Zeeshan Ahmed (Executive, Employee)
Toyota Corolla	2,997	2,345	652	1,559	Group's Staff Policy	Mr Amjad Ayub Khan (Executive, Employee)
Toyota Corolla	2,187	1,384	803	1,268	Group's Staff Policy	Mr Nadeem Abdul Razzak (Executive, Employee)
Toyota Corolla	2,095	1,570	525	1,079	Group's Staff Policy	Mr Muhammad Adnan Razzak (Executive, Employee)
Honda City	2,621	1,347	1,274	2,525	Group's Staff Policy	Mr Munaf Usmani (Executive, Ex-employee)
Honda City	2,373	1,422	951	1,376	Group's Staff Policy	Mr Tariq Kamal (Executive, Employee)
Honda City	2,055	1,505	550	1,027	Group's Staff Policy	Mr Faisal Yunus (Executive, Employee)
Honda City	2,052	1,369	683	1,116	Group's Staff Policy	Mr Yousaf Ijaz (Executive, Employee)
Honda City	1,904	1,206	698	1,593	Group's Staff Policy	Mr Ghiyas Ud Din Butt (Late) (Executive, Ex-employee)
Suzuki Cultus	1,501	974	527	831	Group's Staff Policy	Mr Naveed Uz Zaman Khan Sherwani (Executive, Employee)
Toyota Corolla	2,836	1,312	1,524	2,577	Negotiation	Syed Muhammad Naeem
Honda City	2,577	1,238	1,339	2,372	Negotiation	M/s Vava Cars Pakistan Limited
Honda City	2,568	849	1,719	2,439	Negotiation	Mr Qaiser Ali Awan
Honda City	2,498	498	2,000	2,850	Negotiation	M/s Augmentech Business Solution
Honda City	2,496	663	1,833	2,701	Negotiation	M/s Augmentech Business Solution
Honda City	2,492	498	1,994	2,620	Negotiation	M/s Augmentech Business Solution
Honda City	2,491	579	1,912	2,401	Negotiation	M/s Vava Cars Pakistan Limited
Honda City	2,487	663	1,824	2,280	Negotiation	Syed Muhammad Naeem
Honda City	2,456	652	1,804	2,160	Negotiation	Mr Naveed Ahmad
Honda City	2,386	1,185	1,201	1,807	Negotiation	Mr Muhammad Yamin
Honda City	2,362	1,101	1,261	2,058	Negotiation	Mr Khurram Ayub
Honda City	1,968	1,145	823	2,173	Negotiation	Mr Khurram Ayub
Honda City	1,926	1,283	643	2,150	Negotiation	Mr Tanveer Mehmood
Honda City	1,914	1,339	575	2,064	Negotiation	Syed Muhammad Naeem
Honda City	1,906	1,237	669	2,166	Negotiation	Mr Khurram Ayub
Honda City	1,769	1,267	502	1,927	Negotiation	Mr Khurram Ayub
Suzuki Cultus	1,757	849	908	1,442	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,790	446	1,344	1,486	Negotiation	Mr Muhammad Chand
Suzuki Cultus	1,790	448	1,342	1,818	Negotiation	Mr Adeel Hameed
Suzuki Cultus	1,790	326	1,464	1,865	Negotiation	Mr Ahmar Hameed Sheikh
Suzuki Cultus	1,786	327	1,459	1,857	Negotiation	Mr Haseeb Tariq
Suzuki Cultus	1,770	825	945	2,125	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,768	852	916	1,721	Negotiation	M/s Vava Cars Pakistan Limited
Suzuki Cultus	1,757	849	908	1,486	Negotiation	M Shahbaz Munawar
Suzuki Cultus	1,757	936	821	1,464	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,757	847	910	1,627	Negotiation	Mr Tariq Mehmood
Suzuki Cultus	1,757	842	915	1,655	Negotiation	Mr Adeel Hameed
Suzuki Cultus	1,757	849	908	1,387	Negotiation	Mr Adnan Naseer Ahmed
Suzuki Cultus	1,757	847	910	1,488	Negotiation	Mr Adnan Naseer Ahmed
Suzuki Cultus	1,757	849	908	1,682	Negotiation	Mr Ahmar Hameed Sheikh
Suzuki Cultus	1,756	732	1,024	1,726	Negotiation	Mr Safeer Ahmed
Suzuki Cultus	1,756	732	1,024	1,756	Negotiation	Mr Safeer Ahmed
Suzuki Cultus	1,755	583	1,172	1,684	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,755	640	1,115	1,751	Negotiation	Mr Adeel Hameed
Suzuki Cultus	1,755	640	1,115	1,726	Negotiation	Mr Adeel Hameed
Suzuki Cultus	1,744	813	931	1,770	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,743	668	1,075	1,853	Negotiation	M/s Vava Cars Pakistan Limited
Suzuki Cultus	1,743	696	1,047	1,801	Negotiation	M/s Vava Cars Pakistan Limited
Suzuki Cultus	1,743	813	930	1,750	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,738	578	1,160	1,790	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,738	608	1,130	1,851	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,720	831	889	1,490	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,720	831	889	1,446	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,720	831	889	1,566	Negotiation	Mr Adnan Naseer Ahmed
Suzuki Cultus	1,485	716	769	1,514	Negotiation	Mr Adnan Naseer Ahmed
Suzuki Cultus	1,471	708	763	1,652	Negotiation	M/s Vava Cars Pakistan Limited
Suzuki Cultus	1,443	938	505	1,472	Negotiation	Mr Adnan Naseer Ahmed
Suzuki Cultus	1,429	809	620	1,636	Negotiation	M/s Vava Cars Pakistan Limited

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Vehicles						
Suzuki Cultus	1,419	851	568	1,412	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,413	895	518	1,434	Negotiation	Syed Muhammad Naeem
Suzuki Cultus	1,407	767	640	1,602	Negotiation	Mr Riaz Ahmed Khan
Suzuki Cultus	1,404	795	609	1,623	Negotiation	M/s Vava Cars Pakistan Limited
Suzuki Cultus	1,404	772	632	1,801	Negotiation	M/s Vava Cars Pakistan Limited
Suzuki Cultus	1,385	716	669	1,541	Negotiation	Mr Riaz Ahmed Khan
Suzuki Cultus	1,336	801	535	1,470	Negotiation	Mr Tariq Mehmood
Suzuki Cultus	1,308	892	416	1,575	Negotiation	Mr Adeel Hameed
Toyota Corolla	2,735	1,959	776	2,135	Takaful Claim	M/s EFU General Insurance Limited
Toyota Corolla	2,493	1,536	957	2,606	Takaful Claim	M/s EFU General Insurance Limited
Honda City	2,492	664	1,828	2,467	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,786	587	1,199	1,780	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,774	206	1,568	1,780	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,773	147	1,626	1,780	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,404	794	610	1,425	Takaful Claim	M/s EFU General Insurance Limited
Honda Civic	2,507	2,257	250	451	Group's Staff Policy	Mr Muhammad Ali Lawai
Toyota Corolla	1,682	1,682	-	135	Group's Staff Policy	Mr Anwar Arshad
Toyota Corolla	2,025	1,384	641	813	Group's Staff Policy	Mr Muhammad Ali Khan
Toyota Fortuner	5,488	5,488	-	521	Group's Staff Policy	Mr Mohammad Shoaib
	242,776	141,925	100,851	180,044		
Leasehold improvements						
Civil Works	13,616	9,650	3,966	670	Negotiation	M/s Mughal Scrap
Civil Works	9,463	7,907	1,556	867	Negotiation	M/s Mughal Scrap
Civil Works	6,957	3,635	3,322	4,406	Takaful Claim	Ms Adamjee General Insurance Limited
Civil Works	618	108	510	557	Takaful Claim	Ms Adamjee General Insurance Limited
	30,654	21,300	9,354	6,500		
Other disposals						
Vehicles	226,164	213,215	12,949	99,504		
Electrical, office and computer equipment	236,724	218,578	18,146	58,653		
Furniture and Fixtures	15,711	14,380	1,331	5,124		
Leasehold improvements	47,227	30,580	16,647	25,223		
	525,826	476,753	49,073	188,504		
Total Disposals	799,256	639,978	159,278	375,048		

	2022		
	Cost	Accumulated Depreciation	Net Book Value
	Rupees in '000		
12.3 Right-of-use assets			
At January 1,	19,340,985	(6,678,894)	12,662,091
Additions during the year	1,473,522	-	1,473,522
Adjusted upon reassessment of useful life (note 12.3.1)	624,880	-	624,880
Depreciation Charge (note 31)	-	(3,123,212)	(3,123,212)
Derecognition during the year	(432,906)	234,469	(198,437)
At December 31,	21,006,481	(9,567,637)	11,438,844
Useful life			5 years

	2021		
	Cost	Accumulated Depreciation	Net Book Value
	Rupees in '000		
At January 1,	10,266,335	(4,266,112)	6,000,223
Additions during the year	941,462	-	941,462
Adjusted upon reassessment of useful life (note 12.3.1)	8,178,322	-	8,178,322
Depreciation Charge (note 31)	-	(2,457,916)	(2,457,916)
Derecognition during the year	(45,134)	45,134	-
At December 31,	19,340,985	(6,678,894)	12,662,091
Useful life			2 - 10 years

12.3.1 During the current year, the Holding Company has reassessed a number of existing lease agreements resulting in a reassessment of the lease agreements under IFRS 16, 'Leases'.

The Holding Company has remeasured the lease liabilities by discounting the revised lease payments using the revised discount rates and making a corresponding adjustment to the right-of-use assets.

	2022	2021
13 INTANGIBLE ASSETS	Rupees in '000	
Computer software	1,450,872	1,245,647
Advance against computer software	422,646	259,934
	1,873,518	1,505,581
13.1 At January 1		
Cost	3,272,073	2,414,848
Accumulated amortisation	2,026,426	1,657,784
Net book value	1,245,647	757,064
Year ended December 31		
Opening net book value	1,245,647	757,064
Additions - directly purchased	674,891	857,225
Amortisation charge (note 31)	(469,666)	(368,642)
Closing net book value	1,450,872	1,245,647
At December 31		
Cost	3,946,964	3,272,073
Accumulated amortisation	2,496,092	2,026,426
Net book value	1,450,872	1,245,647
Rate of amortisation (percentage)	10 - 33	10, 20 & 33
Useful life	3 - 10 years	3 - 10 years

13.1.1 Included in cost of intangible assets are fully amortised items still in use aggregating Rs 1,529 million (2021: Rs 1,287 million). Remaining life of intangible assets ranges from 1 to 10 years.

14 DEFERRED TAX ASSET / (LIABILITY)

	2022			
	At January 1, 2022	Recognised in profit and loss account	Recognised in OCI	At December 31, 2022
	Rupees in '000			
Taxable temporary differences on:				
Excess of accounting book values over tax written down values of owned assets	(117,836)	(327,954)	-	(445,790)
Surplus on revaluation of Non-banking assets acquired in satisfaction of claims	(15,045)	66	12,958	(2,021)
Tax on accumulated profit of associates	(360,086)	8,805	-	(351,281)
	(492,967)	(319,083)	12,958	(799,092)
Deductible temporary differences on:				
(Surplus) / deficit on revaluation of available for sale investments	(2,583,001)	-	3,085,686	502,685
Provision for diminution / impairment in value of investments	1,219,092	164,406	-	1,383,498
Income not accrued due to non-culmination of financing	1,365,823	1,632,208	-	2,998,031
Provision against non-performing Islamic financing and related assets	125,678	36,812	-	162,490
Provision against non-banking assets acquired in satisfaction of claims and others	209,910	(139,783)	-	70,127
Others	83,276	38,820	-	122,096
	420,778	1,732,463	3,085,686	5,238,927
	(72,189)	1,413,380	3,098,644	4,439,835

	2021			
	At January 1, 2021	Recognised in profit and loss account	Recognised in OCI	At December 31, 2021
	Rupees in '000			
Taxable temporary differences on:				
Excess of accounting book values over tax written down values of owned assets	308,351	(190,515)	-	117,836
Surplus on revaluation of available for sale investments	2,984,345	-	(401,344)	2,583,001
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	10,737	(60)	4,368	15,045
Tax on accumulated profit of associates	315,211	44,875	-	360,086
	3,618,644	(145,700)	(396,976)	3,075,968
Deductible temporary differences on:				
Provision for diminution / impairment in value of investments	(1,019,969)	(199,123)	-	(1,219,092)
Income not accrued due to non-culmination of financing	(1,048,537)	(317,286)	-	(1,365,823)
Provision against non-performing Islamic financing and related assets	(1,474,152)	1,348,474	-	(125,678)
Provision against non-banking assets acquired in satisfaction of claims and others	(173,276)	(36,634)		(209,910)
Others	(76,653)	(6,623)	-	(83,276)
	(3,792,587)	788,808	-	(3,003,779)
	(173,943)	643,108	(396,976)	72,189

	Note	2022	2021
		Rupees in '000	
15 OTHER ASSETS			
Profit / return accrued in local currency - net of provisions		68,614,403	48,899,926
Profit / return accrued in foreign currencies - net of provisions		390,362	109,199
Acceptances		12,495,872	10,925,144
Advances, deposits, and other prepayments	15.1	2,382,013	2,319,060
Non-banking assets acquired in satisfaction of claims	15.2	50,301	115,269
Mark to market gain on forward foreign exchange contracts	20.6	-	976,644
Receivables on account of sale of securities		61,941	-
Dividends receivable		950	4,093
Stamps		27,400	25,173
Security deposits		437,257	243,727
Advance for Investments		-	882
Other		1,522,017	722,765
		85,982,516	64,341,882
Less: provision held against other assets	15.3.1	(268,149)	(200,082)
Other Assets (Net of Provision)		85,714,367	64,141,800
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	23	4,699	38,578
Other Assets - total		85,719,066	64,180,378

15.1 This includes prepaid takaful aggregating Rs 826 million (2021: Rs 847 million) which is being amortized over a period of one year.

	2022	2021
	Rupees in '000	
15.2 Market value of Non-banking assets acquired in satisfaction of claims	55,000	153,847

Market value of the non-banking assets acquired in satisfaction of claims has been carried out by an independent valuers, M/s K.G. Traders (Private) Limited based on prevailing market values determined through independent market inquiries from local active realtors as more detailed in note 42.2. The valuer is listed on the panel of Pakistan Banks' Association.

15.2.1 Non-banking assets acquired in satisfaction of claims

	2022	2021
	Rupees in '000	
Opening Balance	115,269	115,422
Depreciation	(153)	(153)
Transfer to fixed assets	(64,815)	-
Closing Balance	50,301	115,269

15.3 Provision held against other assets

Others	268,149	200,082
	268,149	200,082

15.3.1 Movement in provision held against other assets

Opening balance	200,082	214,151
Charge for the year	134,167	61,004
Reversals	(8,056)	(36,518)
Amount adjusted / written off	(58,044)	(38,555)
Closing balance	268,149	200,082

16 BILLS PAYABLE

In Pakistan	40,175,122	36,141,378
Outside Pakistan	-	-
	40,175,122	36,141,378

	Note	2022	2021
		Rupees in '000	
17 DUE TO FINANCIAL INSTITUTIONS			
In Pakistan		573,326,439	220,414,234
Outside Pakistan		-	-
		573,326,439	220,414,234

17.1 Details of due to financial institutions secured / unsecured

	Note	2022	2021
Secured			
With State Bank of Pakistan			
Musharakah under Islamic Export Refinance Scheme	17.1.1	71,610,934	55,181,621
Investment under Islamic Long Term Financing Facility	17.1.2	25,694,774	17,490,047
Investment under Islamic Refinance Facility for Combating COVID-19	17.1.2	955,573	1,244,792
Investment under Islamic Financing for Renewal Energy	17.1.2	17,251,134	12,967,880
Investment under Islamic Temporary Economic Refinance Facility for Plant and Machinery	17.1.2	19,384,119	13,230,968
Investment under Islamic Refinance Scheme for storage of agriculture produce	17.1.2	282,324	40,677
Investment under Islamic Refinance Scheme for payment of wages and salaries	17.1.2	-	2,177,385
Investment under Islamic Refinance Scheme for SME Asaan Finance	17.1.2	201,614	-
Investment under Shariah Compliant Open Market Operations	17.1.3	363,382,155	-
Investment under Shariah Compliant Standing Ceiling Facility		-	39,993,944
Total secured		498,762,627	142,327,314
With Scheduled Bank	17.1.4	30,000,000	30,000,000
Other financial institutions	17.1.5	5,856,908	693,096
Unsecured			
Overdrawn nostro accounts		496,904	443,824
Musharakah with scheduled banks / financial institutions	17.1.6	37,775,000	46,950,000
Others		435,000	-
		573,326,439	220,414,234

17.1.1 These Musharakah are on a profit and loss sharing basis maturing between January 2023 to June 2023 and are secured against demand promissory notes executed in favor of SBP. A limit of Rs 81,869 million (2021: Rs 58,140 million) has been allocated to the Holding Company by SBP under Islamic Export Refinance Scheme. Last announced profit rate on the Musharakah investment is 7.22% per annum.

17.1.2 These Investments are on profit and loss sharing basis which have been invested in general pool of the Holding Company and are secured against demand promissory notes executed in favor of SBP. Last announced profit rate on these investments ranges from 0.18% to 4.90% per annum.

17.1.3 These represent acceptance of funds by the Holding Company on Mudarabah basis which have been invested in special pools of the Holding Company and are secured against lien of the Holding Company's investment in Federal Government securities. The expected average return on Open Market Operations is 15.91% (2021: Nil) per annum.

17.1.4 These represent acceptance of funds by the Bank on Musharakah basis which are secured against pledge of the Holding Company's investment in Federal Government securities (Note 10.2.2). The expected average return on these Musharakah is around 16.15% (2021: 10.65%) per annum. These balances have matured in January 2023 (2021: January 2022).

17.1.5 These Musharakah are on profit and loss sharing basis with Pakistan Mortgage Refinance Company and Karandaaz with the objective of promoting low cost consumer housing and growth in SME financing respectively. The expected average return on Karandaaz Musharakah ranges from 9.02% to 20.26% per annum. The expected profit rate on PMRC borrowing is 12.89% per annum (2021: Nil) having maturity in November 2027.

17.1.6 These represent acceptance of funds by the Holding Company on Musharakah basis. The expected average return on these Musharakah is around 15.51% (2021: 10.37%) per annum. These balances have matured in January 2023 (2021: January 2022).

	2022	2021
17.2 Particulars of due to financial institutions with respect to currencies	Rupees in '000	
In local currency	572,829,535	219,970,410
In foreign currencies	496,904	443,824
	573,326,439	220,414,234
17.3 Particulars of due to financial institutions		
Short - term	504,444,883	175,358,839
Long - term	68,881,556	45,055,395
	573,326,439	220,414,234

18 DEPOSITS AND OTHER ACCOUNTS

	2022			2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
Customers						
- Current accounts - non-remunerative	736,468,532	38,420,227	774,888,759	622,823,894	30,848,040	653,671,934
- Savings deposits	581,314,505	53,554,524	634,869,029	492,095,194	43,166,844	535,262,038
- Fixed deposits	181,114,576	16,136,130	197,250,706	231,366,955	14,454,313	245,821,268
- Margin	40,429,443	2,005,656	42,435,099	12,003,635	6,566	12,010,201
	1,539,327,056	110,116,537	1,649,443,593	1,358,289,678	88,475,763	1,446,765,441
Financial institutions						
- Current accounts - on-remunerative	1,770,475	345,846	2,116,321	1,829,027	308,877	2,137,904
- Savings deposits	5,908,532	904	5,909,436	6,081,233	702	6,081,935
- Fixed deposits	1,000,238	-	1,000,238	885,800	-	885,800
	8,679,245	346,750	9,025,995	8,796,060	309,579	9,105,639
	1,548,006,301	110,463,287	1,658,469,588	1,367,085,738	88,785,342	1,455,871,080

	2022	2021
18.1 Composition of deposits	Rupees in '000	
- Individuals	1,162,218,140	979,782,648
- Government (Federal and Provincial)	8,258,422	6,950,408
- Public Sector Entities	15,684,966	16,747,910
- Banking Companies	4,961	68,346
- Non-Banking Financial Institutions	9,021,034	9,037,293
- Private Sector	463,282,065	443,284,475
	1,658,469,588	1,455,871,080
18.2 Particulars of deposits and other accounts in Pakistan		
- in local currency		
Mudaraba based deposits	780,007,331	737,046,342
Qard based deposits	767,998,970	630,039,396
	1,548,006,301	1,367,085,738
- in foreign currencies		
Mudaraba based deposits	71,688,818	57,621,859
Qard based deposits	38,774,469	31,163,483
	110,463,287	88,785,342
	1,658,469,588	1,455,871,080

18.3 Eligible deposits covered under deposit protection scheme (including call deposit receipts disclosed under bills payable) amount to Rs 1,401,490 million (2021: Rs 1,243,142 million).

	Note	2022	2021
19 SUB-ORDINATED SUKUK		Rupees in '000	
Additional Tier I Sukuk	19.1	7,000,000	7,000,000
Tier II Sukuk	19.2	13,990,000	13,990,000
		20,990,000	20,990,000

19.1 In August 2018, the Holding Company issued regulatory Shariah compliant unsecured, sub-ordinated privately placed Additional Tier I Sukuk based on Mudaraba of Rs 7,000 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of Additional Tier I sukuk is as follows:

Credit Rating	AA (Double A) by VIS Credit Rating Company Limited.
Issue Date	August 01, 2018.
Tenor	Perpetual.
Profit payment frequency	Monthly in arrears.
Redemption	Perpetual. However, the Holding company has call option which can be exercised with prior approval of SBP.
Expected Periodic Profit Amount (Mudaraba Profit Amount)-Non-discretionary subject to actual profit of the pool	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Holding Company under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 17.68% per annum.
Call Option	The Holding company may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Additional Tier I Sukuk, at the option of the SBP, will be fully and permanently converted into common shares (variable) upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and / or redemption amount can be held back in respect of the Additional Tier I Sukuk, upon directive of the SBP, if such payment will result in a shortfall in the Holding company's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

19.2 In January 2020 and December 2021, the Holding company issued regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk based on Mudaraba of Rs 4,000 million and Rs 9,990 million respectively as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of Tier II sukuk is as follows:

Credit Rating	AA+ (Double A plus) by VIS Credit Rating Company Limited.
Issue Date	January 09, 2020 and December 16, 2021.
Tenor	10 years from the issue date.
Profit payment frequency	Semi-annually in arrears.
Redemption	Bullet payment at the end of the tenth year.
Expected Periodic Profit Amount (Mudaraba Profit Amount)-Non-discretionary subject to actual profit of the pool	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk are 16.28% and 16.28% per annum respectively.
Call Option	The Holding company may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares (variable) upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and / or redemption amount can be held back in respect of the Tier II Sukuk upon directive of the SBP, if such payment will result in a shortfall in the Holding company's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

20 OTHER LIABILITIES	Note	2022	2021
		Rupees in '000	
Return on deposits and other dues			
- payable in local currency	20.1	13,408,460	4,643,447
- payable in foreign currencies		222,900	49,414
Unearned income	20.2	2,123,582	1,449,591
Accrued expenses		17,358,140	12,243,534
Current taxation (provision less payments)		20,149,887	13,648,852
Acceptances		12,495,872	10,925,144
Unclaimed dividends		3,825,350	19,490
Payable to defined benefit plan	38.3, 38.15 & 38.16	1,260,213	981,907
Provision against off-balance sheet obligations	20.3	55,167	105,396
Charity payable	20.4	4,159	3,932
Security deposits against Ijarah		21,959,346	20,370,305
Payable on account of credit murabaha / ijarah / musawammah	20.5	53,681,143	24,819
Security deposits against lockers		183,412	160,555
Unrealised loss on forward foreign exchange commitments - net	20.6	214,602	-
Advance against future Diminishing Musharakah		34,987	490,951
Withholding taxes payable		406,724	276,832
Lease liability against right-of-use assets	20.7	12,915,927	13,261,935
Workers Welfare Fund payable	20.8	5,793,172	3,865,653
Others		3,711,696	1,206,797
		169,804,739	83,728,554

20.1 This includes Rs 1,226 million (2021: Rs 264 million) in respect of return accrued on acceptances from SBP under the Islamic Export Refinance Scheme and Rs 365.80 million (2021: Rs 221.30 million) in respect of return accrued on acceptances from the SBP under various Islamic Long Term Refinance Schemes.

20.2 The Holding Company expects that the present balance of unearned income will be recognised as income in the next financial year.

20.3 Provision against off-balance sheet obligations	Note	2022	2021
		Rupees in '000	
Opening balance		55,167	36,489
Charge for the year		-	18,678
Closing balance	20.3.1	55,167	55,167

20.3.1 This represents provision recognised against guarantees and letter of credit of non-performing customers.

20.4 Reconciliation of charity payable	Note	2022	2021
		Rupees in '000	
Balance as at January 1		3,932	989
Additions during the year		147,472	201,777
Less: Transferred to charity savings account (included in deposits and other accounts)	20.4.1	(147,245)	(198,834)
Balance as at December 31		4,159	3,932

20.4.1 Charity paid through savings account during the year is Rs 121.43 million (2021: Rs 94.2 million). Charity of Rs 100,000 or higher was paid to the following organizations:

	2022	2021
	Rupees in '000	
Ihsan Trust - Related Party	55,000	63,000
Institute of Business Administration - Centre for Excellence in Islamic Finance	17,330	25,800
Alamgir Welfare Trust	8,500	-
Baitussalam Welfare Trust	5,000	-
Saylani Welfare Trust	5,000	-
Patients' Behbud Society for the Aga Khan University Hospital	2,000	-
Bahauddin Zakariya University, Multan	2,500	-
The Indus Hospital, Karachi	2,000	-
Rashid Memorial Welfare Organization	1,000	-
Friends of Burns Centre, Karachi	1,000	-
Transformation International Society, Karachi	1,000	-
Child Life Foundation, Karachi	1,000	-
Patients Welfare Foundation, Creek General Hospital	1,000	-
Diya Pakistan - Related Party	1,000	-
Idara Al-Khair Welfare Society	1,000	-
Pakistan's Childrens' Heart Foundation	1,000	500
Afzaal Memorial Thalassemia Foundation	500	-
Chhipa Welfare Association	500	-
Family Educational Services Foundation	500	-
Bin Qutab Foundation	500	500
The Garage School	500	400
Karigar Training Institute	500	300
Omair Sana Foundation	500	300
Muhammadi Blood Bank	500	-
NICE Welfare Society	500	-
Help of Patients in Exigency by Students (HOPES)	500	-
Patients Aid Foundation, Jinnah Postgraduate Medical Centre, Karachi	500	-
Balochistan University of Information Technology, Engineering and Management Sciences	500	-
University of Agriculture, Faisalabad	500	-
Islamia University, Bahawalpur	500	-
University of Punjab	500	-
Institute of Business Management, Karachi	500	-
NED University of Engineering & Technology, Karachi	500	-
Jinnah University for Women, Karachi	500	-
Quaid-i-Azam University, Islamabad	500	-
University of Karachi	500	-
Behbud Association, Karachi	500	-
Federal Urdu University of Arts, Science and Technology	500	-
COMSATS University, Islamabad	500	-
The Cancer Foundation, Karachi	500	-
Al Mustafa Welfare Society - Karachi	500	-
Pakistan Disabled Foundation	500	-
Zubaida Machiyara Trust	500	200
Pakistan Eye Bank	500	200
Mukhtaran Rafiq Foundation	500	200
Pakistan Association of Deaf	300	100
Kiran Foundation	300	-
Jamiyat Punjabi Saudagran-e-Delhi	300	-
Life Care Foundation Trust	300	-
Fatimid Foundation	200	-
Read Foundation	100	-
Dua Foundation	100	-
Prevention of Blindness Trust	-	500
Burhani Medical Welfare Association	-	400
Jamal Noor Hospital	-	300
Frontier Foundation Welfare Hospital And Blood Transfusion Service	-	200
Women Islamic Lawyer's Forum	-	200
Child Aid Association	-	200
Women Empowerment Group	-	200
Health Education Livelihood Promoters (HELP) - Balochistan	-	200
The Kidney Centre, Karachi	-	200
Health & Social Welfare Association	-	200
The Diabetes Centre	-	100
	121,430	94,200

20.4.2 The balance in Charity's savings account is Rs 155.79 million (2021: Rs 122.60 million).

20.4.3 Movement of charity fund during the year is as under:

	2022	2021
	Rupees in '000	
Opening balance	126,535	17,980
Additions during the year		
Received from customers on delayed payment	122,793	108,650
Dividend Purification Amount	15,359	16,002
Non-shariah compliance income	9,320	77,125
Profit on charity saving account (net of bank charges)	7,373	978
	154,845	202,755
Distribution of Charity		
Education	(84,030)	(89,200)
Health	(13,200)	(4,000)
Health & Education	-	(1,000)
Community Development	(24,200)	-
	(121,430)	(94,200)
Closing balance	159,950	126,535

20.5 This represents payable on account of credit Musawammah in accordance with the guidelines of the State Bank of Pakistan.

20.6 This is net off gain on forward foreign exchange commitments of Rs 1,787 million (2021: net off loss on forward foreign exchange commitments of Rs 1,965 million - Note 15).

20.7 The carrying amounts of lease liability against right-of-use assets and the movement during the year are as follows:

	2022	2021
	Rupees in '000	
As at January 1,	13,261,935	6,685,258
Additions	1,473,522	941,462
Adjustment upon reassesment of useful life	624,880	8,178,322
Amortisation of lease liability against right-of-use assets	1,534,692	792,447
Derecognition during the year	(198,437)	-
Payments	(3,780,665)	(3,335,554)
As at December 31,	12,915,927	13,261,935

20.8 The Group has made full provision for Workers Welfare Fund (WWF) based on profit for the respective years (2008-2022). In 2016, the Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue filed review petitions against this order which are currently pending. Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not be treated as conclusive. Accordingly, the Group continues to maintain the provision in respect of WWF.

21 SHARE CAPITAL

21.1 Authorised capital

2022	2021		2022	2021
(Number of Shares)			Rupees in '000	
3,253,860,000	3,253,860,000	Ordinary shares of Rs 10 each	32,538,600	32,538,600

21.2 Issued, subscribed and paid up capital

2022	2021		2022	2021
(Number of Shares)			Rupees in '000	
		Fully paid-up ordinary shares of Rs 10 each		
516,517,908	516,517,908	Issued for cash	5,165,179	5,165,179
1,273,106,413	1,110,413,293	Issued as bonus shares	1 12,731,064	11,104,133
1,789,624,321	1,626,931,201		17,896,243	16,269,312

21.3 Shareholding held by associated companies / entities are as follows:

Name of Shareholders	2022 Number of shares held	2022 Percentage of Shareholding	2021 Number of shares held	2021 Percentage of Shareholding
Noor Financial Investment Company, Kuwait	630,819,684	35.25%	573,472,440	35.25%
Pakistan Kuwait Investment Company (Private) Limited	536,887,288	30.00%	488,079,353	30.00%
Islamic Development Bank, Jeddah	166,863,457	9.32%	151,694,052	9.32%
CDC - Trustee Meezan Islamic Fund	15,079,983	0.84%	15,277,983	0.94%
CDC - Trustee Al Meezan Mutual Fund	2,871,197	0.16%	2,285,548	0.14%
Cdc - Trustee Meezan Tahaffuz Pension Fund	2,712,724	0.15%	2,374,743	0.15%
CDC - Trustee KSE Meezan Index Fund	1,658,338	0.09%	1,294,530	0.08%
CDC - Trustee Meezan Balanced Fund	817,023	0.05%	1,149,463	0.07%
CDC - Trustee Meezan Asset Allocation Fund	526,683	0.03%	645,167	0.04%
CDC - Trustee Meezan Dedicated Equity Fund	498,227	0.03%	497,080	0.03%
Trustee Habbah Education Trust	72,532	0.00%	65,939	0.00%
CDC - Trustee Meezan Pakistan Exchange Traded Fund	66,263	0.00%	-	0.00%

22 RESERVES

	Note	2022	2021
		Rupees in '000	
Share Premium		2,406,571	2,406,571
Statutory reserve	22.1	22,169,518	17,668,857
Non Distributable Capital Reserve - Gain on Bargain Purchase		3,117,547	3,117,547
Employee share option compensation reserve	40	427,419	133,457
General reserve		91,082	91,082
		28,212,137	23,417,514

22.1 Under section 21(i)(b) of the Banking Companies Ordinance, 1962, an amount not less than 10% of the profit is to be transferred to create a reserve fund.

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

	Note	2022	2021
		Rupees in '000	
Available for sale securities			
- Listed shares		1,035,172	1,928,965
- Sukuk		(2,204,206)	4,694,113
		(1,169,034)	6,623,078
Non-banking assets acquired in satisfaction of claims	23.1	4,699	38,578
		(1,164,335)	6,661,656
Less: Deferred tax asset / (liability) on			
- Available for sale securities		502,685	(2,583,001)
- Non-banking assets acquired in satisfaction of claims	23.1	(2,021)	(15,045)
		500,664	(2,598,046)
		(663,671)	4,063,610

23.1 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Surplus on revaluation as at January 1	38,578	30,678
Recognised during the year	(3,542)	8,053
Adjusted upon transfer to fixed assets during the year	(30,184)	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(153)	(153)
Surplus on revaluation as at December 31	4,699	38,578
Less: related deferred tax liability on:		
- Revaluation as at January 1	15,045	10,737
- Impact of change in applicable tax rate	1,544	-
- Revaluation recognised during the year	(1,523)	4,368
- Adjusted upon transfer to fixed assets during the year	(12,979)	-
- Incremental depreciation charged during the year	(66)	(60)
	2,021	15,045
	2,678	23,533

		Note	2022	2021
24	NON-CONTROLLING INTEREST		Rupees in '000	
	Opening balance		1,196,519	1,264,512
	Share of profit for the year		204,557	280,028
	Remeasurements of defined benefit plan - net of tax (directly recognised in OCI)		(4,194)	1,979
	Dividend payout by Subsidiary		(192,500)	(350,000)
	Closing balance		1,204,382	1,196,519
24.1	Subsidiary (unlisted)			
	Al Meezan Investment Management Limited			
	Percentage of holding		65%	65%
	Assets		4,177,658	4,191,720
	Liabilities		736,567	773,094
	Revenue		1,630,866	1,819,984
	Profit after taxation		584,448	800,081
	Total comprehensive income		572,465	805,735
	Market Value / Net Asset Value		N/A	N/A
25	CONTINGENCIES AND COMMITMENTS			
	-Guarantees	25.1	56,485,701	45,072,765
	-Commitments	25.2	1,238,876,726	887,366,094
	-Other contingent liabilities	25.3.1	1,802,000	1,802,000
			1,297,164,427	934,240,859
25.1	Guarantees:			
	Financial guarantees		570,477	930,441
	Performance guarantees		33,361,532	23,651,964
	Other guarantees		22,553,692	20,490,360
			56,485,701	45,072,765
25.2	Commitments:			
	Documentary letters of credit		221,689,496	175,227,624
	Commitments in respect of:			
	- forward foreign exchange transactions	25.2.1	243,862,470	200,615,279
	Commitments for acquisition of:			
	- fixed assets		640,778	389,225
	- intangible assets		291,358	309,824
	Other commitments	25.2.2	772,392,624	510,824,142
			1,238,876,726	887,366,094
25.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		139,648,096	114,757,851
	Sale		104,214,374	85,857,428
			243,862,470	200,615,279
25.2.2	Other Commitments			
	Commitments in respect of financing	25.2.2.1	772,392,624	510,824,142

25.2.2.1 The Holding Company makes commitments to extend credit (including to related parties) in the normal course of business but these being revocable commitments do not attract any significant penalty or the expense if the facility is unilaterally withdrawn, other than commitments in respect of syndicated / long term financings amounting to Rs 61,232 million (2021: Rs 70,453 million).

25.3 Other contingent liabilities

25.3.1 Holding Company:

The Income Tax Department amended the deemed assessment orders of the Holding Company for prior years including the tax year 2021. The additions / disallowances were mainly due to allocation of expenses relating to dividends and capital gain, allowability of provision against loans and advances, provision against investments and provision against other assets. In the amended order for tax year 2015, additional issues with respect to the taxability of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches have also been raised. The Holding Company has obtained stay order from the High Court of Sindh against the demands raised through the amended order for the tax year 2015. Both the Holding Company and the department have filed appeals with the Appellate Authorities in respect of the aforementioned matters.

The management of the Holding Company, in consultation with its tax advisors, is confident that the decision in respect of the above matters would be in Holding Company's favour and accordingly no provision has been made in these consolidated financial statements with respect thereto. The additional tax liability in respect of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches is Rs 1,096 million and Rs 706 million respectively.

26 PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS	Note	2022	2021
		Rupees in '000	
On financing	26.1	89,733,691	43,330,817
On investments in			
- Available for sale securities		109,855,350	40,689,074
- Held for trading securities		484	-
- Held to maturity securities		23,453,174	1,396,080
On deposits / placements with financial institutions		9,202,753	24,661,485
		232,245,452	110,077,456

26.1 The income on Ijarah under IFAS 2 is net of takaful of Rs 2,164 million (2021: Rs 1,737 million) recovered from customers.

27 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED	Note	2022	2021
		Rupees in '000	
Deposits and other accounts	27.1	59,581,655	33,994,001
Sub-ordinated Sukuk		3,022,277	1,588,467
Shariah Compliant Open Market Operations and Standing Ceiling facility from the State Bank of Pakistan		34,969,578	-
Other Musharakahs / Mudarabas	27.2	11,317,860	4,796,952
Amortisation of lease liability against right-of-use assets		1,534,692	792,447
		110,426,062	41,171,867

27.1 This includes conversion cost of Rs 2,252 million (2021: Rs 2,373 million) against foreign currency deposits.

27.2 This includes Rs 2,478 million (2021: Rs 989 million) paid / payable to SBP under Islamic Export Refinance Scheme and Rs 1,284 million (2021: Rs 689 million) paid / payable to SBP under the various Islamic Long Term Refinance Schemes.

28 FEE AND COMMISSION INCOME

	Note	2022	2021
		Rupees in '000	
Trade related fees and commissions	28.1	3,790,368	3,318,195
Management fees in respect of Mutual Funds		1,278,477	1,389,143
Commission on guarantees		174,358	179,041
Branch banking customer fees		2,278,685	1,715,285
Credit related fees	28.2	102,394	124,379
Debit card related fees		5,773,464	3,081,103
Investment banking related fees		347,619	305,304
Commission on cash management		301,411	172,878
Commission on home remittances		259,616	283,302
Others		422,929	292,809
		14,729,321	10,861,439

28.1 Trade related income pertain to corporate, commercial and SME segments, branch banking fees pertain to retail banking segment and debit card fee pertains to alternative delivery channel segment (others).

28.2 This includes consumer processing fees of Rs 46.30 million (2021: Rs 47.70 million).

29 (LOSS) / GAIN ON SECURITIES

	Note	2022	2021
		Rupees in '000	
Realised - net	29.1	(100,202)	536,390
Unrealised gain - held for trading - net		18	-
		(100,184)	536,390

29.1 Realised (loss) / gain on:

Federal Government Securities	34,033	9,315
Listed Shares	37,056	306,888
Non Government Sukuk (Pakistan Energy Sukuk)	-	32,659
Foreign Securities	(126,182)	-
Associates	(45,109)	187,528
	(100,202)	536,390

30 OTHER INCOME

Gain on termination of		
- Ijarah financing	573,794	671,649
- Diminishing Musharakah and other financing	70,935	19,698
Gain on sale of operating fixed assets	215,770	149,406
Liabilities written back - donation to Meezan Foundation (Liquidated)	350,000	-
Others	27,875	2,765
	1,238,374	843,518

		Note	2022	2021
			Rupees in '000	
31	OPERATING EXPENSES			
	Total compensation expense	31.1	27,279,446	20,611,489
	Property expense			
	Depreciation on right-of-use assets		3,123,212	2,457,916
	Rent and taxes		65,685	63,876
	Utilities cost (including electricity and diesel)		2,109,281	1,242,997
	Security (including guards)		1,197,309	824,785
	Repair and maintenance (including janitorial charges)		806,487	589,158
	Depreciation		897,873	826,989
	Takaful expenses		3,583	4,800
	Others		40,835	67,076
			8,244,265	6,077,597
	Information technology expenses			
	Software maintenance		900,836	640,306
	Hardware maintenance		337,590	312,745
	Depreciation		751,353	528,641
	Amortisation		469,666	368,642
	Network charges		318,459	267,614
			2,777,904	2,117,948
	Other operating expenses			
	Stationery and printing (including debit card related cost)		1,508,506	850,881
	Repairs and maintenance		460,908	322,241
	Local transportation and car running		1,244,390	673,635
	Depreciation on vehicles, equipments etc.		1,528,656	1,117,287
	Legal and professional charges		132,571	148,244
	NIFT and other clearing charges		214,124	228,141
	Marketing, advertisement and publicity		1,010,945	1,005,603
	Security charges - cash transportation		720,409	601,360
	Communication (including courier)		619,700	503,848
	Travelling and conveyance		175,727	72,302
	Training and Development		96,396	29,900
	Donation	31.3	44,317	512
	Fees, subscription and other charges		375,310	273,558
	Brokerage and bank charges		267,493	306,871
	Office supplies		428,864	313,758
	Entertainment		77,994	69,056
	Takaful expense		162,384	109,283
	Auditors' Remuneration	31.2	26,453	22,808
	Fees and allowances to Shariah Board	41	43,403	37,770
	Directors' fees and allowances	41	71,490	65,040
	Others		142,074	154,410
	Reimbursement of expenses from associated funds to the subsidiary	31.4	(811,776)	(774,471)
			8,540,338	6,132,037
			46,841,953	34,939,071

31.1 Total compensation expense	Note	2022	2021
		Rupees in '000	
Managerial Remuneration			
i) Fixed		13,510,826	11,399,118
ii) Cash Bonus / Awards etc.		11,439,688	7,430,263
iii) Share based compensation expense	40	293,962	133,457
Charge for defined benefit plan		629,796	482,378
Contribution to defined contribution Plan		569,613	490,717
Compensated absences		195,258	114,831
Others including EOBI, SESSI, uniform, sports etc.		640,303	560,725
Total compensation expense		27,279,446	20,611,489

31.1.1 This also includes outsourced service costs which pertain to payments to companies incorporated in Pakistan.

31.2 Auditors' remuneration	2022	2021
	Rupees in '000	
Audit fee	7,606	7,441
Fee for interim review	1,520	1,401
Special certifications / review / tax advisory services	13,621	10,625
	22,747	19,467
Sindh sales tax on services	2,184	2,430
Out of pocket expenses	1,522	911
	26,453	22,808

31.3 Donation		
The Indus Hospital	35,000	-
Akhuwat Foundation	5,000	-
Citizen Police Liaison Committee	4,317	-
Idara Al-Khair	-	512
	44,317	512

None of the directors, executives or their spouses had any interest in the donees.

31.4 In accordance with Regulation 60 of the NBFC Regulations, the Subsidiary Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a collective investment scheme (CIS).

Therefore, the Subsidiary Company is charging the allocated expenses variably keeping in view the overall return of the fund and subject to the total expense ratio of the funds as defined under the NBFC Regulations.

32 OTHER CHARGES	Note	2022	2021
		Rupees in '000	
Penalties imposed by the State Bank of Pakistan		95,150	28,172

33 PROVISIONS AND WRITE OFFS - NET			
Provision against non-performing islamic financing and related assets - net	11.12	3,249,734	744,810
Provision against diminution in the value of investments	10.3	806,681	214,623
Provision against other assets	33.1 & 15.3.1	126,111	24,486
Provision against off-balance sheet obligations	20.3	-	18,678
Bad debts written off directly		-	515
Recovery against written off financings	33.2	(5,865)	(10,282)
		4,176,661	992,830

33.1 This mainly represents provision (net of recoveries) against operational losses incurred by the Holding Company in the current or prior years.

33.2 This includes recoveries against financing written off by HSBC ME prior to its acquisition by the Holding Company.

34 TAXATION

	Note	2022	2021
		Rupees in '000	
Current	34.1	45,445,393	18,826,062
Prior years		(368,262)	-
Deferred		(1,413,380)	643,108
		43,663,751	19,469,170

34.1 Through Finance Act 2022, the effective tax rate on banking companies has been increased and consequently for the year 2022, tax rates has been enhanced to 49% (inclusive of 10% Super Tax) from 39% in 2021 (inclusive of 4% Super Tax). Accordingly, the Holding Company has recognised super tax charge of Rs 9,210 million (2021: Rs 1,806 million) in the current year based on taxable income for the year. Moreover, Super Tax on high earning persons other than banking companies has been imposed for the year 2021 and onwards at the rates specified in section 4C (Super Tax on high earning persons). Accordingly, Subsidiary Company has recorded a Super Tax at 4% for the year 2021 and 2022.

34.2 Relationship between tax expense and accounting profit

	Note	2022	2021
		Rupees in '000	
Profit before taxation		88,805,003	47,976,758
Effects of:			
- Tax calculated at the applicable rate of 39% / 35%		34,633,951	16,791,865
- Super tax @ 10% / 4%		9,209,551	1,806,110
- Expenses not deductible for tax purposes		(86,979)	198,572
- Other additions for tax purposes		(284,472)	119,848
- Income chargeable to tax at reduced rate		(48,389)	(101,908)
- Others		240,089	654,683
Tax charge for the year		43,663,751	19,469,170

35 BASIC AND DILUTED EARNINGS PER SHARE

35.1 Basic Earnings per share

	Note	2022	2021
Profit for the year		44,936,695	28,227,560
		(Number)	Restated
Weighted average number of ordinary shares		1,789,624,321	1,789,624,321
		(Rupees)	Restated
Basic earnings per share	35.4	25.11	15.77

35.2 Diluted Earnings per share

	Note	2022	2021
		Rupees in '000	
Profit for the year		44,936,695	28,227,560
		(Number)	Restated
Weighted average number of ordinary shares	35.3	1,790,444,362	1,789,665,752
		(Rupees)	Restated
Diluted earnings per share	35.4	25.10	15.77

35.3 Reconciliation of basic and diluted earning per share

	2022	2021
	(Number)	
Weighted average number of ordinary shares	1,789,624,321	1,789,624,321
Add: Diluted impact of Employee stock option scheme	820,041	41,431
Dilutive potential ordinary shares	1,790,444,362	1,789,665,752

35.4 The Holding Company has issued bonus shares during the year and accordingly the earnings per share for the comparative year has been restated.

36 CASH AND CASH EQUIVALENTS

	Note	2022	2021
		Rupees in '000	
Cash and balances with treasury banks	7	117,743,672	170,501,306
Balances with other banks	8	13,710,753	16,465,169
		131,454,425	186,966,475

36.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2022		
	Sub-ordinated Sukuk	Lease liability against right-of-use assets	Dividend Payable
	Rupees in '000		
Balance as at January 01, 2022	20,990,000	13,261,935	19,490
Changes from financing cash flows			
Payment against lease liability against right-of-use assets	-	(3,780,665)	-
Dividend paid to equity shareholders of the Holding Company	-	-	(7,908,045)
Dividend paid to non controlling interest	-	-	(192,500)
Total changes from financing cash flows	-	(3,780,665)	(8,100,545)
Other changes			
Addition to right-of-use-assets	-	1,473,522	-
Amortisation of lease liability against right-of-use assets	-	1,534,692	-
Adjustment upon reassessment of useful life	-	624,880	-
Derecognition during the year	-	(198,437)	
Cash dividend - equity shareholders of the Holding Company	-	-	11,713,905
Cash dividend - non controlling interest	-	-	192,500
	-	3,434,657	11,906,405
Balance as at December 31, 2022	20,990,000	12,915,927	3,825,350

	2021		
	Sub-ordinated Sukuk	Lease liability against right-of-use assets	Dividend Payable
	Rupees in '000		
Balance as at January 1, 2021	18,000,000	6,685,258	21,219
Changes from financing cash flows			
Issuance of Sub-ordinated Sukuk - Tier II	9,990,000	-	-
Redemption of Sub-ordinated Sukuk - Tier II	(7,000,000)	-	-
Payment against lease liability against right-of-use assets	-	(3,335,554)	-
Dividend paid to equity shareholders of the Holding Company	-	-	(9,515,742)
Dividend paid to non controlling interest	-	-	(350,000)
Total changes from financing cash flows	2,990,000	(3,335,554)	(9,865,742)
Other changes			
Addition to right-of-use-assets	-	941,462	-
Amortisation of lease liability against right-of-use assets	-	792,447	-
Adjustment upon reassesment of useful life	-	8,178,322	-
Cash dividend - equity shareholders of the Holding Company	-	-	9,514,013
Cash dividend - non controlling interest	-	-	350,000
	-	9,912,231	9,864,013
Balance as at 31 December 2021	20,990,000	13,261,935	19,490

36.2 Additional information on operational cash flows from profit / return

	2022	2021
	Rupees in '000	
Profit / Return received on financings, investments and placements	212,125,591	102,096,277
Profit / Return paid on deposits and other dues	101,506,990	40,475,768

37 STAFF STRENGTH

	Note	2022	2021
		(Number of Staff)	
Permanent		12,762	11,710
On Group's contract		1,065	958
Group's own staff strength at the end of the year		13,827	12,668
Outsourced	37.1	2,212	1,902
Total staff strength		16,039	14,570

37.1 This excludes outsourced security guards and janitorial staff.

38 DEFINED BENEFIT PLAN

38.1 Meezan Bank Gratuity Funded Scheme

The activities of the Gratuity Funded Scheme are governed by Meezan Bank Limited Staff Gratuity Fund established in 2000 under the provisions of a Trust Deed. Plan assets held in trust are governed by the Trust Deed as is the nature of the relationship between the Bank and the trustees and their composition. Responsibility for governance of the plan including the investment decisions lies with the Trustees. The Board of Trustees comprise of representatives of the Bank and scheme participants in accordance with the Fund's Trust Deed.

38.2 Number of Employees under the Gratuity Funded Scheme

	Note	2022	2021
		(Number)	
Number of Employees eligible under the Gratuity Funded Scheme		9,941	9,245

38.3 Reconciliation of amount payable to defined benefit plan

		2022	2021
		Rupees in '000	
Present value of defined benefit obligations	38.5	3,671,959	2,688,572
Fair value of plan assets	38.5	(3,002,944)	(2,150,857)
		669,015	537,715

38.4 Components of plan assets

	Entity / Instrument Credit Rating	2022 Rupees in '000	2022 %	2021 Rupees in '000	2021 %
GoP Ijarah Sukuk	Govt. Guaranteed	2,792,376	92.99	900,000	41.84
Meezan Aamdan Certificates	AAA	-	0.00	1,078,388	50.13
Mutual Funds managed by Al Meezan Investment Management Limited	AM1	130,926	4.36	133,530	6.21
Bank Islami Pakistan Limited - Additional Tier 1 Sukuk	A-	5,000	0.17	5,000	0.23
Savings account with Dubai Islamic Bank Pakistan Limited	AA	141	0.00	133	0.01
Savings account with Meezan Bank Limited	AAA	74,501	2.48	33,806	1.58
		3,002,944	100	2,150,857	100

38.5 The movement in the defined benefit obligation over the year is as follows:

	2022		
	Present Value of obligation	Fair Value of Plan Assets	Total
	Rupees in '000		
At January 1	2,688,572	(2,150,857)	537,715
Current service cost	466,852	-	466,852
Return expense / (income)	314,103	(243,317)	70,786
	3,469,527	(2,394,174)	1,075,353
Remeasurements:			
-Return on plan assets, excluding amounts included in return expense / (income) shown as above	-	(279,586)	(279,586)
-Experience gains	410,963	-	410,963
	410,963	(279,586)	131,377
	3,880,490	(2,673,760)	1,206,730
Contribution	-	(537,715)	(537,715)
Benefit payments	(208,531)	208,531	-
At December 31	3,671,959	(3,002,944)	669,015

	2021		
	Present Value of obligation	Fair Value of Plan Assets	Total
	Rupees in '000		
At January 1	2,190,677	(1,886,514)	304,163
Current service cost	375,047	-	375,047
Return expense / (income)	217,802	(184,021)	33,781
	2,783,526	(2,070,535)	712,991
Remeasurements:			
-Return on plan assets, excluding amounts included in return expense / (income) shown as above	-	102,047	102,047
-Experience gains	26,840	-	26,840
	26,840	102,047	128,887
	2,810,366	(1,968,488)	841,878
Contribution	-	(304,163)	(304,163)
Benefit payments	(121,794)	121,794	-
At December 31	2,688,572	(2,150,857)	537,715

38.6 Charge for defined benefit plan (in respect of the Gratuity Funded Scheme)

	2022	2021
	Rupees in '000	
38.6.1 Cost recognised in Consolidated profit and loss		
Current service cost	466,852	375,047
Net return cost	70,786	33,781
	537,638	408,828
38.6.2 Re-measurements recognised in OCI during the year		
Gain on obligation - Experience adjustment	410,963	26,840
Return on plan assets over expected return	(279,586)	102,047
Total re-measurements recognised in OCI	131,377	128,887

Total expense recognised in Profit and Loss Account amounted to Rs 605.25 million (2021: Rs 462.11 million) of which Rs 537.64 million (2021: Rs 408.83 million) pertains to approved Gratuity Funded Scheme and Rs 67.61 million (2021: Rs 53.29 million) pertains to End of Service Unfunded Defined Benefit Scheme. Total expense recognised in Other Comprehensive Income amounted to Rs 189.32 million (2021: credit of Rs 120.50 million) of which expense of Rs 131.38 million (2021: credit of Rs 128.89 million) pertains to Gratuity Funded Scheme and charge of Rs 57.95 million (2021: credit of Rs 8.39 million) pertains to End of Service Unfunded Defined Benefit Scheme.

38.7 The plan assets and defined benefit obligations (in respect of the Gratuity Funded Scheme) are based in Pakistan.

		2022	2021
38.8	Principal actuarial assumptions		
	Discount rate	14.25% p.a	12.25% p.a
	Expected rate of increase in salaries	14.25% p.a	11.25% p.a
	Expected rate of return on investments	14.25% p.a	12.25% p.a
	Normal retirement age	60 years	60 years

38.9 Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables.

38.10 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation - Increase / (Decrease)			
		December 31, 2022		December 31, 2021	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		Rupees in '000			
Discount rate	1.00%	(386,264)	455,722	(277,147)	327,488
Salary growth rate	1.00%	469,642	(403,962)	340,683	(292,327)
Withdrawal rate	10.00%	(7)	6	1,204	(1,212)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the consolidated Statement of Financial Position.

38.11 The weighted average duration of the defined benefit obligation is 11.49 years.

38.12 Expected maturity analysis of undiscounted defined benefit obligation for the Gratuity Funded Scheme is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Rupees in '000				
At December 31, 2022	191,654	158,718	702,933	35,224,168	36,277,473
At December 31, 2021	165,485	137,177	429,283	15,785,623	16,517,568

38.13 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Contribution for the next year works out to Rs 586.37 million as per the actuarial valuation report of the Holding Company as of December 31, 2022.

38.14 Through its Gratuity Funded Scheme, the Fund is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to corporate sukuk yields; if plan assets underperform to the yield, this will create a deficit. The Fund believes that due to long-term nature of the plan liabilities and the Bank's support, the current investment strategy manages this risk adequately.
Changes in Sukuk yields	A decrease in corporate sukuk yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' sukuk holdings.
Inflation risk	The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. However plan assets are variable rate instruments and are re-priced at regular intervals to off set inflationary impacts.
Life expectancy / Withdrawal rate	The majority of the plans' obligations are to provide benefits on severance with the Holding Company on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

38.15 Meezan Bank End of Service Unfunded Defined Benefit Scheme

The Holding Company also operates an End of Service Unfunded Defined Benefit Scheme for the founding President and Chief Executive Officer.

The charge in respect of current service cost is recognised based on expected period of future service. The net charge for the year of this benefit amounted to Rs 125.56 million. The charge of Rs 67.61 million has been recognised in the consolidated Profit and Loss Account and the charge of Rs 57.95 million has been recognised in Consolidated Other Comprehensive Income. The present value of defined benefit obligation recognised in respect of this scheme amounts to Rs 529.43 million.

The principal actuarial assumptions comprise of discount rate of 14.25 percent and salary increase rate of 8.00 percent. The sensitivity of the defined benefit obligation due to a one percent change in discount rate would be Rs 10.10 million (in case the discount rate is increased) and Rs 10.40 million (in case the discount rate is decreased). These sensitivities are calculated using the same methodology as explained in note 38.10.

The disclosures made in notes 38.1 to 38.15 are based on the information included in the actuarial valuation reports of the Holding Company as of December 31, 2022.

38.16 Al Meezan Investment Management Limited Gratuity Funded Scheme

The Subsidiary Company operates a defined benefit plan i.e. an approved funded gratuity scheme for all its permanent employees who have completed the minimum qualifying period of service as defined under the scheme. Actuarial valuation of the scheme is carried out every year.

Total expense recognised in Profit and Loss Account and Other Comprehensive Income amounted to Rs 24.55 million (2021: Rs 20.26 million) and Rs 11.98 million (2021: credit of Rs 5.65 million) respectively pertains to approved Gratuity Funded Scheme.

The present value of defined benefit obligation recognised in Statement of Financial Position amounted to Rs 61.77 million (2021: Rs. 66.80 million).

39 DEFINED CONTRIBUTION PLAN

The Group also operates a recognised contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Group and the employees, to the fund at a rate of 10% of basic salary.

	2022	2021
	Rupees in '000	
Contribution from the Group	569,613	490,717
Contribution from the employees	569,613	490,717
	1,139,226	981,434

40 EMPLOYEES STOCK OPTION SCHEME OF HOLDING COMPANY

During the year 2022, the Board Human Resources, Remuneration and Compensation Committee of the Holding Company (the Committee) has granted Share Options to the designated employees under the Meezan Bank Employees Share Option Scheme, 2021 (the Scheme) approved by the shareholders and Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SMD/Co.86(1)/3/2001/4 dated April 21, 2021.

Under the scheme, the exercise price has been determined as 70% of the average market closing price of the Bank's shares quoted on the Pakistan Stock Exchange during the last forty trading days prior to the date of grant. There are no performance measures attached to options granted. The options carry neither right to dividends nor voting rights till shares are issued to employees on exercise of options on completion of the vesting period. The shares will be vested over a period of 4 years, with one-third being vested after two years from the date of grant, remaining one-third after three years and the remaining one-third after four years.

The value of these equity-settled options have been determined using the Black Scholes Merton (BSM) method using an independent valuer. The key details of the share options granted during the year on May 01, 2022 and May 01, 2021 are as under:

	Vesting Period	Exercise Date	Options granted	Options outstanding	Exercise Price (Rs)	Fair value per option (Rs)	Risk Free Rate	Standard Deviation
Share options issued in 2022	2 years	01-May-24	2,498,648	2,498,648	94.34	44.43	13.50%	30.08%
	3 years	01-May-25	2,498,648	2,498,648	94.34	54.59		
	4 years	01-May-26	2,498,648	2,498,648	94.34	63.59		
			7,495,944	7,495,944				

	Vesting Period	Exercise Date	Options granted	Options outstanding	Exercise Price (Rs)	Fair value per option (Rs)	Risk Free Rate	Standard Deviation
Share options issued in 2021	2 years	01-May-23	2,340,833	2,340,833	77.43	78.35	10.50%	31.63%
	3 years	01-May-24	2,340,833	2,340,833	77.43	84.59		
	4 years	01-May-25	2,340,834	2,340,834	77.43	89.72		
			7,022,500	7,022,500				

Expense arising from this scheme is disclosed in Note 31.1.

41 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

HOLDING COMPANY

	2022						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non-Executives				
	Rupees in '000						
Fees and allowances	11,640	-	59,850	2,500	-	-	-
Managerial remuneration							
i) Fixed	-	-	-	34,903	88,818	402,318	460,947
ii) Cash Bonus	-	-	-	6,000	200,000	460,000	370,350
iii) Share based compensation expense	-	-	-	-	4,290	21,375	30,236
Charge for gratuity fund / EOSB	-	-	-	-	125,555	12,019	18,691
Contribution to defined contribution plan	-	-	-	-	-	14,952	22,876
Others	-	-	-	-	4,180	1,224	-
	11,640	-	59,850	43,403	422,843	911,888	903,100
Number of persons	1	-	9	4	1	22	63

	2021						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non-Executives				
	Rupees in '000						
Fees and allowances	11,640	-	53,400	2,100	-	-	-
Managerial remuneration							
i) Fixed	-	-	-	18,815	82,239	336,441	394,768
ii) Cash Bonus	-	-	-	16,000	175,000	388,000	330,000
iii) Share based compensation expense	-	-	-	-	1,900	8,134	12,714
Charge for gratuity fund / EOSB	-	-	-	-	44,896	10,008	15,962
Contribution to defined contribution plan	-	-	-	-	-	12,061	19,615
Others	-	-	-	-	2,146	1,434	-
	11,640	-	53,400	36,915	306,181	756,078	773,059
Number of persons	1	-	9	4	1	19	55

41.1 The Chief Executive, the key management personnel, certain members of Shariah board and certain material risk takers / controllers have been provided with free use of the Bank's cars.

41.2 The amount of cash bonus to the key management personnel, Resident Shariah Board Member and other material risk takers / controllers, is based on the management's best estimate.

41.3 Remuneration to Directors for participation in Board and Committee Meetings

Holding Company

2022

Sr. No.	Name of Director	Meeting Fees and Allowances						
			For Board Committees					
		For Board Meetings	Audit Committee	Risk Management Committee	Information Technology Committee	Human Resources, Remuneration & Compensation Committee	IFRS 9 Implementation Oversight Committee	Total Amount
		Rupees in '000						
1	Mr Riyadh S.A.A. Edrees (Chairman)	3,840	-	-	2,600	2,600	2,600	11,640
2	Mr Faisal A.A.A. Al-Nassar (Vice Chairman)	3,200	2,600	2,600	2,600	-	-	11,000
3	Mr Bader H.A.M.A. Al-Rabiah	3,200	650	1,950	-	-	-	5,800
4	Mr Mubashar Maqbool	3,200	1,950	2,600	2,600	-	-	10,350
5	Mr Faisal Fahad Al-Muzaini	3,200	-	-	-	-	1,950	5,150
6	Mr Naveed Iftikhar Sherwani	3,200	-	-	-	-	-	3,200
7	Mr Mohamed Guermazi	3,200	1,950	650	-	-	-	5,800
8	Mr Mohammad Abdul Aleem	3,200	2,600	-	-	2,600	-	8,400
9	Ms Nausheen Ahmad	3,200	-	-	-	2,600	-	5,800
10	Mr Yousef S.M.A. Al-Saad	2,400	-	1,950	-	-	-	4,350
		31,840	9,750	9,750	7,800	7,800	4,550	71,490

2021

Sr. No.	Name of Director	Meeting Fees and Allowances						
			For Board Committees					
		For Board Meetings	Audit Committee	Risk Management Committee	Information Technology Committee	Human Resources, Remuneration & Compensation Committee	IFRS 9 Implementation Oversight Committee	Total Amount
		Rupees in '000						
1	Mr Riyadh S.A.A. Edrees (Chairman)	3,840	-	-	2,600	2,600	2,600	11,640
2	Mr Faisal A.A.A. Al-Nassar (Vice Chairman)	3,200	2,600	2,600	2,600	-	-	11,000
3	Mr Bader H.A.M.A. Al-Rabiah	2,400	1,950	-	-	-	-	4,350
4	Mr Mubashar Maqbool	3,200	-	2,600	2,600	-	-	8,400
5	Mr Saad Fazil Abbasi	800	-	650	-	-	-	1,450
6	Mr Mohamed Guermazi	3,200	-	2,600	-	-	-	5,800
7	Mr Noorur Rahman Abid	3,200	2,600	-	-	2,600	-	8,400
8	Ms Nausheen Ahmad	3,200	-	-	-	2,600	-	5,800
9	Mr Atif Azim	3,200	-	-	2,600	-	-	5,800
10	Mr Naveed Iftikhar Sherwani	2,400	-	-	-	-	-	2,400
		28,640	7,150	8,450	10,400	7,800	2,600	65,040

41.4 Remuneration to Members Shariah Board

	2022			2021		
	Chairman	Resident Member	Non Resident Members	Chairman	Resident Member	Non Resident Members
	Rupees in '000					
Meeting Fees	-	-	2,500	-	-	2,100
Managerial remuneration and allowances	-	6,007	28,896	-	4,157	14,658
Cash Bonus	-	6,000	-	-	4,000	12,000
	-	12,007	31,396	-	8,157	28,758
Total Number of Persons	1	1	2	1	1	2

42 FAIR VALUE MEASUREMENTS

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

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

42.1 Fair value of financial assets

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

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

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

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

	2022				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	917,873,562	-	917,873,562	-	917,873,562
- Shares	7,565,867	7,565,867	-	-	7,565,867
- Non Government Sukuk	119,509,708	119,509,708	-	-	119,509,708
- Foreign Securities	8,568,475	-	8,568,475	-	8,568,475
	1,053,517,612	127,075,575	926,442,037	-	1,053,517,612
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	217,740,599	-	204,305,335	-	204,305,335
- Non Government Sukuk	311,665	-	311,665	-	311,665
	218,052,264	-	204,617,000	-	204,617,000
	1,271,569,876	127,075,575	1,131,059,037	-	1,258,134,612
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts	244,685,475	-	244,685,475	-	244,685,475

	2021				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
			Rupees in '000		
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	386,597,737	-	386,597,737	-	386,597,737
- Shares	8,718,285	8,718,285	-	-	8,718,285
- Non Government Sukuk	120,028,511	120,028,511	-	-	120,028,511
- Foreign Securities	10,703,622	-	10,703,622	-	10,703,622
	526,048,155	128,746,796	397,301,359	-	526,048,155
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	76,687,798	-	76,651,000	-	76,651,000
	76,687,798	-	76,651,000	-	76,651,000
	602,735,953	128,746,796	473,952,359	-	602,699,155
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts	203,234,909	-	203,234,909	-	203,234,909

42.2 Fair Value of non-financial assets

	2022				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
			Rupees in '000		
Non-banking assets acquired in satisfaction of claims	55,000	-	-	55,000	55,000
	55,000	-	-	55,000	55,000

	2021				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
			Rupees in '000		
Non-banking assets acquired in satisfaction of claims	153,847	-	-	153,847	153,847
	153,847	-	-	153,847	153,847

Non-banking assets acquired in satisfactions of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values.

Valuation techniques used in determination of fair values

Item	Valuation approach and input used
Listed Securities	The valuation has been determined through closing rates of Pakistan Stock Exchange.
GoP Sukuk	The fair value of GoP Ijarah Sukuk quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined/ approved dealers / brokers.
Foreign Sukuk	The valuation has been determined through closing rates of Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by SBP.
Mutual Funds	The valuation has been determined based on Net asset values declared by respective funds.

The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 during the year.

Fair value of Islamic financing and related assets, unquoted sukuk, other assets, other liabilities and fixed term deposits and other accounts and due to financial institutions cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing and related assets has been made in accordance with the Group's accounting policy as stated in note 6.3.2.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these assets and liabilities are short term in nature or in the case of financings and deposits are frequently repriced.

43 SEGMENT ANALYSIS

43.1 Segment Details with respect to Business Activities

	2022						
	Corporate and Commercial banking	Retail banking	Trading and sales	Asset Management	Others	Inter-segment Eliminations	Total
	Rupees in '000						
Consolidated profit and loss account							
External funded revenue	83,882,167	7,655,763	140,707,522	-	-	-	232,245,452
External unfunded revenue	4,558,746	3,326,592	4,318,838	1,414,239	6,408,482	-	20,026,897
Inter segment revenue - net	-	196,667,127	-	-	173,327	(196,840,454)	-
Total income	88,440,913	207,649,482	145,026,360	1,414,239	6,581,809	(196,840,454)	252,272,349
External cost of funds	6,777,093	61,280,572	42,368,397	-	-	-	110,426,062
Segment direct expenses	1,400,367	44,750,561	165,724	619,298	1,928,673	-	48,864,623
Inter segment expense allocation	74,213,540	-	122,626,914	-	-	(196,840,454)	-
Total expenses	82,391,000	106,031,133	165,161,035	619,298	1,928,673	(196,840,454)	159,290,685
Provisions and write offs - net	3,201,688	124,306	806,681	-	43,986	-	4,176,661
Profit before tax	2,848,225	101,494,043	(20,941,356)	794,941	4,609,150	-	88,805,003
Consolidated statement of financial position							
Cash and bank balances	-	112,300,051	8,905,757	35,160	10,213,457	-	131,454,425
Due from financial institutions - net	-	-	34,964,299	-	-	-	34,964,299
Investments - net	11,019,547	-	1,272,190,740	4,106,136	-	-	1,287,316,423
Net inter segment lending	-	1,544,149,502	-	-	-	(1,544,149,502)	-
Islamic financings and related assets - net	902,768,059	92,740,295	-	-	-	-	995,508,354
Others	35,208,094	52,596,851	43,932,977	361,771	557,384	-	132,657,077
Total Assets	948,995,700	1,801,786,699	1,359,993,773	4,503,067	10,770,841	(1,544,149,502)	2,581,900,578
Due to financial institutions	134,872,920	6,364,466	432,089,053	-	-	-	573,326,439
Deposits and other accounts	-	1,658,469,588	-	-	-	-	1,658,469,588
Subordinated sukuk	20,990,000	-	-	-	-	-	20,990,000
Net inter segment borrowing	675,947,666	-	861,843,217	-	6,358,619	(1,544,149,502)	-
Others	74,724,128	125,404,634	5,211,198	709,600	3,930,301	-	209,979,861
Total liabilities	906,534,714	1,790,238,688	1,299,143,468	709,600	10,288,920	(1,544,149,502)	2,462,765,888
Equity	42,460,986	11,548,011	60,850,305	3,793,467	481,921	-	119,134,690
Total Equity and liabilities	948,995,700	1,801,786,699	1,359,993,773	4,503,067	10,770,841	(1,544,149,502)	2,581,900,578
Contingencies and Commitments	965,252,825	88,049,132	243,862,470	-	-	-	1,297,164,427

	2021						
	Corporate and Commercial banking	Retail banking	Trading and sales	Asset Management	Others	Inter-segment Eliminations	Total
	Rupees in '000						
Consolidated profit and loss account							
External funded revenue	38,904,867	5,784,199	65,383,481	-	-	-	110,072,547
External non funded revenue	3,984,822	2,556,850	4,445,743	1,851,794	3,159,651	-	15,998,860
Inter segment revenue - net	-	89,808,493	-	-	-	(89,808,493)	-
Total Income	42,889,689	98,149,542	69,829,224	1,851,794	3,159,651	(89,808,493)	126,071,407
External cost of funds	3,266,249	34,832,977	3,052,212	-	-	-	41,151,438
Segment direct expenses	1,077,132	32,045,600	667,375	722,393	1,437,881	-	35,950,381
Inter segment expense allocation	30,037,728	-	59,760,519	-	10,246	(89,808,493)	-
Total expenses	34,381,109	66,878,577	63,480,106	722,393	1,448,127	(89,808,493)	77,101,819
Provisions and write offs - net	642,026	92,940	218,079	-	39,785	-	992,830
Profit before tax	7,866,554	31,178,025	6,131,039	1,129,401	1,671,739	-	47,976,758
Consolidated statement of financial position							
Cash and bank balances	-	174,828,996	1,518,093	45,741	10,573,645	-	186,966,475
Due from financial institutions - net	-	-	238,401,637	-	-	-	238,401,637
Investments - net	15,926,987	-	604,205,056	4,200,838	-	-	624,332,881
Net inter segment lending	-	1,267,123,798	-	-	-	(1,267,123,798)	-
Islamic financings and related assets - net	670,252,106	87,834,014	-	-	-	-	758,086,120
Others	18,243,198	40,247,352	40,932,915	441,068	7,401	-	99,871,934
Total Assets	704,422,291	1,570,034,160	885,057,701	4,687,647	10,581,046	(1,267,123,798)	1,907,659,047
Due to financial institutions	102,332,649	693,821	117,387,764	-	-	-	220,414,234
Deposits and other accounts	-	1,455,871,080	-	-	-	-	1,455,871,080
Subordinated sukuk	20,990,000	-	-	-	-	-	20,990,000
Net inter segment borrowing	533,751,157	-	724,249,670	-	9,122,971	(1,267,123,798)	-
Others	15,307,422	99,691,203	3,162,896	803,810	976,790	-	119,942,121
Total liabilities	672,381,228	1,556,256,104	844,800,330	803,810	10,099,761	(1,267,123,798)	1,817,217,435
Equity	32,041,063	13,778,056	40,257,371	3,883,837	481,285	-	90,441,612
Total Equity and liabilities	704,422,291	1,570,034,160	885,057,701	4,687,647	10,581,046	(1,267,123,798)	1,907,659,047
Contingencies and Commitments	657,044,559	76,581,021	200,615,279	-	-	-	934,240,859

44 TRUST ACTIVITIES

The Holding Company provides trustee services in respect of Islamic Financing transactions. The services primarily includes holding of assets as security trustee / custodian on behalf of investors.

45 RELATED PARTY TRANSACTIONS

45.1 Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes a subsidiary company, associated companies, retirement benefit funds, directors, and key management personnel and their close family members.

45.2 Transactions with related parties are entered in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration and other benefit to the key management personnel is determined in accordance with the terms of their appointment.

45.3 Associates

Associates include mutual funds managed by Al Meezan Investment Management Limited and entities having common directorship with the Board. However, entities are not considered related party only if common director is an independent director working on both the Boards.

45.4 Key management personnel

- President and Chief Executive Officer of the Holding Company
- Deputy Chief Executive Officer of the Holding Company

45.5 Details of transactions with related parties and balances with them (other than those disclosed in respective notes) as at the year-end as are follows:

	Total		Associates		Directors		Key Management Personnel		Other Related Parties	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees in '000									
Islamic financing and related assets										
At January 1,	-	-	-	-	-	-	-	-	-	-
Addition during the year	29,972,348	-	29,972,348	-	-	-	-	-	-	-
Repayment / redemption / deletion during the year	-	-	-	-	-	-	-	-	-	-
At December 31	29,972,348	-	29,972,348	-	-	-	-	-	-	-
Investments										
At January 1,	4,854,664	5,470,391	4,854,664	5,470,391	-	-	-	-	-	-
Addition during the year	759,618	1,581,448	759,618	1,581,448	-	-	-	-	-	-
Repayment / redemption / deletion during the year	(1,443,849)	(2,197,175)	(1,443,849)	(2,197,175)	-	-	-	-	-	-
At December 31	4,170,433	4,854,664	4,170,433	4,854,664	-	-	-	-	-	-
Due from financial institutions										
At January 1,	21,858,348	36,671,288	21,858,348	36,671,288	-	-	-	-	-	-
Addition during the year	-	76,546,772	-	76,546,772	-	-	-	-	-	-
Repayment / redemption / deletion during the year	(21,858,348)	(91,359,712)	(21,858,348)	(91,359,712)	-	-	-	-	-	-
At December 31	-	21,858,348	-	21,858,348	-	-	-	-	-	-

Balances pertaining to parties that were related at the beginning of the year but ceased to be related during any part of the current year are not reflected as part of the closing balance. However, new related parties have been added during the year. The same are accounted for through the movement presented above.

	Total		Associates		Directors		Key Management Personnel		Other Related Parties	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees in '000									
Deposits	4,473,715	7,220,915	3,565,923	2,386,870	134,806	131,435	180,487	188,427	592,499	4,514,183
Other Assets										
Profit receivable on financing / investments / placements	684,919	725,460	684,919	725,460	-	-	-	-	-	-
Fee and Other Receivable	22,216	37,462	17,864	9,037	-	-	1,745	-	3,352	28,425
Due to financial institutions										
At January 1,	-	-	-	-	-	-	-	-	-	-
Addition during the year	53,500,000	-	53,500,000	-	-	-	-	-	-	-
Repayment / redemption / deletion during the year	(35,500,000)	-	(35,500,000)	-	-	-	-	-	-	-
At December 31	18,000,000	-	18,000,000	-	-	-	-	-	-	-
Sub-ordinated Sukuk										
At January 1,	200,000	578,000	200,000	578,000	-	-	-	-	-	-
Addition during the year	10,000	10,000	10,000	10,000	-	-	-	-	-	-
Repayment / redemption / deletion during the year	-	(388,000)	-	(388,000)	-	-	-	-	-	-
At December 31	210,000	200,000	210,000	200,000	-	-	-	-	-	-
Other Liabilities										
Profit payable on Musharakah acceptance	54,568	-	54,568	-	-	-	-	-	-	-
Payable to defined benefit plan	1,263,565	941,589	-	-	-	-	529,429	403,874	734,136	537,715
Accrued Expenses	-	350,000	-	-	-	-	-	-	-	350,000
Unearned Income	16,615	16,648	16,615	16,648	-	-	-	-	-	-
Contingencies and Commitments										
Letters of credit (unfunded)	725,168	-	725,168	-	-	-	-	-	-	-
Letters of Guarantee (unfunded)	2,387,077	2,491,277	2,387,077	2,491,277	-	-	-	-	-	-
Transactions, income and expenses										
Profit earned on financing / investments / placements	753,103	2,850,799	753,103	2,850,799	-	-	-	-	-	-
Fees and other income earned	2,018,169	1,653,881	1,667,684	1,653,683	18	20	404	100	350,063	78
Dividend income earned	53,041	128,782	53,041	128,782	-	-	-	-	-	-
Capital (loss)/gain - net	(41,390)	187,358	(43,418)	187,358	-	-	-	-	2,028	-
Return on deposits / acceptance expensed	665,268	579,861	497,492	251,625	1,784	733	7,440	7,695	158,552	319,808
Recovery of expenses	3,352	3,155	-	-	-	-	-	-	3,352	3,155
Charge for defined benefit plan	710,440	594,911	-	-	-	-	-	-	710,440	594,911
Contribution to defined contribution plan	569,613	490,717	-	-	-	-	-	-	569,613	490,717
Contribution to staff benevolent fund	65,993	54,418	-	-	-	-	-	-	65,993	54,418
Fees expensed	1,656	1,471	1,224	1,471	-	-	-	-	432	-
Charity Paid	56,000	63,000	1,000	-	-	-	-	-	55,000	63,000
Purchase of fixed assets	153,417	425,393	153,417	425,393	-	-	-	-	-	-
Remuneration to key management personnel	631,638	489,318	-	-	-	-	631,638	489,318	-	-
Fee to non-executive directors (note 41)	71,490	65,040	-	-	71,490	65,040	-	-	-	-
Proceeds from sale of fixed assets having net book value of Rs. 526 thousand	2,271	-	-	-	-	-	2,271	-	-	-

46 CAPITAL ASSESSMENT AND ADEQUACY BASEL SPECIFIC

Capital structure

The State Bank of Pakistan (SBP) introduced updated guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks vide its communication dated November 5, 2014. These guidelines are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by banks in Pakistan. The SBP had specified a transitional period for implementing new standards which came to its end on December 31, 2019. The disclosures below have been prepared on the basis of these new guidelines. The comparative information is as per requirements which were applicable last year.

46.1 Capital structure

Under Basel III framework, the Holding Company's regulatory capital has been analysed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:

a) Common Equity Tier 1 (CET1), which includes fully paid up capital, balance in share premium account, statutory and general reserves, and un-appropriated profits (net of losses), after regulatory deductions for book value of intangibles, reciprocal cross holdings and deficit on revaluation of AFS investments.

b) Additional Tier 1 capital (AT1), which includes perpetual, unsecured, subordinated, non-cumulative and contingent convertible Sukuk instrument issued by the Holding Company.

- Tier II capital, which includes sub-ordinated sukuk, general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets) .

Banking operations are categorised in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

The required capital adequacy ratio is achieved by the Holding Company through:

(a) Adequate level of paid up capital;
(b) Adequate risk profile of asset mix;
(c) Ensuring better recovery management; and
(d) Maintaining acceptable profit margins.

46.2 Capital adequacy ratio

The main objective of the capital management is to improve the financial position and strengthen the statement of financial position of the Group to support the growth in business, provide protection to depositors and enhance shareholders' value.

The Holding Company's Board and the management is committed to maintaining a sound balance between depositors' liability and shareholders' funds so that optimal capital / debt ratio is maintained. The optimal capital / debt ratio will provide reasonable assurance to depositor's about safety and security of their funds and at the same time provide impetus to the management to invest their depositors' funds into profitable ventures without compromising the risk profile of the Holding Company. The capital requirement of the Holding Company has been determined based on the projected growth plan to be achieved in the next 3 years in all areas of business operations. Further, it also takes into account a road map for capital enhancement as directed by the State Bank of Pakistan vide its various circulars issued from time to time.

The Holding Company prepares Annual Budget and Three Year Plan for purpose of the growth map and future direction. Bottom up approach is used to prepare annual budget and detailed deliberations are held while preparing Three Year Plan. The growth prospects takes into consideration prevailing economic and political factors in Pakistan and abroad.

In implementing current capital requirements the State Bank of Pakistan requires banks to maintain minimum Capital Adequacy Ratio (CAR) of 11.50% as of December 31, 2022 whereas CAR stood at 18.64% at the year ended December 31, 2022.

The Group calculates capital adequacy ratio for credit risk, market risk and operational risk based upon requirements under Basel Accord as per guidelines issued by the State Bank of Pakistan from time to time in this regard.

Sensitivity and stress testing of the Holding Company under different risk factors namely profit rate, non-performing financings, equity price and foreign exchange rate depicts that the Bank's capital adequacy ratio is above the regulatory requirements.

The Group has taken into account credit risk, market risk and operational risk when planning its assets.

47 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2022	2021
	Rupees in '000	
Minimum Capital Requirement (MCR)		
Paid-up capital (net of losses)	17,896,243	16,269,312
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 (CET 1) Capital	115,968,337	83,697,220
Eligible Additional Tier 1 (ADT 1) Capital	7,027,796	6,981,089
Total Eligible Tier 1 Capital	122,996,133	90,678,309
Eligible Tier 2 Capital	21,007,720	23,962,002
Total Eligible Capital (Tier 1 + Tier 2)	144,003,853	114,640,311
Risk weighted assets (RWAs):		
Credit Risk	557,711,426	471,199,111
Market Risk	26,213,803	28,183,530
Operational Risk	188,426,624	135,565,726
Total	772,351,853	634,948,367
Common Equity Tier 1 Capital Adequacy ratio	15.01%	13.18%
Tier 1 Capital Adequacy Ratio	15.92%	14.28%
Total Capital Adequacy Ratio	18.64%	18.06%
Leverage ratio (LR):		
Tier-1 Capital	122,996,133	90,678,309
Total Exposures	2,991,568,828	2,303,517,674
Leverage Ratio	4.11%	3.94%

47.1 In the latest assessment carried out by the SBP under the Framework for Domestic Systemically Important Banks (D-SIBs) introduced vide BPRD Circular No.04 of 2018 dated April 13, 2018, the Bank has been identified as a sample D-SIB. In line with the framework, the Bank is required to meet the HLA capital surcharge, in the form of additional Common Equity Tier 1 (CET-1) capital of 0.5% on a standalone and consolidated basis till June 30, 2023.

Full disclosure on Capital Adequacy, Leverage Ratio & Liquidity Requirements prepared as per SBP instructions is available at https:// www.meezanbank.com

48 RISK MANAGEMENT

During 2022, Pakistan witnessed significant economic headwinds. Rising inflation, increasing fuel prices, depleting foreign exchange reserves, massive devaluation of the Pakistani rupee, political instability, increasing interest rates, and high budget deficit made the year more challenging. In this backdrop, Fitch, Moody's and S&P Global lowered the country's sovereign credit rating. In June 2022, Pakistan was hit with a natural catastrophe in the shape of worst ever floods in the history of the country. The floods resulted in millions of people being displaced and severe damage to both crops and livestock. Additionally, international commodity prices also remained elevated through the year. The headline inflation increased significantly touching a multi-year high of 27.32% in August. During the year, SBP increased the benchmark interest rate by a cumulative 625 bps to 16%. This steep increase was aimed at reducing aggregate demand in the economy and also to counter high inflation. This led to a steep uptick in domestic food prices.

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

The wide variety of the Group's business activities require the Group to identify, assess, measure, aggregate and manage risks effectively which are constantly evolving as the business activities expand in response to the Group's strategy and growth. The Group manages the risk through a framework of risk management encompassing policies and procedures, organisational structures, risk measurement and monitoring processes and techniques that are closely aligned with business activities of the Group.

Risk management principles

- The Board of Directors (the Board) provides overall risk management supervision. The Board Risk Management Committee regularly reviews the Group's risk profile.
- The Group has set up objectives and policies to manage the risks that arise in connection with the Group's activities. The risk management framework and policies of the Group are guided by specific objectives to ensure that comprehensive and adequate risk management tools and techniques are established to mitigate the salient risk elements in the operations of the Group.
- The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent risk management framework.
- The structure of risk management function is closely aligned with the organisational structure of the Group.
- The risk management function is independent of the Group's operations.

Risk management organisation

The Board Risk Management Committee comprises of four non-executive directors. One of the non-executive directors of the Holding Company chairs the Risk Management Committee.

Specialized Committees comprising of Senior Management team members perform their functions in line with the strategic direction set by the Board while ensuring that there is optimal balance between risk reward trade-off. The Committees include:

Name of the sub-committee	Chaired by
Credit Risk Management Committee (CRMC)	President & CEO of the Holding Company
Asset and Liability Management Committee (ALCO)	President & CEO of the Holding Company
Compliance & Operational Risk Management Committee (CORMC)	President & CEO of the Holding Company

CRMC is responsible to oversee credit risk activities on Group wide basis while ensuring compliance with regulatory requirements and internal policies. Its responsibilities also include to provide support and guide front lines in managing their businesses, perform finance portfolio review, establish financing standards and benchmarks, maintain adequate industry diversification and decide upon provisioning. It is also required to delegate financing approving powers & prudential limits on large financing exposures. Credit Committee, a sub-committee of CRMC is the highest level body for approval of financing transactions.

ALCO is responsible for reviewing the Asset and Liability structure of the Holding Company, monitoring the liquidity situation and overall changing market scenario. Market and Liquidity risks are examined based on stress testing exercises and gap analysis. ALCO is also responsible for monitoring policy rate movements and taking necessary steps across various products to ensure that the overall profitability of the Group is maximized without compromising on risk appetite. ALCO also ensures that the Group's overall operations are fully compliant with regulatory framework for the business as provided by the State Bank of Pakistan.

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

The Group's risk management, compliance, internal audit and legal departments support the risk management function. The role of the risk management department is to assess, measure, identify risks and established risk mitigants through a detailed policy and monitoring framework. The compliance department ensures that all the directives and guidelines issued by the SBP are being complied with in order to mitigate the compliance risk. The internal audit and BRR department reviews the compliance of internal control procedures with internal and regulatory standards.

48.1 Credit risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligations is impaired resulting in economic loss to the Group. This credit risk arises mainly from both direct financing activities as well as contingent liabilities.

Credit risk management and structure

The Group manages credit risk by effective credit appraisal mechanism, approving and reviewing authorities, limit structures, internal credit risk rating system, collateral management and post disbursement monitoring so as to ensure prudent financing activities and sound financing portfolio under the umbrella of a comprehensive Financing Policy approved by the Board of Directors. A comprehensive financing procedural manual approved by the senior management is also in place. The Group also ensures diversification of its portfolio into different business segments, products and sectors. Further, to avoid risk concentration; counterparty limits, counterparty group limits and industry concentration limits are also established, monitored and assessed in the light of changing counterparty and market conditions.

Watchlist procedure is also functioning which identifies financings with early warning indicators in respect of clients having the potential to become non performing. The risk management function also monitors the non-performing financing portfolio of the Group and reports all significant matters to the Board Risk Management Committee.

The Group takes into account the risk mitigating effect of the eligible collaterals for the calculation of capital requirement for credit risk. Use of Credit Risk Mitigation (CRM) resulted in the total credit risk weighted amount of Rs 557,711.43 million (2021: Rs 471,199.11 million).

Thus, use of CRM resulted in capital adequacy ratio of the Group of 18.64%.

48.1.1 Segmental information

48.1.1.1 Due from financial institutions

Credit risk by public / private sector

	Gross amount due from financial institutions		Non-performing amount due from financial institution		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees in '000					
Public / Government	-	112,003,699	-	-	-	-
Private	35,005,865	126,439,504	41,566	41,566	41,566	41,566
	35,005,865	238,443,203	41,566	41,566	41,566	41,566

48.1.1.2 Investment in Sukuk and government securities

Credit risk by Industry sector

	Gross Investments		Non-performing Investments		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees in '000					
Automobile and transportation equipment	1,132,254	883,640	-	-	-	-
Chemical and Pharmaceuticals	25,892	25,892	25,892	25,892	25,892	25,892
Construction and allied industries	333,333	416,667	-	-	-	-
Steel and allied industries	868,750	1,100,000	-	-	-	-
Federal Government Securities	1,142,799,896	464,840,152	-	-	-	-
Financial	3,347,228	2,572,735	-	-	-	-
Foreign Government Securities	5,314,367	7,684,473	-	-	-	-
Oil and Gas	-	2,950,000	-	-	-	-
Power (electricity)	123,346,202	124,928,266	-	-	-	-
Textile	138,014	180,871	2,300	52,300	2,300	52,300
	1,277,305,936	605,582,696	28,192	78,192	28,192	78,192

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees in '000					
Public / Government	1,270,458,795	599,222,886	-	-	-	-
Private	6,847,141	6,359,810	28,192	78,192	28,192	78,192
	1,277,305,936	605,582,696	28,192	78,192	28,192	78,192

48.1.1.3 Islamic financing and related assets

Credit risk by industry sector

	Gross amounts		Non-performing amounts		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees in '000					
Agriculture, Food, Feed Mills, Poultry, Dairy, Forestry and Fishing	208,073,442	162,478,493	2,270,930	3,395,929	2,270,930	3,165,623
Automobile and transportation equipment	26,072,313	20,719,843	157,974	74,585	82,035	73,158
Cement	19,353,573	13,825,174	-	-	-	-
Chemical and Pharmaceuticals	36,842,695	16,542,558	22,036	22,036	22,036	22,036
Construction	17,530,547	11,737,462	1,367,291	1,278,654	1,283,436	1,278,654
Steel and allied industries	27,836,119	26,145,539	472,264	546,615	378,626	416,337
Plastic products manufacturer	4,539,985	3,994,568	-	-	-	-
Electronics and electrical appliances	7,671,307	8,281,523	-	-	-	-
Exports/Imports	1,522,101	2,016,709	195,415	205,493	195,415	205,493
Fertilizer	28,544,431	19,743,356	-	38,833	-	38,833
Financial	38,074,312	519,309	-	-	-	-
Footwear and Leather garments	4,964,169	4,170,916	-	11,435	-	11,435
Individuals	73,475,097	66,641,606	1,011,366	933,318	534,783	370,138
Takaful / Insurance	654,300	627,760	-	-	-	-
Mining and Quarrying	3,530,578	5,309,238	-	-	-	-
Oil and Gas	85,322,255	44,479,242	4,364,340	4,224,503	4,337,347	4,206,236
Paper, board and packaging	21,977,610	10,388,890	123,435	231,306	121,420	229,291
Power (electricity)	88,675,574	97,775,783	788,840	817,480	788,840	817,480
Services	9,415,229	9,363,039	20,285	84,219	18,071	45,915
Sugar	21,257,976	12,612,935	-	-	-	-
Textile	172,803,936	143,773,181	2,361,930	2,058,162	2,361,930	2,021,650
Transport, Storage and Communication	50,649,542	31,497,141	77,129	77,513	43,697	41,466
Wholesale and Retail Trade	63,955,770	61,749,684	337,378	338,625	317,430	287,482
Others	5,358,896	2,901,177	57,674	110,832	56,766	107,761
	1,018,101,757	777,295,126	13,628,287	14,449,538	12,812,762	13,338,988

Credit risk by public / private sector

	Gross amounts		Non-performing amounts		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees in '000					
Public / Government	318,259,246	237,476,802	-	-	-	-
Private	699,842,511	539,818,324	13,628,287	14,449,538	12,812,762	13,338,988
	1,018,101,757	777,295,126	13,628,287	14,449,538	12,812,762	13,338,988

48.1.1.4 Contingencies and Commitments

Credit risk by industry sector

	2022	2021
	Rupees in '000	
Agriculture, Food, Feed Mills, Poultry, Dairy, Forestry and Fishing	98,417,326	71,453,206
Automobile and transportation equipment	43,510,460	27,560,120
Cement	24,368,223	14,392,244
Chemical and Pharmaceuticals	37,636,764	36,754,088
Construction	32,544,198	39,002,386
Steel and allied industries	41,774,472	32,541,776
Plastic products manufacturer	7,488,719	6,924,962
Electronics and electrical appliances	16,899,349	11,565,939
Exports / Imports	5,531,431	3,965,076
Fertilizer	18,124,795	16,005,439
Financial	266,595,819	161,294,310
Footwear and Leather garments	7,538,339	5,934,844
Individuals	336,981	7,687,462
Takaful / Insurance	374,450	263,952
Mining and Quarrying	12,314,638	5,654,762
Oil and Gas	92,706,034	41,796,492
Paper, board and packaging	22,947,107	14,058,322
Power (electricity)	146,814,179	76,128,620
Services	66,587,092	63,951,481
Sugar	22,340,850	25,102,487
Textile	217,879,460	214,583,093
Transport, Storage and Communication	23,137,093	23,854,641
Wholesale and Retail Trade	75,625,125	22,649,002
Others	15,671,523	11,116,055
	1,297,164,427	934,240,759

Credit risk by public / private sector

Public / Government	271,179,069	92,770,090
Private	1,025,985,358	841,470,669
	1,297,164,427	934,240,759

48.1.1.5 Concentration of Top 10 exposures

Top 10 exposures on the basis of total (funded and non-funded) exposures aggregated to Rs 408,589 million (2021: Rs 301,905 million) as follows:

	2022	2021
	Rupees in '000	
Funded Exposure	331,735,662	249,871,722
Non Funded Exposure	76,853,260	52,033,362
Total Exposure	408,588,922	301,905,084

The sanctioned limits against these top 10 exposures aggregated to Rs 518,795 million (2021: Rs 324,895 million). None of the exposure against these top 10 customers is in classified stage.

48.1.1.6 Islamic Financings and related assets - Province/Region-wise Disbursement & Utilization

Province / Region	2022						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees in '000						
Punjab	664,533,491	664,533,491	-	-	-	-	-
Sindh	770,568,389	-	770,568,389	-	-	-	-
KPK including FATA	9,151,023	-	-	9,151,023	-	-	-
Balochistan	2,169,900	-	-	-	2,169,900	-	-
Islamabad	137,770,908	-	-	-	-	137,770,908	-
AJK including Gilgit-Baltistan	399,082	-	-	-	-	-	399,082
Total	1,584,592,793	664,533,491	770,568,389	9,151,023	2,169,900	137,770,908	399,082

Province / Region	2021						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees in '000						
Punjab	442,069,392	442,069,392	-	-	-	-	-
Sindh	409,068,056	-	409,068,056	-	-	-	-
KPK including FATA	5,683,347	-	-	5,683,347	-	-	-
Balochistan	1,186,334	-	-	-	1,186,334	-	-
Islamabad	41,009,443	-	-	-	-	41,009,443	-
AJK including Gilgit-Baltistan	246,833	-	-	-	-	-	246,833
Total	899,263,405	442,069,392	409,068,056	5,683,347	1,186,334	41,009,443	246,833

48.1.2 Credit Risk - General Disclosures

The Group has adopted Standardised Approach of Basel Accord for calculation of capital charge against credit risk. Therefore, risk weights for the credit risk related assets (on-balance sheet and off-balance sheet - market and non market related exposures) are assigned on basis of standardised approach.

The Group is committed to further strengthen its risk management framework which will enable the Group to move ahead for adopting Foundation Internal Ratings Based (IRB) approach of Basel II. Meanwhile, none of the Group's assets class is subject to the Foundation IRB or advanced IRB approaches.

48.1.2.1 Credit Risk: Disclosures for portfolio subject to the Standardised Approach

Under standardised approach the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognised by the SBP for capital adequacy purposes. In this connection, the Group utilises the credit ratings assigned by ECAIs and has recognised agencies such as PACRA (Pakistan Credit Rating Agency) and VIS Credit Rating Company which are also recognised by the SBP.

In case of foreign currency exposures against banks, ratings assigned by S&P, Fitch and Moody's have been applied. In case of exposure against banks, some banks have multiple ratings but those ratings do not result in mapping with different risk weights.

Types of Exposure and ECAI's used

Exposures	2022				
	VIS	PACRA	Standard & Poors (S&P)	Fitch	Moody's
Corporate	√	√	√	√	√
Banks	√	√	√	√	√
Public Sector Entities	√	√	-	-	-

Use of ECAI Ratings

The Group prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings. Unsolicited ratings may only be used in cases where a solicited rating is not available.

Mapping to SBP Rating Grades

The alignment of the Alphanumerical scale of each agency used with risk buckets is as per instructions laid down by SBP under Basel III requirements.

48.1.2.2 Credit exposures subject to standardised approach

On-balance sheet Exposures	2022			2021		
	Amount Outstanding	Deduction Credit Risk Management	Net amount	Amount Outstanding	Deduction Credit Risk Management	Net amount
	Rupees in '000					
Banks						
20%	83,574,754	59,789,988	23,784,766	256,111,929	192,460,283	63,651,646
50%	1,692,525	-	1,692,525	255,474	-	255,474
100%	1,082,999	-	1,082,999	807,999	-	807,999
150%	63,662	-	63,662	53,321	-	53,321
Unrated	1,572,546	-	1,572,546	298,108	-	298,108
Sovereigns						
0%	1,255,202,233	50,766,630	1,204,435,603	644,065,162	50,351,600	593,713,562
20%	1,340,122	-	1,340,122	2,779,262	-	2,779,262
50%	2,259,452	-	2,259,452	2,828,610	-	2,828,610
100%	-	-	-	1,624,771	-	1,624,771
150%	8,460,046	-	8,460,046	-	-	-
Public Sector entities						
20%	44,501,577	14,769,333	29,732,244	19,201,818	16,463,593	2,738,225
50%	8,875,000	7,124,600	1,750,400	-	-	-
Unrated (50%)	311,881,517	283,200,020	28,681,497	291,758,453	263,798,926	27,959,527
Corporate						
20%	218,225,099	3,147,228	215,077,871	140,474,238	1,626,445	138,847,793
50%	165,544,908	1,225,652	164,319,256	123,360,922	47,298	123,313,624
100%	7,212,656	-	7,212,656	5,196,338	-	5,196,338
Unrated 1 (100%)	130,349,482	9,753,949	120,595,533	103,327,444	7,927,692	95,399,752
Unrated 2 (125%)	74,547,481	12,564,932	61,982,549	85,647,398	13,186,425	72,460,973
Retails						
75%	73,405,947	15,669,516	57,736,431	70,160,902	15,910,991	54,249,911
Residential Mortgage						
35%	20,728,463	-	20,728,463	19,193,855	-	19,193,855
25%	6,371,277	2,548,049	3,823,228	2,904,311	1,160,239	1,744,072
Past Due						
50%	256,255	109,883	146,372	138,686	88,442	50,244
100%	694,837	21,672	673,165	937,088	30,727	906,361
150%	41,733	12,253	29,480	57,362	15,293	42,069
Total	2,417,884,571	460,703,705	1,957,180,866	1,771,183,451	563,067,954	1,208,115,497

48.1.2.3 Credit Risk: Disclosures with respect to Credit risk mitigation for Standardised approach and IRB

The Group obtains capital relief for both its on-balance and off-balance sheet non-market related exposures by using simple approach for credit risk mitigation (CRM). Off-balance sheet items under the simplified standardised approach are converted into credit exposure equivalents through the use of credit conversion factors. Under the standardised approach the Group has taken advantage of the cash collaterals available with the Group in the form of security deposits, cash margins, certificates of islamic investment, monthly mudaraba certificate, saving accounts, guarantees, shares and Government securities.

Valuation and management of eligible collaterals for CRM is being done in accordance with the conditions laid down by the State Bank of Pakistan. Eligible collaterals for CRM purposes do not expose the Group to price risk as they are in the form of cash/cash equivalent collaterals. Since eligible collaterals for CRM purposes are all in the form of cash/cash equivalent collaterals, they generally do not pose risk to the Group in terms of change in their valuation due to changes in the market condition.

The credit equivalent amount of an off-balance sheet market related foreign exchange contracts are determined by using the current exposure (mark to market) method.

The total benefit of Rs 460,703.70 million was availed through CRM against total on-balance sheet exposure of Rs 2,578,068.91 million. Under off-balance sheet, total benefit of Rs 25,942.35 million was availed by the Group through CRM against total off-balance sheet, non-market related exposure of Rs 1,053,302.06 million. In the year 2022, total CRM benefit was Rs 486,646.053 million as against amount of Rs 577,988.895 million in year 2021.

48.1.2.4 Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz., industry, geography and single / group borrower obligor. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single and group obligors. Within the SBP limits, the Group has further defined limits to avoid excessive concentration of portfolio.

48.2 Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects yield rate risk, currency risk and other price risks. Group could be adversely affected by movements in market rates or prices such as benchmark rates, deposit rates, foreign exchange rates, equity prices and market conditions resulting in a loss to earnings and capital.

48.2.1 Equity position in the banking and trading book

The Group classifies and values its investment portfolio in accordance with the directives of SBP as stated in note 6.4 to these consolidated financial statements.

Trading book

Held for trading and available for sale securities with trading intent;

- They are marked to market daily; and
- Any valuation difference is charged / credited to the profit and loss account in case of held for trading securities and to surplus on revaluation of investments - net of tax under equity in case of available for sale securities.

Banking book

Assets outside trading book are part of the banking book. These may include assets classified as available for sale and held to maturity investments.

48.2.2 Balance sheet split by trading and banking books

	2022			2021		
	Banking Book	Trading Book	Total	Banking Book	Trading Book	Total
	Rupees in '000					
Cash and balances with treasury banks	117,743,672	-	117,743,672	170,501,306	-	170,501,306
Balances with other banks	13,710,753	-	13,710,753	16,465,169	-	16,465,169
Due from financial institutions	34,964,299	-	34,964,299	238,401,637	-	238,401,637
Investments - net	1,275,033,945	12,282,478	1,287,316,423	610,209,006	14,123,875	624,332,881
Islamic financings and related assets - net	995,508,354	-	995,508,354	758,086,120	-	758,086,120
Fixed assets	40,624,658	-	40,624,658	34,185,975	-	34,185,975
Intangible assets	1,873,518	-	1,873,518	1,505,581	-	1,505,581
Deferred tax asset	4,439,835	-	4,439,835	-	-	-
Other assets - net	85,719,066	-	85,719,066	64,180,378	-	64,180,378
	2,569,618,100	12,282,478	2,581,900,578	1,893,535,172	14,123,875	1,907,659,047

The Group uses a number of methods to monitor and control market risk exposures. One of the major tools used by the Group to monitor and limit market risk is Value at Risk (VaR). VaR is defined as the estimated loss that will arise on a position or a portfolio over a particular (holding) period of time from an adverse market movement with a specific probability (confidence level). The VaR model used by the Group takes 99% confidence level and assumes a 1 to 10 days holding period whilst using the historical simulation taking the data of the last three years. Daily VaR figures are circulated to the senior management and regular summaries are reported in ALCO meetings.

The VaR reports are complemented by various other position and sensitivity limit structures, including stress, sensitivity, gap and scenario analysis. The capital charge for market risk has been calculated by using Standardized Approach.

48.2.3 Foreign exchange risk

The foreign exchange risk is defined as the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movement in currency exchange rates on the value of open foreign currency position. The objectives of the foreign exchange risk management is to minimise the adverse impact of foreign exchange rate movements on the assets and liabilities mismatch (tenor and position) and maximise their earnings.

Whenever a commercial bank deals in foreign currency, it is exposed to risk of exchange rate. The Group's assets and liabilities in foreign currencies give rise to foreign exchange risk which has to be managed by the Group; this risk is mitigated by using different hedging techniques. Hedging is a way used by a Group to eliminate or minimize its risk exposures. Hedging can be done using different ways like gap analysis, hedging (forwards), assigning limits in terms of amount, tenor, currency, product, countries, counterparties etc. The Group limits its currency exposure to the extent of statutory net open position prescribed by the SBP except in the cases where exemption is provided by the SBP. Foreign exchange open and mismatch positions are controlled through close monitoring and are marked to market on a daily basis.

The analysis below represents the concentration of the Group's foreign currency risk for on and off balance sheet financial instruments:

The analysis below represents the concentration of the Bank's foreign currency risk for on and off balance sheet financial instruments:

	2022			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	2,496,389,581	2,338,543,126	(35,433,722)	122,412,733
United States Dollars	81,666,765	110,417,824	25,453,007	(3,298,052)
Great Britain Pounds	955,161	7,493,793	6,546,533	7,901
Japanese Yen	142,804	88,927	(59,976)	(6,099)
Euro	1,474,874	5,437,092	4,019,733	57,515
Singapore Dollars	18,118	-	(6,743)	11,375
Australian Dollars	257,134	132	(253,346)	3,656
Canadian Dollars	52,441	976	(33,417)	18,048
United Arab Emirates Dirham	27,242	547	(36,991)	(10,296)
Swiss Francs	58,950	-	(51,456)	7,494
Saudi Riyal	26,006	-	-	26,006
Swedish Krona	5,390	-	(6,496)	(1,106)
Malaysian Ringgit	3,208	-	-	3,208
Hong Kong Dollar	39,714	23	(34,848)	4,843
Thailand Bhat	837	-	-	837
Norwegian Krone	10,157	-	(4,581)	5,576
Danish Krone	11,968	-	-	11,968
Chinese Offshore Spot	-	-	-	-
Chinese Yuan	760,228	783,448	(97,697)	(120,917)
Total foreign currency exposure	85,510,997	124,222,762	35,433,722	(3,278,043)
Total currency exposure	2,581,900,578	2,462,765,888	-	119,134,690

	2021			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	1,831,271,828	1,709,220,233	(28,900,423)	93,151,172
United States Dollars	70,850,151	95,296,400	21,587,004	(2,859,245)
Great Britain Pounds	1,694,459	6,837,618	5,155,365	12,206
Japanese Yen	36,322	72,666	24,528	(11,816)
Euro	2,045,814	4,821,334	2,746,479	(29,041)
Singapore Dollars	6,532	-	-	6,532
Australian Dollars	283,338	2,082	(280,530)	726
Canadian Dollars	9,457	1,105	-	8,352
United Arab Emirates Dirham	146,900	37,311	(48,056)	61,533
Swiss Francs	77,144	55,712	(8,687)	12,745
Saudi Riyal	27,791	-	-	27,791
Swedish Krona	12,058	-	-	12,058
Malaysian Ringgit	2,642	-	-	2,642
Hong kong Dollar	4,519	29	-	4,490
Thailand Bhat	1,624	-	-	1,624
Norwegian Krone	7,178	-	-	7,178
Danish Krone	16,712	-	-	16,712
Chinese Offshore Spot	-	-	-	-
Chinese Yuan	1,164,578	872,945	(275,680)	15,953
Total foreign currency exposure	76,387,219	107,997,202	28,900,423	(2,709,560)
Total currency exposure	1,907,659,047	1,817,217,435	-	90,441,612

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in foreign exchange rates				
- Consolidated Profit and Loss Account	-	17,526	-	17,997
- Consolidated Other Comprehensive Income	-	-	-	-

48.2.4 Equity position risk

Equity position risk is defined as the risk to earnings or capital arising from adverse changes in value of equity portfolios of Group. The limits assigned to various individual scripts and total portfolio investments are fixed as per the guidelines issued by the SBP. The Group invests in only Shariah compliant equities as advised by the Resident Shariah Board Member.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 5% change in equity prices				
- Consolidated Profit and Loss Account	-	123,028	-	148,067
- Consolidated Other Comprehensive Income	-	276,149	-	265,908

48.2.5 Yield / profit rate risk

Yield risk occurs when there is a mismatch between positions, which are subject to profit rate alterations within a particular time period. The Group's financing, placement and investment activities give rise to profit rate risk. The effect of changes in profit rate is on the Group's income, and resultant impact is on the Group's net worth.

Profit rate risk is primarily managed by monitoring the rate sensitive gaps and by having the pre-approved limits for repricing buckets. ALCO is the supervising body for adherence with these, complemented by the monitoring of sensitivity of the Group's financial assets and liabilities to various scenarios.

The Group estimates changes in the market value of equity due to changes in the yield rates on on-balance sheet positions and their impact on capital adequacy ratio by conducting stress tests. It also assesses risk on earnings of the Group by various shocks.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in discount rates, with other factors remaining constant, on:				
- Consolidated Profit and Loss Account	4,447,366	-	3,437,737	-
- Consolidated Other Comprehensive Income	-	-	-	-

48.2.6 Mismatch of yield rate sensitive assets and liabilities

2022

	Effective yield rate %	Total	Exposed to yield risk									Non-yield bearing financial instruments
			Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	117,743,672	-	-	-	-	-	-	-	-	-	117,743,672
Balances with other banks	0.87	13,710,753	4,825,629	-	-	-	-	-	-	-	-	8,885,124
Due from financial institutions	11.25	34,964,299	-	-	-	-	-	34,964,299	-	-	-	-
Investments	14.52	1,287,316,423	53,732,131	94,242,964	868,978,721	-	2,005,914	20,459,704	235,604,122	-	-	12,292,867
Islamic financing and related assets	13.96	995,508,354	345,002,703	271,683,454	179,853,354	34,107,321	32,096,915	18,916,857	40,236,414	60,119,468	7,616,509	5,875,359
Other assets	-	83,538,015	-	-	-	-	-	-	-	-	-	83,538,015
		2,532,781,516	403,560,463	365,926,418	1,048,832,075	34,107,321	34,102,829	74,340,860	275,840,536	60,119,468	7,616,509	228,335,037
Liabilities												
Bills payable	-	40,175,122	-	-	-	-	-	-	-	-	-	40,175,122
Due to financial institutions	13.89	573,326,439	275,653,428	204,300,004	23,513,500	46,047	518,145	6,930,569	4,057,809	57,375,033	-	931,904
Deposits and other accounts	3.71	1,658,469,588	834,360,728	4,668,681	-	-	-	-	-	-	-	819,440,179
Sub-ordinated Sukuk	16.75	20,990,000	11,000,000	-	9,990,000	-	-	-	-	-	-	-
Other liabilities	-	145,721,198	-	-	-	-	-	-	-	-	-	145,721,198
		2,438,682,347	1,121,014,156	208,968,685	33,503,500	46,047	518,145	6,930,569	4,057,809	57,375,033	-	1,006,268,403
On-balance sheet gap		94,099,169	(717,453,693)	156,957,733	1,015,328,575	34,061,274	33,584,684	67,410,291	271,782,727	2,744,435	7,616,509	(777,933,366)
Non financial assets												
- Fixed assets		40,624,658										
- Intangible assets		1,873,518										
- Deferred tax asset		4,439,835										
- Other assets		2,181,051										
		49,119,062										
Non financial liabilities												
- Other liabilities		24,083,541										
- Deferred tax liabilities		-										
		24,083,541										
Total net assets		119,134,690										
Off-balance sheet financial instruments												
Guarantees		56,485,801	-	-	-	-	-	-	-	-	-	56,485,801
Documentary letter of credits		221,689,496	-	-	-	-	-	-	-	-	-	221,689,496
Forward purchase of foreign exchange contracts		139,648,096	-	-	-	-	-	-	-	-	-	139,648,096
Forward sale of foreign exchange contracts		(104,214,374)	-	-	-	-	-	-	-	-	-	(104,214,374)
Off-balance sheet gap		313,609,019	-	-	-	-	-	-	-	-	-	313,609,019
Total yield risk rate sensitivity gap			(717,453,693)	156,957,733	1,015,328,575	34,061,274	33,584,684	67,410,291	271,782,727	2,744,435	7,616,509	(464,324,347)
Cumulative yield risk rate sensitivity gap			(717,453,693)	(560,495,960)	454,832,615	488,893,889	522,478,573	589,888,864	861,671,591	864,416,026	872,032,535	407,708,188

2021

	Effective yield rate %	Total	Exposed to yield risk									Non-yield bearing financial instruments
			Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	170,501,306	-	-	-	-	-	-	-	-	-	170,501,306
Balances with other banks	0.02	16,465,169	287,660	-	-	-	-	-	-	-	-	16,177,509
Due from financial institutions	7.52	238,401,637	21,858,347	24,458,492	113,251,970	43,868,529	-	-	34,964,299	-	-	-
Investments	9.13	624,332,881	54,282,173	127,373,150	295,240,180	904,146	26,851,491	1,678,453	102,017,553	1,851,474	-	14,134,261
Islamic financing and related assets	9.28	758,086,120	197,161,911	259,970,790	141,996,581	19,491,897	10,436,579	17,798,822	32,792,056	67,931,119	-	10,506,365
Other assets	-	61,881,125	-	-	-	-	-	-	-	-	-	61,881,125
		1,869,668,238	273,590,091	411,802,432	550,488,731	64,264,572	37,288,070	19,477,275	169,773,908	69,782,593	-	273,200,566
Liabilities												
Bills payable	-	36,141,378	-	-	-	-	-	-	-	-	-	36,141,378
Due to financial institutions	5.78	220,414,234	121,110,629	31,267,638	20,301,496	2,235,253	111,303	1,062,131	4,261,659	39,620,301	-	443,824
Deposits and other accounts	2.66	1,455,871,080	791,004,367	762,073	177,300	-	-	-	-	-	-	663,927,340
Sub-ordinated Sukuk	10.40	20,990,000	20,990,000	-	-	-	-	-	-	-	-	-
Other liabilities	-	61,362,539	-	-	-	-	-	-	-	-	-	61,362,539
On-balance sheet gap		1,794,779,231	933,104,996	32,029,711	20,478,796	2,235,253	111,303	1,062,131	4,261,659	39,620,301	-	761,875,081
		74,889,007	(659,514,905)	379,772,721	530,009,935	62,029,319	37,176,767	18,415,144	165,512,249	30,162,292	-	(488,674,515)
Non financial assets												
- Fixed assets		34,185,975										
- Intangible assets		1,505,581										
- Deferred tax asset		-										
- Other assets		2,299,253										
		37,990,809										
Non financial liabilities												
- Other liabilities		22,366,015										
- Deferred tax liabilities		72,189										
		22,438,204										
Total net assets		90,441,612										
Off-balance sheet financial instruments												
Guarantees		45,072,765	-	-	-	-	-	-	-	-	-	45,072,765
Documentary letter of credits		175,227,624	-	-	-	-	-	-	-	-	-	175,227,624
Forward purchase of foreign exchange contracts		114,757,851	-	-	-	-	-	-	-	-	-	114,757,851
Forward sale of foreign exchange contracts		(85,857,428)	-	-	-	-	-	-	-	-	-	(85,857,428)
Off-balance sheet gap		249,200,812	-	-	-	-	-	-	-	-	-	249,200,812
Total yield risk rate sensitivity gap			(659,514,905)	379,772,721	530,009,935	62,029,319	37,176,767	18,415,144	165,512,249	30,162,292	-	(239,473,703)
Cumulative yield risk rate sensitivity gap			(659,514,905)	(279,742,184)	250,267,751	312,297,070	349,473,837	367,888,981	533,401,230	563,563,522	563,563,522	324,089,819

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market profit rates on both its fair value and cash flow risks. Profit margins may increase as a result of such changes but may reduce to losses in the event that unexpected movement arise.

48.3 Liquidity risk

Liquidity risk is the potential for loss to the Group arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring an unacceptable cost.

The Holding Company's Board of Directors sets the Group's policy for managing liquidity risk and entrusts accountability for supervision of the implementation of this strategy to senior management. Senior management exercises its responsibilities for managing market & liquidity risk through various committees including the Asset & Liability Management Committee (ALCO). Treasury department manages the Group's liquidity position on daily basis. The Group's main approach of managing the liquidity risk is to make certain that it will always have adequate liquidity to meet its liabilities when they are due in normal and stressed scenarios without incurring any untoward expenditure or risking reputational harm. ALCO monitors the maintenance of liquidity ratios, depositor's concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual deposits. Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.

48.3.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Group

	2022													
	Total	Upto 1 Day	Over 1 to 7 Days	Over 7 to 14 Days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 Year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	117,743,672	117,743,672	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	13,710,753	13,710,753	-	-	-	-	-	-	-	-	-	-	-	-
Due from financial institutions	34,964,299	-	-	-	-	-	-	-	-	-	-	34,964,299	-	-
Investments	1,287,316,423	430,510	2,335,560	2,749,820	8,455,672	7,940,803	2,281,694	24,299,991	309,464	763,631	4,298,970	218,041,978	892,153,122	123,255,208
Islamic financing and related assets	995,508,354	288,980,031	8,005,870	15,154,782	25,186,893	81,025,104	38,107,478	143,955,527	25,186,148	12,913,739	73,911,982	57,797,039	84,192,273	141,091,488
Fixed assets	40,624,658	28,720	172,321	201,042	459,524	1,340,171	670,642	2,570,878	3,799,169	1,280,205	3,158,240	3,112,996	13,771,643	10,059,107
Intangible assets	1,873,518	1,041	6,245	7,286	16,653	31,225	31,225	93,676	93,676	93,676	374,704	374,704	749,407	-
Deferred tax assets	4,439,835	-	-	-	-	-	-	-	554,979	554,979	1,109,959	1,109,959	1,109,959	-
Other assets	85,719,066	279,562	2,320,833	2,122,568	6,396,811	10,963,829	7,655,111	19,828,334	17,764,644	17,814,945	34,761	34,761	502,907	-
	2,581,900,578	421,174,289	12,840,829	20,235,498	40,515,553	101,301,132	48,746,150	190,748,406	47,708,080	33,421,175	82,888,616	315,435,736	992,479,311	274,405,803
Liabilities														
Bills payable	40,175,122	13,257,790	8,972,444	8,972,444	8,972,444	-	-	-	-	-	-	-	-	-
Due to financial institutions	573,326,439	2,298,935	105,138,698	23,793,134	145,354,564	120,221,095	84,078,910	23,513,500	26,312	19,735	518,145	1,930,569	9,057,809	57,375,033
Deposits and other accounts	1,658,469,588	1,460,232,706	8,936,398	9,236,718	18,123,288	18,687,094	11,075,804	22,113,911	17,034,887	20,089,632	36,187,302	6,392,202	15,959,780	14,399,866
Subordinated sukuk	20,990,000	-	-	-	-	-	-	-	-	-	-	-	-	20,990,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	169,804,739	419,845	3,189,589	3,104,190	8,191,418	62,160,870	13,271,188	22,162,316	22,171,423	2,043,918	2,392,535	2,930,938	16,771,775	10,994,734
	2,462,765,888	1,476,209,276	126,237,129	45,106,486	180,641,714	201,069,059	108,425,902	67,789,727	39,232,622	22,153,285	39,097,982	11,253,709	41,789,364	103,759,633
Net assets	119,134,690	(1,055,034,987)	(113,396,300)	(24,870,988)	(140,126,161)	(99,767,927)	(59,679,752)	122,958,679	8,475,458	11,267,890	43,790,634	304,182,027	950,689,947	170,646,170
Share capital	17,896,243													
Reserves	28,212,137													
Unappropriated profit	72,485,599													
Deficit on revaluation of assets	(663,671)													
Non-controlling interest	1,204,382													
	119,134,690													

2021

	Total	Upto 1 Day	Over 1 to 7 Days	Over 7 to 14 Days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 Year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	170,501,306	56,265,431	38,078,625	38,078,625	38,078,625	-	-	-	-	-	-	-	-	-
Balances with other banks	16,465,169	8,232,584	8,232,585	-	-	-	-	-	-	-	-	-	-	-
Due from financial institutions	238,401,637	-	9,136,188	2,075,902	10,646,257	7,433,912	17,024,580	113,251,970	25,794,599	18,073,930	-	-	34,964,299	-
Investments	624,332,881	864,130	2,522,282	2,967,662	6,726,084	42,933,604	146,905	1,504,998	686,256	1,693,397	29,400,035	5,997,866	402,578,763	126,310,899
Islamic financing and related assets	758,086,120	222,414,768	5,656,942	5,563,877	26,406,246	68,076,001	28,083,086	106,257,573	14,546,831	7,458,623	37,499,645	56,775,730	80,633,852	98,712,946
Fixed assets	34,185,975	32,982	197,890	230,871	527,706	1,337,765	844,155	2,952,407	4,390,015	1,479,304	6,356,391	5,933,633	1,958,687	7,944,169
Intangible assets	1,505,581	836	5,019	5,855	13,383	25,093	25,093	75,279	75,279	75,279	301,116	301,116	602,233	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	64,180,378	2,031,071	1,647,515	1,709,277	4,785,811	7,512,656	5,510,575	13,850,480	13,260,378	13,297,875	545,640	9,700	19,400	-
	1,907,659,047	289,841,802	65,477,046	50,632,069	87,184,112	127,319,031	51,634,394	237,892,707	58,753,358	42,078,408	74,102,827	69,018,045	520,757,234	232,968,014
Liabilities														
Bills payable	36,141,378	11,926,655	8,070,370	8,070,370	8,073,983	-	-	-	-	-	-	-	-	-
Due to financial institutions	220,414,234	397,683	118,164,846	690,226	2,301,698	24,271,935	6,995,702	20,301,496	25,387	2,209,866	111,303	1,062,131	4,261,659	39,620,302
Deposits and other accounts	1,455,871,080	1,209,164,011	15,515,306	13,316,714	33,137,209	21,177,259	9,079,052	21,999,364	27,942,075	27,289,340	38,868,341	6,998,947	17,840,254	13,543,208
Subordinated sukuk	20,990,000	-	-	-	-	-	-	-	-	-	-	-	-	20,990,000
Deferred tax liabilities	72,189	-	-	-	-	-	-	-	-	18,048	18,047	18,047	18,047	-
Other liabilities	83,728,554	291,027	2,290,391	2,458,315	6,501,520	10,717,566	8,699,246	23,404,108	10,259,261	9,751,981	4,946,749	4,408,390	-	-
	1,817,217,435	1,221,779,376	144,040,913	24,535,625	50,014,410	56,166,760	24,774,000	65,704,968	38,226,723	39,269,235	43,944,440	12,487,515	22,119,960	74,153,510
Net assets	90,441,612	(931,937,574)	(78,563,867)	26,096,444	37,169,702	71,152,271	26,860,394	172,187,739	20,526,634	2,809,173	30,158,387	56,530,530	498,637,274	158,814,504
Share capital	16,269,312													
Reserves	23,417,514													
Unappropriated profit	45,494,657													
Surplus on revaluation of assets	4,063,610													
Non-controlling interest	1,196,519													
	90,441,612													

48.3.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

	2022									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	117,743,672	117,743,672	-	-	-	-	-	-	-	-
Balances with other banks	13,710,753	13,710,753	-	-	-	-	-	-	-	-
Due from financial institutions	34,964,299	-	-	-	-	-	34,964,299	-	-	-
Investments	1,287,316,423	9,801,129	10,222,498	24,299,991	1,073,095	4,298,970	222,212,410	892,153,122	123,255,208	-
Islamic financing and related assets	995,508,354	109,889,188	170,557,448	191,790,440	166,278,496	73,911,982	57,797,039	84,192,273	116,506,442	24,585,046
Fixed assets	40,624,658	861,607	2,010,812	2,570,878	5,079,375	3,158,240	3,112,996	13,771,643	2,458,538	7,600,569
Intangible assets	1,873,518	31,225	62,451	93,675	187,352	374,704	374,704	749,407	-	-
Deferred tax assets	4,439,835	-	-	-	1,109,958	1,109,959	1,109,959	1,109,959	-	-
Other assets	85,719,066	11,119,773	18,618,940	19,828,334	35,579,590	34,761	34,761	502,907	-	-
	2,581,900,578	263,157,347	201,472,149	238,583,318	209,307,866	82,888,616	319,606,168	992,479,311	242,220,188	32,185,615
Liabilities										
Bills payable	40,175,122	40,175,122	-	-	-	-	-	-	-	-
Due to financial institutions	573,326,439	276,585,331	204,300,004	23,513,500	46,048	518,145	1,930,569	9,057,809	56,549,574	825,459
Deposits and other accounts	1,658,469,588	126,857,647	102,451,968	89,728,580	132,746,100	171,416,640	110,157,322	180,507,526	316,775,661	427,828,144
Subordinated sukuk	20,990,000	-	-	-	-	-	-	-	13,990,000	7,000,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	169,804,739	16,428,485	78,651,082	27,335,083	14,300,107	2,392,535	2,930,938	16,771,775	10,994,734	-
	2,462,765,888	460,046,585	385,403,054	140,577,163	147,092,255	174,327,320	115,018,829	206,337,110	398,309,969	435,653,603
Net assets	119,134,690	(196,889,238)	(183,930,905)	98,006,155	62,215,611	(91,438,704)	204,587,339	786,142,201	(156,089,781)	(403,467,988)
Share capital	17,896,243									
Reserves	28,212,137									
Unappropriated profit	72,485,599									
Deficit on revaluation of assets	(663,671)									
Non controlling interest	1,204,382									
	119,134,690									

	2021									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	170,501,306	170,501,306	-	-	-	-	-	-	-	-
Balances with other banks	16,465,169	16,465,169	-	-	-	-	-	-	-	-
Due from financial institutions	238,401,637	21,858,348	24,458,492	113,251,970	43,868,528	-	-	34,964,299	-	-
Investments	624,332,881	13,080,158	43,080,508	1,504,998	2,379,653	29,400,035	5,997,866	402,578,764	122,638,679	3,672,220
Islamic financing and related assets	758,086,120	86,421,934	141,762,960	148,651,817	107,627,236	37,499,645	56,775,730	80,633,851	84,055,913	14,657,034
Fixed assets	34,185,975	989,448	2,181,920	2,952,407	5,869,319	6,356,390	5,933,633	1,958,689	1,520,669	6,423,500
Intangible assets	1,505,581	25,093	50,186	75,280	150,558	301,116	301,116	602,232	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	64,180,378	10,173,674	13,023,231	13,850,480	26,558,080	545,641	9,757	19,515	-	-
	1,907,659,047	320,056,106	225,639,248	281,909,878	189,699,227	80,594,534	75,509,809	533,740,763	208,215,261	24,752,754
Liabilities										
Bills payable	36,141,378	36,141,378	-	-	-	-	-	-	-	-
Due to financial institutions	220,414,234	121,554,453	31,267,637	20,301,496	2,235,253	111,304	1,062,131	4,261,659	39,620,301	-
Deposits and other accounts	1,455,871,080	141,377,392	94,015,603	81,307,639	139,105,982	157,484,892	98,016,627	162,173,475	308,209,213	274,180,257
Subordinated sukuk	20,990,000	-	-	-	-	-	-	-	13,990,000	7,000,000
Deferred tax liabilities	72,189	-	-	-	18,048	18,047	18,047	18,047	-	-
Other liabilities	83,728,554	11,541,252	19,416,811	23,404,108	20,011,242	4,946,749	4,408,392	-	-	-
	1,817,217,435	310,614,475	144,700,051	125,013,243	161,370,524	162,560,992	103,505,197	166,453,181	361,819,514	281,180,257
Net assets	90,441,612	9,441,631	80,939,197	156,896,635	28,328,703	(81,966,458)	(27,995,388)	367,287,582	(153,604,253)	(256,427,503)
Share capital	16,269,312									
Reserves	23,417,514									
Unappropriated profit	45,494,657									
Surplus on revaluation of assets	4,063,610									
Non controlling interest	1,196,519									
	90,441,612									

Regarding behaviour of non-maturity deposits (non-contractual deposits), the Group has carried out a behavioural study using the Value at Risk (VaR) methodology based on 5 years data. On the basis of its findings, 27.20% of current accounts and 16.20% of saving accounts are bucketed into 'Upto 1-Year maturity' whereas, 72.80% of current accounts and 83.80% of savings accounts are bucketed into maturities of above 1-Year.

48.4 Operational risk

The Group uses Basic Indicator Approach (BIA) for assessing the capital charge for operational risk. Under BIA the capital charge is calculated by multiplying average positive annual gross income of the Group over past three years with 15% as per guidelines issued by SBP under Basel II.

To reduce losses arising from operational risk, the Group has strengthened its risk management framework by developing polices, strategies, guidelines and manuals. It also includes set up of functions like operational risk management, prevention of fraud and forgery and information security function, defining responsibilities of individuals, implementing four eye principle, enhancing security measures, improving efficiency and effectiveness of operations, outsourcing and improving quality of human resources through trainings and development.

49 PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS' POOLS AND SPECIFIC POOLS

49.1 The Holding Company managed following general and specific pools during the year:

2022							
General Remunerative (Savings and Fixed) Depositors' Pools	Profit Rate and weightage announcement period	Profit rate return earned - Average	Profit Sharing Ratio of Mudarib	Mudarib Fee based on profit sharing ratio	Profit rate return distributed to remunerative deposits (Savings and Fixed) - Average	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
				Rupees in '000			Rupees in '000
PKR Pool	Monthly	11.03%	50%	43,715,542	6.57%	18%	7,846,233
USD Pool	Monthly	3.78%	75%	1,750,106	0.95%	-	-
GBP Pool	Monthly	2.90%	90%	89,665	0.26%	-	-
EUR Pool	Monthly	1.77%	90%	26,538	0.16%	-	-

2021							
General Remunerative (Savings and Fixed) Depositors' Pools	Profit Rate and weightage announcement period	Profit rate return earned - Average	Profit Sharing Ratio of Mudarib	Mudarib Fee based on profit sharing ratio	Profit rate return distributed to remunerative deposits (Savings and Fixed) - Average	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
				Rupees in '000			Rupees in '000
PKR Pool	Monthly	7.80%	50%	27,182,756	3.98%	2%	564,181
USD Pool	Monthly	1.45%	75%	520,362	0.36%	-	-
GBP Pool	Monthly	0.88%	90%	24,673	0.09%	-	-
EUR Pool	Monthly	0.54%	90%	6,448	0.05%	-	-

2022							
Specific Pools	Profit Rate and weightage announcement period	Profit rate return earned	Profit Sharing Ratio	Investment ratio	Profit rate return distributed	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
Islamic Export Refinance (IERS) Musharaka Pool	Monthly	9.18%	-*	-*	3.63%	N/A	N/A
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	16.80% - 7.32%	-*	-*	16.75% - 9.50%	N/A	N/A
Special Sharikah Certificate Musharaka / Mudaraba borrowing Pool	As required	19.00% - 7.32%	-*	-*	16.77% - 2.87%	N/A	N/A

* The profit sharing ratio and the investment ratio varies on case to case basis.

2021							
Specific Pools	Profit Rate and weightage announcement period	Profit rate return earned	Profit Sharing Ratio	Investment ratio	Profit rate return distributed	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
Islamic Export Refinance (IERS) Musharaka Pool	Monthly	6.11%	-*	-*	2.03%	N/A	N/A
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	11.46% - 5.95%	-*	-*	4.00% - 10.80%	N/A	N/A
Special Sharikah Certificate Musharaka / Mudaraba borrowing Pool	As required	12.04% - 5.95%	-*	-*	9.20% - 2.75%	N/A	N/A

* The profit sharing ratio and the investment ratio varies on case to case basis.

49.2 Following weightages have been assigned to different major products under the General pools during the year:

	Percentage to Total Mudaraba based Deposits		Maximum Weightage	Minimum Weightage	Maximum Weightage	Minimum Weightage
	2022	2021	2022	2022	2021	2021
PKR Pool						
Saving Accounts	28.65%	27.25%	0.40	0.36	0.36	0.32
Meezan Bachat Account	17.29%	18.04%	0.41	0.36	0.38	0.32
Karobari Munafa Account	10.71%	8.36%	0.57	0.36	0.60	0.32
Certificate of Islamic Investment	10.96%	13.31%	0.66	0.34	0.80	0.47
Meezan Aamdan Certificate	4.45%	5.30%	0.80	0.57	0.92	0.65
USD Pool						
Saving Accounts	4.23%	4.00%	0.45	0.45	0.45	0.45
Certificate of Islamic Investment	1.76%	1.75%	1.35	0.77	1.35	0.77
GBP Pool						
Saving Accounts	0.37%	0.38%	0.27	0.27	0.27	0.27
EUR Pool						
Saving Accounts	0.18%	0.18%	0.27	0.27	0.27	0.27

49.3 Allocation of Income and Expenses to Depositors' Pools

Following are material items of revenues, expenses, gains and losses

	2022	2021
	Rupees in '000	
Profit / return earned on islamic financing and related assets, investments and placements	158,778,116	102,815,084
Other Income (including other charges and interpool income)	5,973,096	4,330,174
Directly related costs attributable to pool	(2,197,829)	(1,794,432)

50 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated financial statements, wherever necessary, to facilitate comparison and better presentation.

51 NON-ADJUSTING EVENT

The Board of Directors of the Holding Company in their meeting held on February 16, 2023 has announced final cash dividend of Rs 3.00 per share (30%). These consolidated financial statements for the year ended December 31, 2022, do not include the effect of this appropriation which will be accounted for in the consolidated financial statements for the year ending December 31, 2023.

52 DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on February 16, 2023 by the Board of Directors of the Holding Company.

Riyadh S. A. A. Edrees	Irfan Siddiqui	Faisal A. A. A. Al-Nassar	Mohammad Abdul Aleem	Syed Imran Ali Shah
Chairman	President & CEO	Director	Director	Chief Financial Officer

Consolidated Statement Showing Written-off Financing or any other Financial Relief of Rupees 500,000 or Above (Annexure I)

During the year ended December 31, 2022

Rupees in '000

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2022 as referred in note 11.13 to these consolidated financial statements.

S. No.	Name and address of the borrower	Name of individuals / directors (with CNIC / Passport No)	Father's / Husband's Name	Outstanding liabilities as at January 1, 2022				Principal written-off	Profit written-off	Other Financial relief provided	Total (9+10+11)
				Principal	Profit	Others	Total (5+6+7)				
1	2	3	4	5	6	7	8	9	10	11	12
1	Millennium Industries Main National Highway, Hyderabad	Kalash Lohana 41207-9936424-7 Vinesh Kumar Lohana 41303-4170015-9	Nuko Mal Nuko Mal	454,961	93,202	-	548,163	79,618	126,938	-	206,556
2	Millennium Cotton Ginning And Oil Industries Main National Highway, Hyderabad	Kalash Lohana 41207-9936424-7 Vinesh Kumar Lohana 41303-4170015-9	Nuko Mal Nuko Mal	29,935	26,670	-	56,605	5,278	21,487	-	26,765
3	Kevin Roy House # 448, Block-B, Phase 12, Sector-EME, Defence Housing Authority, Lahore	90406-0152911-1	Kenneth Manmouan Roy	28,403	3,409	972	32,784	-	6,204	972	7,176
4	Shoaib Maqsood House # 543, Block-D, Phase-6, Defence Housing Authority, Lahore	35202-3905341-3	Sheikh Maqsood Ahmad	23,191	4,371	696	28,258	-	5,069	696	5,765
5	Muhammad Riaz House # 22, Street # 1, Mahmoodabad, Faisalabad	33100-3959669-1	Muhammad Ismail	2,918	5,136	208	8,262	-	3,561	208	3,769
6	Kashif Mehmood House # 407, Khewat # 965, khatooni # 1244, Khasra # 7995/927, Hadbast Mouza Rakh Khamba, Airline Housing Society, Tehsil Raiwind, District Lahore	35202-2713326-7	Khalid Mahmood	18,837	3,812	565	23,214	-	2,854	565	3,419
7	Farhan Ahmad House # P-100, Canal Road, Saeed Colony # 1, Faisalabad	33100-4860917-9	Basharat Ahmad	1,942	411	-	2,353	-	2,056	475	2,531
8	Irfan Ali Apartment # 304, Tayyaba Homes, Plot # 125/1, Kharaget Road, Jamshed Quarters, Karachi,	42201-0383289-1	Ejaz Ali	7,663	2,343	-	10,006	-	2,343	-	2,343
9	Nayyar Ghias Khokhar Plot No 27, Block A-4, Phase I, Punjab Government Employees Co-Operative Housing Society, Lahore	35200-6618149-1	Khair Ud Din Khokhar	5,200	1,914	156	7,270	-	964	156	1,120
				573,050	141,268	2,597	716,915	84,896	171,476	3,072	259,444



Additional Information

PATTERNS OF SHAREHOLDING

No. of Shareholders	No. of Shares From	To	'Shares held'	Percentage
1,997	1	100	70,909	0.0040
1,906	101	500	506,089	0.0283
1,015	501	1,000	764,000	0.0427
1,891	1,001	5,000	4,475,709	0.2501
533	5,001	10,000	3,825,710	0.2138
236	10,001	15,000	2,902,160	0.1622
145	15,001	20,000	2,541,604	0.1420
100	20,001	25,000	2,257,288	0.1261
77	25,001	30,000	2,104,046	0.1176
72	30,001	35,000	2,351,850	0.1314
41	35,001	40,000	1,530,395	0.0855
38	40,001	45,000	1,624,797	0.0908
46	45,001	50,000	2,188,385	0.1223
25	50,001	55,000	1,317,418	0.0736
19	55,001	60,000	1,091,589	0.0610
27	60,001	65,000	1,679,506	0.0938
12	65,001	70,000	808,095	0.0452
16	70,001	75,000	1,167,106	0.0652
10	75,001	80,000	767,725	0.0429
17	80,001	85,000	1,418,220	0.0792
7	85,001	90,000	615,896	0.0344
7	90,001	95,000	644,865	0.0360
10	95,001	100,000	981,263	0.0548
7	100,001	105,000	723,365	0.0404
15	105,001	110,000	1,625,030	0.0908
6	110,001	115,000	672,637	0.0376
6	115,001	120,000	701,159	0.0392
9	120,001	125,000	1,102,136	0.0616
9	125,001	130,000	1,144,365	0.0639
4	130,001	135,000	524,406	0.0293
8	135,001	140,000	1,098,567	0.0614
5	140,001	145,000	711,801	0.0398
3	145,001	150,000	446,120	0.0249
3	150,001	155,000	456,295	0.0255
7	155,001	160,000	1,108,673	0.0620
10	160,001	165,000	1,627,649	0.0909
5	165,001	170,000	835,489	0.0467
6	170,001	175,000	1,033,471	0.0577
3	175,001	180,000	534,486	0.0299
8	180,001	185,000	1,457,282	0.0814
2	185,001	190,000	379,232	0.0212
2	190,001	195,000	386,434	0.0216
8	195,001	200,000	1,586,028	0.0886
3	200,001	205,000	605,176	0.0338
5	205,001	210,000	1,040,644	0.0581
2	210,001	215,000	426,339	0.0238
5	215,001	220,000	1,100,000	0.0615
3	220,001	225,000	667,235	0.0373
6	230,001	235,000	1,392,129	0.0778
3	235,001	240,000	710,614	0.0397
2	240,001	245,000	484,837	0.0271
3	245,001	250,000	745,161	0.0416
2	255,001	260,000	519,000	0.0290
2	260,001	265,000	525,697	0.0294
3	270,001	275,000	818,670	0.0457
1	275,001	280,000	278,838	0.0156
1	280,001	285,000	284,625	0.0159
2	285,001	290,000	574,891	0.0321
1	290,001	295,000	293,981	0.0164
2	295,001	300,000	598,700	0.0335
3	300,001	305,000	905,281	0.0506
1	305,001	310,000	308,311	0.0172
1	315,001	320,000	316,321	0.0177
1	320,001	325,000	324,223	0.0181
4	325,001	330,000	1,315,800	0.0735
1	330,001	335,000	334,151	0.0187
2	335,001	340,000	677,432	0.0379
1	340,001	345,000	344,092	0.0192
1	345,001	350,000	348,991	0.0195
1	350,001	355,000	353,257	0.0197
2	355,001	360,000	716,655	0.0400
1	360,001	365,000	363,670	0.0203
2	365,001	370,000	734,509	0.0410
1	370,001	375,000	371,800	0.0208
2	375,001	380,000	758,876	0.0424
2	380,001	385,000	768,750	0.0430
1	390,001	395,000	393,250	0.0220
1	395,001	400,000	400,000	0.0224
1	400,001	405,000	404,751	0.0226
1	415,001	420,000	417,443	0.0233
1	420,001	425,000	424,758	0.0237
2	445,001	450,000	893,433	0.0499
1	450,001	455,000	455,000	0.0254
1	455,001	460,000	458,984	0.0256
1	460,001	465,000	461,221	0.0258
2	480,001	485,000	963,459	0.0538
2	490,001	495,000	990,000	0.0553
2	495,001	500,000	998,148	0.0558
3	500,001	505,000	1,508,012	0.0843
1	510,001	515,000	510,626	0.0285
3	515,001	520,000	1,557,696	0.0870
1	525,001	530,000	526,683	0.0294
3	565,001	570,000	1,703,947	0.0952
3	570,001	575,000	1,718,875	0.0960
1	575,001	580,000	578,673	0.0323
1	585,001	590,000	585,378	0.0327
1	595,001	600,000	596,000	0.0333
1	600,001	605,000	604,960	0.0338
1	615,001	620,000	619,100	0.0346
1	620,001	625,000	621,664	0.0347
1	625,001	630,000	629,670	0.0352
2	645,001	650,000	1,298,465	0.0726
1	655,001	660,000	657,179	0.0367
2	660,001	665,000	1,324,495	0.0740
1	685,001	690,000	689,494	0.0385
1	695,001	700,000	695,344	0.0389
2	710,001	715,000	1,428,431	0.0798

No. of Shareholders	No. of Shares From	To	'Shares held'	Percentage
1	735,001	740,000	737,495	0.0412
1	740,001	745,000	744,500	0.0416
1	745,001	750,000	750,000	0.0419
1	755,001	760,000	757,102	0.0423
1	770,001	775,000	774,764	0.0433
2	785,001	790,000	1,580,000	0.0883
1	795,001	800,000	795,599	0.0445
1	815,001	820,000	817,023	0.0457
1	820,001	825,000	821,253	0.0459
1	840,001	845,000	841,440	0.0470
1	845,001	850,000	847,550	0.0474
1	850,001	855,000	850,491	0.0475
2	895,001	900,000	1,792,412	0.1002
1	925,001	930,000	927,179	0.0518
1	935,001	940,000	938,096	0.0524
1	955,001	960,000	959,947	0.0536
1	985,001	990,000	988,973	0.0553
1	995,001	1,000,000	1,000,000	0.0559
1	1,030,001	1,035,000	1,030,544	0.0576
1	1,035,001	1,040,000	1,036,358	0.0579
1	1,055,001	1,060,000	1,055,758	0.0590
1	1,120,001	1,125,000	1,124,332	0.0628
1	1,125,001	1,130,000	1,127,210	0.0630
2	1,130,001	1,135,000	2,266,551	0.1266
1	1,165,001	1,170,000	1,167,071	0.0652
1	1,205,001	1,210,000	1,209,968	0.0676
2	1,250,001	1,255,000	2,506,776	0.1401
1	1,265,001	1,270,000	1,268,852	0.0709
1	1,270,001	1,275,000	1,271,339	0.0710
1	1,280,001	1,285,000	1,284,010	0.0717
1	1,345,001	1,350,000	1,346,641	0.0752
1	1,355,001	1,360,000	1,357,294	0.0758
1	1,395,001	1,400,000	1,400,000	0.0782
1	1,400,001	1,405,000	1,402,823	0.0784
1	1,415,001	1,420,000	1,420,000	0.0793
1	1,440,001	1,445,000	1,440,630	0.0805
1	1,455,001	1,460,000	1,459,184	0.0815
1	1,470,001	1,475,000	1,475,000	0.0824
1	1,525,001	1,530,000	1,529,000	0.0854
3	1,540,001	1,545,000	4,624,645	0.2584
1	1,545,001	1,550,000	1,549,588	0.0866
1	1,590,001	1,595,000	1,590,134	0.0889
1	1,595,001	1,600,000	1,600,000	0.0894
1	1,600,001	1,605,000	1,602,515	0.0895
1	1,610,001	1,615,000	1,612,600	0.0901
1	1,625,001	1,630,000	1,628,073	0.0910
1	1,655,001	1,660,000	1,658,338	0.0927
1	1,665,001	1,670,000	1,670,000	0.0933
1	1,680,001	1,685,000	1,683,715	0.0941
1	1,695,001	1,700,000	1,695,650	0.0947
1	1,700,001	1,705,000	1,700,925	0.0950
1	1,880,001	1,885,000	1,881,627	0.1051
1	1,955,001	1,960,000	1,959,523	0.1095
1	1,995,001	2,000,000	2,000,000	0.1118
1	2,030,001	2,035,000	2,031,292	0.1135
1	2,040,001	2,045,000	2,040,661	0.1140
1	2,055,001	2,060,000	2,058,741	0.1150
1	2,085,001	2,090,000	2,087,250	0.1166
1	2,200,001	2,205,000	2,203,122	0.1231
1	2,280,001	2,285,000	2,281,343	0.1275
1	2,495,001	2,500,000	2,498,455	0.1396
1	2,520,001	2,525,000	2,523,512	0.1410
1	2,610,001	2,615,000	2,613,788	0.1461
1	2,670,001	2,675,000	2,670,420	0.1492
1	2,675,001	2,680,000	2,677,565	0.1496
1	2,700,001	2,705,000	2,701,313	0.1509
1	2,710,001	2,715,000	2,712,724	0.1516
1	2,830,001	2,835,000	2,832,197	0.1583
1	2,860,001	2,865,000	2,864,649	0.1601
1	2,870,001	2,875,000	2,871,197	0.1604
1	2,955,001	2,960,000	2,960,000	0.1654
1	3,205,001	3,210,000	3,206,087	0.1791
1	3,260,001	3,265,000	3,261,035	0.1822
1	3,475,001	3,480,000	3,477,466	0.1943
1	3,485,001	3,490,000	3,485,570	0.1948
1	3,550,001	3,555,000	3,550,422	0.1984
1	3,670,001	3,675,000	3,671,779	0.2052
1	3,830,001	3,835,000	3,834,861	0.2143
1	3,935,001	3,940,000	3,939,335	0.2201
1	4,005,001	4,010,000	4,008,303	0.2240
1	4,020,001	4,025,000	4,023,329	0.2248
1	4,110,001	4,115,000	4,112,748	0.2298
1	4,220,001	4,225,000	4,221,957	0.2359
1	4,360,001	4,365,000	4,361,365	0.2437
1	4,915,001	4,920,000	4,916,279	0.2747
1	4,985,001	4,990,000	4,985,290	0.2786
1	5,580,001	5,585,000	5,584,234	0.3120
1	5,740,001	5,745,000	5,743,399	0.3209
1	6,110,001	6,115,000	6,113,262	0.3416
1	6,190,001	6,195,000	6,192,073	0.3460
1	6,235,001	6,240,000	6,236,920	0.3485
1	7,095,001	7,100,000	7,095,987	0.3965
1	8,425,001	8,430,000	8,427,315	0.4709
1	9,070,001	9,075,000	9,071,711	0.5069
1	10,380,001	10,385,000	10,384,471	0.5803
1	10,620,001	10,625,000	10,622,374	0.5936
1	10,770,001	10,775,000	10,772,667	0.6020
1	13,235,001	13,240,000	13,238,751	0.7398
1	14,840,001	14,845,000	14,840,532	0.8293
1	15,075,001	15,080,000	15,079,983	0.8426
1	20,425,001	20,430,000	20,425,552	1.1413
1	28,065,001	28,070,000	28,067,063	1.5683
1	166,860,001	166,865,000	166,863,457	9.3239
1	536,885,001	536,890,000	536,887,288	30.0000
1	630,815,001	630,820,000	630,819,684	35.2487
8,602	Company Total		1,789,624,321	100.0000

CATEGORIES OF SHAREHOLDERS

For the year ended December 31, 2022

Particulars	Number of Shareholders	Shares held	Percentage	Number of Shareholders	Shares held	Percentage
	2022			2021		
Directors, Chief Executive, their spouse and minor children	6	14,861,523	0.83%	6	13,510,477	0.83%
Associated Companies, undertakings and related parties	11	1,358,800,867	75.93%	10	1,236,770,359	76.02%
Banks, Development Financial Institutions and Non Banking Finance Companies	26	40,078,136	2.24%	20	17,686,974	1.09%
Insurance Companies	15	25,973,756	1.45%	13	28,218,534	1.73%
Modaraba and Mutual Funds	84	43,307,471	2.42%	77	41,235,096	2.53%
General Public						
a.Local	6,802	99,944,182	5.58%	4,615	80,233,754	4.93%
b.Foreign	1,296	22,719,211	1.27%	837	14,835,511	0.91%
Others	362	183,939,175	10.28%	328	194,440,496	11.95%
Total	8,602	1,789,624,321	100.00%	5,906	1,626,931,201	100.00%

Additional Information as at December 31, 2022

Particulars	Number of Shareholders	Shares held	Percentage	Number of Shareholders	Shares held	Percentage
	2022			2021		
Associated Companies & Shareholders with more than 10% shareholding						
Noor Financial Investment Co, Kuwait	1	630,819,684	35.25%	1	573,472,440	35.25%
Pakistan Kuwait Investment Co. (Pvt.) Ltd.	1	536,887,288	30.00%	1	488,079,353	30.00%
Islamic Development Bank, Jeddah	1	166,863,457	9.32%	1	151,694,052	9.32%
CDC Trustee Meezan Islamic Fund	1	15,079,983	0.84%	1	15,277,983	0.94%
CDC Trustee Meezan Balanced Fund	1	817,023	0.05%	1	1,149,463	0.07%
CDC Trustee Meezan Dedicated Equity Fund	1	498,227	0.03%	1	497,080	0.03%
CDC Trustee Meezan Asset Allocation Fund	1	526,683	0.03%	1	645,167	0.04%
CDC - Trustee Al Meezan Mutual Fund	1	2,871,197	0.16%	1	2,285,548	0.14%
CDC - Trustee KSE Meezan Index Fund	1	1,658,338	0.09%	1	1,294,530	0.08%
CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund	1	2,712,724	0.15%	1	2,374,743	0.15%
CDC - Trustee Meezan Pakistan Exchange Traded Fund	1	66,263	0.00%	-	-	-
Directors, Chief Executive, their spouse and minor children						
Mr. Mohammad Abdul Aleem	1	689,494	0.04%	1	626,813	0.04%
Ms. Nausheen Ahmad	1	764	0.00%	1	695	0.00%
Mr. Yousef S.M.A. Alsaad	1	550	0.00%	1	500	0.00%
Mr. Irfan Siddiqui	1	5,743,400	0.32%	1	5,221,273	0.32%
Executives	51	5,081,580	0.28%	41	4,609,287	0.28%
Public Sector Companies, Corporations, Banks, DFI's, NBFC's, Insurance Companies, Modaraba, Mutual Funds and other Organizations	487	293,298,538	16.39%	438	281,581,100	17.31%
General Public	8,049	126,009,128	7.04%	5,413	98,121,174	6.03%
	8,602	1,789,624,321	100.00%	5,906	1,626,931,201	100.00%

GLOSSARY

AAOIFI
Accounting and Auditing Organization for Islamic Financial Institutions.

Al-'Aqd
Contract

Al-Bai
A contract of sale which is exchange of thing of value with another thing of value with mutual consent.

Al-Bai' Al-Mu'ajjal
It is a contract of sale in which the seller allows the buyer to pay the price of a commodity at a future date in lump sum or in instalments.

Al-'Ijtihad
Endeavour of an Islamic jurist to derive or formulate a rule of law pertaining to a matter not explicitly mentioned in the Shariah sources.

Al-Kafalah
A contract of surety in which a person adds to his responsibility or liability on behalf of another person in respect of a demand for a loan or debt.

Bai' Al-Dain
Sale of debt.

Bai' Al-'Inah
A contract of sale, where a person sells an asset on credit and then buys back at a less price for cash.

Bai' Al-'Istijrar
A form of sale whereby the buyer keeps on taking the goods from the seller as and when needed without settling the price and then settles the account later on.

Bai' Al-Murabahah
Sale of goods with an agreed price by disclosing cost and profit.

Bai' Al-Musawamah
Sale of goods at a negotiated price without mentioning the cost to the buyer.

Bai Al-Salam
It is a kind of sale of specified homogenous goods in which full payment is in advance spot while the delivery of goods is deferred to a future date.

Bai' Al-Tawliyah
A contract of sale in which the seller agrees to sell a product at his cost by disclosing the cost.

Bai' Al-Wad'Iyah
A sales contract in which a seller informs the buyer his actual cost and then gives a further discount on it.

Charity
Means monetarily helping those in need. In IBIs in order to mitigate the risk of delayed payment customer undertakes to pay an amount to IBI as charity in case of delay in payment which the IBI shall donate on behalf of the customer.

Diminishing Musharakah
It is a financing product being practiced by IBIs in which Bank and customer participate in joint ownership of a property. The share of the bank is divided into number of units and the units owned by the Bank are rented to the customer. Customer purchases these units from bank at periodic intervals, thereby increasing his/her share in the undivided property until all the units are purchased by the customer.

Fatwa
A decree by a competent Shariah scholar qualified to issue decrees (mufti) on a matter giving an opinion about the position of a matter in the light of the Shariah rules and principles.

Gharar
It means any element of absolute or excessive uncertainty in a contract

Hiba
Gift/Transfer of ownership of an asset without any consideration.

Ijara/Ijarah
Letting on lease; technically, sale of a definite usufruct in exchange for a definite reward; commonly used for wages. It also refers to a mode of financing adopted by Islamic banks. It is an arrangement under which an Islamic bank leases equipment, a building etc. to a client against an agreed rental for a definite period.

Ijma'
Consensus of the Islamic jurists (mujtahidin) on a certain Shariah issue. after the demise of the Holy Prophet (P.B.U.H.)

Islamic Banking
Banking in consonance with the ethics and value system of Islam as compared to conventional banking that conducts its business of borrowing and lending on the basis of interest.

Islamic Credit Card
It is a Shariah-compliant credit card whereby no riba is involved.

Istisna'a/Istisna
It is a kind of sale where a purchaser orders to a manufacturer to manufacture a specific commodity for the purchaser. It is necessary for the validity of Istisna that the price is fixed with the consent of the parties and that necessary specification of the commodity (intended to be manufactured) is fully settled between them.

Mudarabah
An agreement between two or more persons whereby one or more of them provide finance, while the other provides entrepreneurship and management to carry on the business venture whether trade, industry or service, with the objective of earning profits. They share the profit in an agreed proportion. The loss is borne only by the financier(s) in proportion to their share in total capital.

Mudarabah Al-Muqayyadah
A contract of Mudarabah in which certain conditions like place, season, commodities, credit and techniques of trade are stipulated by the provider of the capital (rabb al-mal).

Mudarabah Al-Mutlaqah
A contact of Mudarabah that does not bind the mudarib about the place, time, season, commodities, credit or techniques of trade.

Mudarib
A working partner; the partner who provides entrepreneurship and management in a Mudarabah agreement.

Musha'
Undivided ownership of two or more persons in an asset.

Parallel istisna
If the seller, after entering into a Istisna contract with buyer, enters into another separate and independent Istisna contract with a third party to manufacture goods of same specification then this arrangement is called Parallel Istisna

Parallel Salam
If the seller, after entering into a Salam contract with buyer, enters into another separate and independent Salam contract with a third party to acquire goods of same quality then this arrangement is called Parallel Salam.

Qard Al-Hasan
A loan with the stipulation to return the principal sum in the future without any increase.

Qimar
Qimar means gambling. Technically, it is an arrangement in which possession of a property is contingent upon the happening of an uncertain event.

Qiyas
To apply a recognized rule of Shariah expressly mentioned in the Holy Quran and Sunnah to a similar situation by way of analogy.

Rabb-ul-Maal
A person who invests capital in a Mudarabah.

Rahn
To pledge or lodge a real or corporeal property of material value, in accordance with the law, as security for a debt or financial obligation, so as to make it possible for the creditor to regain the debt or some portion of the goods or property in case of default.

Riba
Any monetary or non-monetary agreed benefit to the lender on a contract of loan

Shariah Audit
Audit of the operations of an Islamic financial institution to assess the extent to which the institution adhered to the requirements of the Shariah.

Shariah Board
Committee of Islamic scholars in Islamic Banks for guidance and supervision and whose decisions are binding upon the bank.

Shariah
Shariah means a pathway to be followed and can further be explained as a set of divine injunctions and laws that regulates every aspect of human beings in their individual and collective lives.

Shariah-compliant
An act or activity that complies with the requirements of the Shariah, or Islamic law.

Shirkah al-'aqd
A joint enterprise formed for conducting some business in which all the partners share the profit according to a specific ratio while the loss is shared according to the ratio of contribution.

Shirkah al-milk
It means joint ownership of two or more persons in a particular property without commercial intention.

Sukuk/ Sukook
Sukuk are certificates of equal value representing undivided shares in ownership of tangible assist, usufruct and services or (in the ownership of) the assets of particular projects or special investment activity.

Takaful
Islamic Insurance. A scheme of mutual support based on Islamic concept of waqf, wakalah or Mudarabah that provides insurance to individuals against hazards of falling into unexpected and dire need.

Tabarru'
It is a gift, the basic purpose of which is to seek the pleasure of Allah

Tijarah Financing
Sale & Agency based financing facility for customers who sell finished goods on credit basis. This facility enables customers to sell their finished goods stock to the Bank to meet their working capital requirements and enjoy the benefits of cash sales.

Wakalah
A contract of agency in which one person appoints someone else to perform a certain task on his behalf, usually against a certain fee.

Waqf
In Arabic language the word Waqf means preventing something from movement. In Shariah terminology, Waqf refers to making a property invulnerable to any disposition that leads to transfer of ownership and donating the usufruct of that property to beneficiaries.

Zakah (zakat)
A certain portion of wealth levied on Muslims having wealth above an exemption limit (nisab) at a rate fixed by the Shariah to purify wealth. Zakat is one of the five pillars of Islam. The objective is to take away a part of the wealth of the well-to-do and to distribute it among the poor and the needy.

NOTICE OF 27TH ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of the Members of Meezan Bank Limited (the "Bank") will be held Insha-Allah on Wednesday, March 29, 2023 at 09:00 a.m. at Meezan House C-25, Estate Avenue, SITE, Karachi, Pakistan, (physical and virtual meeting) to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 26th Annual General Meeting held on March 29, 2022.
2. To receive, consider and adopt the Annual Audited Accounts of the Bank, Audited Consolidated Accounts for the year ended December 31, 2022, together with the Auditors' Report, Directors' Report and Chairman's Review Report thereon.
3. To appoint auditors of the Bank for the year ending December 31, 2023 and to fix their remuneration. The present auditors, M/s. A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.
4. To consider and, if thought fit, approve as recommended by the Board of Directors, final cash Dividend at the rate of Rs. 3/- per share i.e. 30% in addition to Rs. 5.50 per share i.e. 55% interim cash Dividend already declared/paid along with 10% Bonus Shares for the year December 31, 2022.
5. To transact any other business with the permission of the Chair.

By Order of the Board



Muhammad Sohail Khan
Company Secretary

Karachi
February 16, 2023

Notes:

1. **CLOSURE OF SHARE TRANSFER BOOKS**
   The Members' Register will remain closed from March 22, 2023 to March 29, 2023 (both days inclusive). Transfer received at the Share Registrar office, by the close of business on March 21, 2023 will be treated in time for the purpose of entitlement to receive the 30% final cash dividend and attend, vote and speak in the 27th Annual General Meeting.

2. **COVID-19 RELATED CONTINGENCY PLANNING FOR ANNUAL GENERAL MEETING**

- In terms of Securities and Exchange Commission of Pakistan's (SECP) Circulars No. 5 of 2020 dated March 17, 2020 and No. 4 of 2021 dated February 15, 2021 for the well-being and their safety, the members are encouraged to attend and vote in the Annual General Meeting via Zoom Link. Accordingly, members are requested to get themselves registered by sending their particulars at the designated e-mail address agm@meezanbank.com giving particulars as per the below table by the close of business hours (1:00 PM) on Friday, March 24, 2023.

Name of Shareholders/Proxy	CNIC / Passport No.	Folio No./CDC Participant ID No.	Cell No.	Email Address

- Link to video connectivity will be sent to the shareholders on their e-mail addresses after necessary verification from the records.
- Shareholders will be able to log in and participate in the Annual General Meeting proceedings through their smartphones or computer devices.
- The login facility will be available from 08:50 a.m. till the end of the Annual General Meeting on March 29 2023, enabling the participants to join the proceedings which will start at 09:00 a.m. sharp, Insha-Allah.
- In addition to the above, Shareholders can also give their suggestions/comments on the proposed agenda of the Annual General Meeting by e-mailing at the designated e-mail address agm@meezanbank.com

3. Copies of the Minutes of the 26th Annual General Meeting held on March 29, 2022, of Meezan Bank Limited, are available for inspection by Members as required under Section 152 of the Companies Act, 2017.

FOR ATTENDING THE GENERAL MEETING

- A member entitled to attend the Annual General Meeting may appoint any other person as his/her proxy to attend the meeting through video-link. A proxy form is enclosed.
- In case of individuals, the account holder or sub-accountholder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card ("CNIC") or original passport at the time of attending the Annual General Meeting.
- In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Annual General Meeting.

4. VIDEO CONFERENCE FACILITY FOR ATTENDING GENERAL MEETINGS

If the Bank receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 07 days prior to the date of the Annual General Meeting, the Bank will arrange a video conference facility in that city subject to availability of such facility in that city.

To avail this facility, a request to be submitted to the registered address of the Bank 07 days before holding of the Annual General Meeting.

5. POSTAL BALLOT FACILITY

In case the Poll is demanded by the shareholders under Section 143 of the Companies Act 2017, the Company shall consider postal Balloting facility for voting, under the Companies (Postal Ballot) Regulations, 2018.

6. AVAILABILITY OF ANNUAL ACCOUNTS ON BANK'S WEBSITE

As required under Section 223 (7) of the Companies Act 2017, audited Financial Statements of the Bank have been uploaded on website of the Bank which can be downloaded from the Bank's website: www.meezanbank.com.

7. TRANSMISSION OF ANNUAL AUDITED FINANCIAL STATEMENTS THROUGH CD:

The Bank has circulated Annual Financial statements to its members through CD at their registered address. A printed copy of the above referred statements can be provided to members upon request. The request form is available on the website of the Bank and may be accessed by clicking the following link;
https://www.meezanbank.com/wp-content/themes/mbl/downloads/Annual-Report-Request-Form.pdf.

8. TRANSMISSION OF ANNUAL REPORTS THROUGH E-MAIL

The Securities and Exchange Commission of Pakistan (SECP) through SRO No. 787(I)2014 and SRO No. 470(I) of 2016 dated September 8, 2014, and May 31, 2016, respectively has provided an option for shareholders to receive Annual Report along with the notice of Annual General Meeting electronically through E-mail/CD/DVD/USB/ in hard copy. Hence, members who are interested in receiving the Annual Reports and notice of Annual General meeting electronically in future are requested to send their request on the prescribed form placed on the Banks website (link as mentioned in Point No. 7), to the Bank's Share Registrar.

THE FOLLOWING CIRCULARS / NOTIFICATIONS REQUIRE SPECIAL ATTENTION OF THE SHAREHOLDERS:

9. PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE (E-DIVIDEND) - MANDATORY

Under section 242 of the Companies Act, 2017, and Regulation No. 4 of the Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.

In order to receive dividend directly into the bank account, shareholders are requested to fill the "E-Dividend Mandate Form" available on Bank's website and send it duly completed and signed along with a copy of his / her valid CNIC to the Bank's Share registrar, THK Associates (Pvt.) Ltd., Plot No. 32-C, Jami Commercial Street 2, D.H.A. Phase VII, Karachi -75500, Pakistan UAN 111-000-322.,(in case of physical shares).

In case shares are held in CDC then the "E-Dividend Mandate Form" must be submitted directly to shareholder(s)'broker/participant/CDC account services.

Shareholders can directly register for e-Dividend Services by visiting CDC Portal:
https://eservices.cdcaccess.com.pk/public/index.xhtml.

E-Dividend Mandate Form

Folio Number/CDC Sub Account Number	
Name of Shareholder	
Title of the Bank Account	
International Bank Account Number (IBAN)	
Name of Bank	
Branch Name, Branch Code, Address	
Cell and Landline number	
CNIC/ Passport No. (Attach copy)	
Signature of Shareholder	

10. SUBMISSION OF VALID CNIC COPY (MANDATORY)

In terms of Regulation No. 06 of the Companies (Distribution of Dividends) Regulations, 2017 read with Section 243(3) of the Companies Act, 2017, listed Companies are entitled to withhold payment of dividend, if shareholders have not provided copies of their valid Computerized National Identity Cards ("CNIC")/ Passport Number as well as complete and valid details of designated bank accounts (IBAN) for direct credit of cash dividend.

The shareholders are therefore requested to submit a copy of their valid CNIC/NTN/Passport Number within ten (10) days from the date of this Notice to the Bank's Registrar and Share Transfer Agent/CDC (as the case may be). In case the same have already been provided, then these instructions may be ignored.

The shareholders while sending copies of their CNICs must quote their respective folio numbers and names for identification purpose.

11. TAX IMPLICATION ON DIVIDENDS

The Government of Pakistan has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies/banks. These rates are as per law.

To enable the Bank to make tax deduction on the amount of Cash Dividend, all the members whose names are not entered into the Federal Board of Revenue's (FBR) Active Tax-Payers List (ATL), despite the fact that they are tax return filers, are advised to make sure that their names are entered into ATL, before the date of book closure for cash dividend; otherwise, tax on their cash dividend will be deducted as non-filer.

12. TAX ON JOINT SHAREHOLDING

All shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Shares Registrar, in writing as follows:

Folio/CDS	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

The required information must reach our Shares Registrar by the close of business (5:00 pm) on March 21, 2023 otherwise it will be assumed that the shares are equally held by principal shareholder and joint holder(s) and tax will be deducted according to the proportionate holding of each shareholder as clarified by the FBR vide its clarification letter No. I(54) Exp/2014-132872-R, dated September 25, 2014.

13. TAX EXEMPTION CERTIFICATE

Shareholders claiming tax exemption under clause 47(B) of Part IV of the Second Schedule of Income Tax Ordinance, 2001 are requested to provide a valid exemption certificate under section 159 (1) of the Income Tax Ordinance, 2001 latest by March 21, 2023, to our Shares Registrar before the date of Book closure as required vide FBR clarification letter No. 1(43) D.G. (W.H.T.) / 2008-Vol.II-66417-R dated May 12, 2015.

14. INTIMATION OF CHANGE OF ADDRESS AND DECLARATION OF NON-DEDUCTION OF ZAKAT

Members are requested to immediately notify regarding the change, if any, in their registered and/or e-mail addresses, in writing, and their declaration for the non-deduction of Zakat (if applicable), to the Share Registrar and Transfer Agent of the Bank i.e. THK Associates (Pvt.) Ltd., Plot No. 32-C, Jami Commercial Street 2, D.H.A. Phase VII, Karachi -75500, Pakistan, UAN 111-000-322 (in case of Physical scrips) whereas Members/CDC Account holders are requested to contact their CDC Participant/CDC Account Services for the same, but no later than close of business hours (05:00 p.m.) on March 21, 2023.

15. CONVERSION OF PHYSICAL SHARES INTO BOOK-ENTRY FORM

The Securities and Exchange Commission of Pakistan (SECP) through its letter No. CSD/ED/Misc/2016- 639-640 dated March 26, 2021 has advised the listed companies to adhere with the provisions of section 72 of the Companies Act, 2017 (the "Act") by replacing shares issued by them in Physical Form with the shares to be issued in the Book-Entry Form. Meezan Bank Limited (the "Bank"), being a listed company is also required to comply with aforesaid provisions of Act.

The shareholders of Meezan Bank Limited having physical folios/share certificates are requested to convert their shares from physical form into Book Entry Form as soon as possible. The shareholders may contact their Broker, a PSX Member, CDC Participant or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent induction of the physical shares into Book Entry Form

It would facilitate the shareholders in many ways including safe custody of shares, no loss of shares, avoidance of formalities required for the issuance of duplicate shares and readily available for sale and purchase in open market at better rates. The shareholders of Bank may contact the Share Registrar and Transfer Agent of the Bank, namely THK Associates (Pvt.) Limited at the following address for the conversion of physical shares into Book-Entry Form.

THK Associates (Pvt.) Limited,
Plot No. 32-C, Jami Commercial, Street 2, D.H.A,
Phase VII, Karachi -75500. Tel # 021-353101091-6
UAN: 021-111-000-322 Email: secretariat@thk.com.pk and
sfc@thk.com.pk

16. UN-CLAIMED DIVIDENDS / SHARES

The shareholders are hereby informed that in accordance with section 244 of the Companies Act, 2017 and the unclaimed shares, Modaraba certificates, Dividend, other instruments and undistributed Assets Regulations, 2017, the companies are required to deposit cash dividends to the credit of the Federal Government and shares to the Commission, which are undelivered/unclaimed for a period of three (3) years or more from the date it is due and payable.

www.jamapunji.pk

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Jama Punji is an Investor Education Initiative of Securites and Exchange Commission of Pakistan

SECP

*Mobile apps are also available for download for android and ios devices

Meezan Bank Limited

E-Dividend Mandate Form

According to Section 242 of Companies Act, 2017 and Circular No. 18/2017 dated August 1, 2017 issued by Securities and Exchange Commission of Pakistan (SECP), from November 1, 2017 all listed companies are to pay dividend only through electronic mode directly into the bank accounts designated by the entitled shareholders.

In view of above, Shareholder(s) are advised to provide their complete bank account / IBAN detail as per format given below required under clause 7,8 and 9 (ii) of the Companies (Distribution of Dividends) Regulations, 2017 issued under S.R.O.1145 (I) / 2017 dated November 06, 2017 by SECP enabling us to comply with the above Section/Circular.

For physical Shareholder(s): THK Associates (Pvt) Limited, Plot No. 32-C Jami Commercial Street 2, DHA, Phase VII, Karachi-75500, Pakistan.

For CDC Account holder (s) in case of CDC account holder / Sub-account holder, please provide said details to CDC / to respective member Stock Exchange.

Company Secretary

E-Dividend Mandate Details

It is requested that all my cash Dividend amounts declared by the Bank may be credited into the following bank account:

Folio Number / CDC Participants ID A/c No.	
Name of Shareholder(s)	
Title of the Bank Account	
Bank Account Number (Complete) / IBAN	
Bank's Name, Branch Name, Branch Code and Address	
Cell Number	
Landline Number, if any	
Email Address	
CNIC Number/ Passport Number (in case of foreign Shareholder) (attach copy)	

It is stated that the above mentioned information is correct, that I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar/Participant/CDC Investor Account Services as soon as these occur.

_____

Signature of Shareholder

(Please affix company stamp in case of a corporate entity)

Note:

Please provide complete IBAN, after checking with your concerned bank branch to enable electronic credit directly into your bank account.

The payment of cash dividend will be processed on the basis of the IBAN alone. Meezan Bank is entitled to rely on the IBAN information as per your instructions (provided by you). The Bank shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and /or due to any event beyond the control of the Bank.

میزان بینک لمیٹڈ

ای ڈیویڈنڈ مینڈیٹ فارم

کمپنیز ایکٹ، 2017 کی شق 242 اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 18/2017 بتاریخ یکم اگست، 2017 کے ذریعے تمام لسٹڈ کمپنیوں کو ہدایت کی گئی ہے کہ یکم نومبر، 2017 کے بعد سے ادا ہونے والے ڈیویڈنڈ کی رقم الیکٹرانک طریقہ کار سے براہِ راست شیئر ہولڈرز کی طرف سے فراہم کردہ بینک اکاؤنٹ میں منتقل کی جائے۔

درج بالا ہدایات کے پیش نظر، آپ سے گزارش کی جاتی ہے کہ اپنے مکمل ''انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN)'' کی تفصیل درج ذیل نمونہ کے مطابق کمپنی کو فراہم کریں۔ جس کی ہدایت 6 نومبر، 2017 کو SECP نے جاری کردہ SRO 1145(I)/2017 میں Companies (Distribution of Dividends) Regulations, 2017 کی شق 7، 8 اور 9 (ii) کے مطابق کی ہے، تاکہ ہم درج بالا شق پر عمل پیرا ہوسکیں۔ سی ڈی سی اکاؤنٹ ہولڈر/سب اکاؤنٹ ہولڈر یہ تفصیل متعلقہ ممبر اسٹاک ایکسچینج کو مہیا کریں۔

فزیکل شیئر ہولڈرز کے لئے
ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پلاٹ نمبر C-32، جامی کمرشل اسٹریٹ 2، ڈی ایچ اے، فیز VII، کراچی-75500، پاکستان

سی ڈی سی اکاؤنٹ ہولڈرز کے لئے
اگر آپ سی ڈی سی اکاؤنٹ ہولڈر/سب اکاؤنٹ ہولڈر ہیں تو برائے مہربانی نیچے دی گئی تفصیلات سی ڈی سی/اسٹاک ایکسچینج کے معزز ممبر کو فراہم کریں۔

کمپنی سیکریٹری

ای ڈیویڈنڈ مینڈیٹ کی تفصیل:

درخواست کی جاتی ہے کہ بینک کی جانب سے اعلان کردہ میرے ڈیویڈنڈ کی تمام رقم مندرجہ ذیل بینک اکاؤنٹ میں منتقل کی جائے:

فولیو نمبر/سی ڈی سی پارٹیسپینٹس آئی ڈی نمبر:	
شیئر ہولڈر کا نام:	
بینک اکاؤنٹ جس نام سے ہے:	
مکمل بینک اکاؤنٹ نمبر (IBAN):	
بینک کا نام، برانچ کا نام، کوڈ اور پتہ:	
موبائل نمبر:	
فون نمبر (اگر ہے):	
ای میل:	
کمپیوٹرائزڈ شناختی کارڈ نمبر/ پاسپورٹ نمبر (اگر غیر ملکی شیئر ہولڈر ہو تو) (کاپی منسلک کریں):	

بیان کیا جاتا ہے کہ درج بالا معلومات درست ہیں، اور یہ کہ میں درج بالا معلومات میں کوئی بھی تبدیلی واقع ہونے کی صورت میں کمپنی اور متعلقہ شیئر رجسٹرار/پارٹیسپینٹ/سی ڈی سی انویسٹر اکاؤنٹ سروسز کو فوری طور پر مطلع کروں گا/گی۔

دستخط شیئر ہولڈر
(برائے مہربانی کارپوریٹ ادارے کی صورت میں کمپنی کی مہر ثبت کریں)

نوٹ: برائے مہربانی اپنے اکاؤنٹ میں براہِ راست الیکٹرانک کریڈٹ کا اہل بننے کے لئے اپنا مکمل IBAN، اپنی متعلقہ بینک برانچ سے تصدیق کے بعد فراہم کریں۔

نقد ڈیویڈنڈ کی ادائیگی کی کارروائی صرف IBAN کی بنیاد پر کی جائے گی۔ میزان بینک کو صرف آپ کی ہدایات کے مطابق IBAN کی (آپ کی جانب سے فراہم کردہ) معلومات پر انحصار کرنے کا اختیار ہے۔ میزان بینک اس معاہدہ کے تحت اپنی کسی بھی ذمہ داری کی ادائیگی میں غلطی، تاخیر یا ناکامی کی وجہ سے بلاواسطہ یا بالواسطہ ہونے والے کسی بھی ضرر، نقصان، ذمہ داری یا دعویٰ کے لئے جوابدہ نہیں ہوگا اگر یہ آپ کی جانب سے ادائیگی کی غلط ہدایات اور/یا بینک کے کنٹرول سے باہر کسی واقعہ کی وجہ سے پیش آئے ہوں۔

Meezan Bank
The Premier Islamic Bank

FORM OF PROXY

The Company Secretary
Meezan Bank Limited
Meezan House
C-25,Estate Avenue S.I.T.E,
Karachi, Pakistan.

I/We _____ of _____ being a member(s) of Meezan Bank Limited and holder of _____ ordinary shares as per Share Register Folio No. _____ and/or CDC Investor Account No. / Participant I.D No. _____ and Sub Account No. _____ do hereby appoint _____ _____ of _____ or failing him/her _____ of _____ as my/our proxy to attend, speak, vote and act for me/us on my/our behalf at the 27th Annual General Meeting of Meezan Bank Ltd. to be held on Wenesday, March 29, 2023 at 9:00 a.m. at Meezan House, C-25, Estate Avenue, S.I.T.E., Karachi, Pakistan and at any adjournment thereof.

Signed this _____ day of _____ 2023.

Please affix revenue stamp of appropriate value

Signature of Member(s)/Attorney
The Signature should agree with the specimen registered with the Company

Witness 1

Signature: _____

Name: _____

Address: _____

CNIC or Passport No: _____

Witness 2

Signature: _____

Name: _____

Address: _____

CNIC or Passport No: _____

NOTES:

1. Proxies in order to be effective must be received by the Company not later than 48 hours before the time of the meeting.
2. A member entitled to attend and vote at the Meeting may appoint another person as his/her proxy to exercise all or any of his rights to attend, speak and vote for him/her.
3. Members are required to timely notify any change in their address to Bank's Shares Registrar THK Associates (Pvt.) Ltd. Plot No. 32-C Jami Commercial Street 2, DHA, Phase VII, Karachi-75500, Pakistan.
4. Shareholders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
5. If any member appoints more than one proxy and more than one instruments of proxies for any one meeting are deposited with the Company, all such instruments of proxy shall be rendered invalid.

For Attending the Meeting:

1. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
2. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

For Appointing Proxies:

1. The Proxy form be signed by the appointer or his attorney duly authorized in writing, or if the appointer is a body corporate, be under its seal or be signed by an officer or any attorney duly authorized by it.
2. In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
3. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted along with proxy form to the Company.
4. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
5. Attested copies of CNIC or the passports of the beneficial owners and the proxy shall be furnished with the proxy form.
6. The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.

Please affix correct postage

The Company Secretary
Meezan Bank Limited
Meezan House, C-25,
Estate Avenue, SITE,
Karachi, Pakistan.

میزان بینک
پریمیئر اسلامی بینک

نمائندگی فارم

جناب کمپنی سیکریٹری
میزان بینک لمیٹڈ
میزان ہاؤس،
C-۲۵، اسٹیٹ ایونیو، سائٹ،
کراچی، پاکستان۔

میں/ہم _____ کا/کے _____ بحیثیت رکن
میزان بینک لمیٹڈ اور شیئر رجسٹر فولیو نمبر _____ یا سی ڈی سی انویسٹر اکاؤنٹ نمبر/ سی ڈی سی پارٹیسپنٹ آئی ڈی نمبر _____
اور ذیلی اکاؤنٹ نمبر _____ کے مطابق _____ عمومی حصص کا/ کے مالک، _____
کے/کی _____ یا بصورتِ دیگر _____
کے/کی _____ کو اپنا/ ہمارا نمائندہ مقرر کرتا ہوں/کرتی ہوں/کرتے ہیں اور
میزان بینک لمیٹڈ کے ۲۹ مارچ ۲۰۲۳ بروز بدھ بوقت ۹:۰۰ بجے صبح کو میزان ہاؤس، C-۲۵، اسٹیٹ ایونیو، سائٹ، کراچی، پاکستان میں منعقد ہونے والے ۲۷ ویں سالانہ اجلاسِ عام یا اس کے ملتوی شدہ اجلاس میں شرکت کرنے، رائے دینے اور اپنی/ ہماری جگہ ووٹ دینے کا اہل قرار دیتا ہوں/ دیتی ہوں/ دیتے ہیں۔

براہِ کرم مناسب قیمت والے ریونیو اسٹیمپ چسپاں کریں۔

دستخط _____ ویں روز _____ ۲۰۲۳ کو کئے گئے۔

رکن (اراکین) کے دستخط
دستخط بینک میں رجسٹرڈ نمونے سے مطابقت رکھنے چاہیئے۔

گواہ 1 :
دستخط _____
نام _____
پتہ _____
کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر _____

گواہ 2 :
دستخط _____
نام _____
پتہ _____
کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر _____

نوٹس:

1- نمائندگی کا تقرر نامہ مؤثر ہونے کے لئے اجلاس سے کم از کم 48 گھنٹے پہلے کمپنی کو موصول ہو جانا چاہئے۔

2- سالانہ اجلاس میں حاضر ہونے اور ووٹ دینے کا حق دار کوئی بھی ممبر کسی دوسرے ممبر کو اجلاس میں حاضر ہونے/ رائے اور ووٹ دینے کے اپنے کسی ایک یا تمام حقوق استعمال کرنے کے لئے اپنی/ اپنا نمائندہ مقرر کر سکتا ہے۔

3- ممبران سے درخواست ہے کہ اپنے پتے میں کسی بھی قسم کی تبدیلی کی صورت میں بینک کے شیئر رجسٹرار THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پلاٹ نمبر C-32، جامی کمرشل اسٹریٹ 2، ڈی ایچ اے، فیز VII، کراچی-75500، پاکستان کو فوراً مطلع کریں۔

4- مزید برآں، شیئر ہولڈرز کو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر 1 مجریہ 26 جنوری 2000 میں فراہم کردہ ہدایات کی پیروی کرنی ہوگی۔

5- اگر کوئی ممبر ایک سے زائد نمائندے مقرر کرتا ہے اور کسی ایک اجلاس کے لئے ایک سے زائد پراکسی فارم موصول ہوتے ہیں، ایسی صورت میں تمام پراکسی فارم غیر مؤثر سمجھے جائیں گے۔

اجلاس میں شرکت کرنے کے لئے:

1 انفرادی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/ یا جن کی سیکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد وضوابط کے مطابق اَپ لوڈ ہوں، کو اجلاس میں شرکت کے وقت اصل قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھانا ہوگا۔

2 کارپوریٹ ادارے کی صورت میں، اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی بمع شخصی دستخط کے پیش کرنا ہوں گی (تاوقتیکہ پہلے فراہم نہ کی گئی ہو)۔

نمائندوں کی تقرری کے لئے (Proxies):

1- نمائندگی فارم تقرر کنندہ یا اس کے اٹارنی کی جانب سے دستخط شدہ اور تحریری طور پر تصدیق شدہ ہو، یا اگر تقرر کنندہ کوئی کاروباری ادارہ ہو تو فارم پر اس کی مہر ثبت ہو اور اسکی جانب سے قانونی طور پر مقررہ مجاز افسر یا اٹارنی کے دستخط ہوں۔

2- انفرادی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/ یا جن کی سیکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد وضوابط کے مطابق اَپ لوڈ ہوں، مندرجہ بالا شرائط کے مطابق پراکسی فارم جمع کرائیں گے۔

3- کارپوریٹ اداروں کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی امیدوار کے شخصی دستخط کے ساتھ کمپنی کو پراکسی فارم کے ساتھ جمع کروانی ہوگی (تاوقتیکہ پہلے فراہم نہ کی گئی ہو)۔

4- جن دو افراد سے پراکسی فارم کی تصدیق کروائی جائے گی اُن کے نام، پتے کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم میں درج کیے جائیں گے۔

5- اصل مالکان اور ان کے نمائندوں کی کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ساتھ منسلک کی جائیں گی۔

6- نامزد شخص کو اجلاس میں شرکت کے وقت اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوں گے۔

برائے مہربانی
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